

## **DELHI CHEMICAL WORKS RULES, 1933**

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## **DELHI CHEMICAL WORKS RULES, 1933**

### **DELHI CHEMICAL WORKS RULES, 1933**

#### **1. . :-**

The words "Chemical Works" mean 'the premises or part of the premises approved and licensed by the Excise Commissioner for the manufacture of medicinal and other preparations containing alcohol under bond and for the storage of alcohol and finished preparations containing alcohol on which duty has yet to be paid.

#### **2. . :-**

"Spirit Store" means that part of the Chemical Works which is set apart for the storage of rectified spirit.

#### **3. . :-**

"Laboratory" means that part of the Chemical Works in which the actual manufacture of medicinal and other preparations containing rectified spirit takes place.

#### **4. . :-**

"Warehouse" means that part of the Chemical Works in which finished preparations containing rectified spirit, on which duty has not yet been paid, are stored.

#### **5. . :-**

"Rectified spirit" means spirit of the strength of 43° or more over proof.

#### **6. . :-**

"Officer-in-Charge" means an officer of the Excise Department deputed to supervise excise work in the Chemical Works.

#### **7. . :-**

"Approved manufacturer" means a person to whom a licence has been granted in Form M.C. 12 for the manufacture of medicinal,

and other preparations in bond. Section B Licences and Licensed Premises.

**8. . :-**

Any person desiring to use rectified spirit of Indian manufacture for the manufacture of medicinal and other preparations under bond must apply, in writing, to the Collector giving the following particulars:

- (a) name or names and address of the applicant;
- (b) the situation of the Chemicals Works;
- (c) the maximum quantity of proof spirit likely to be in stock at any time on the licensed premises;
- (d) the amount of the security which the applicant is prepared to furnish as a guarantee for the performance of the Conditions under which the privilege is granted; and
- (e) a correct plan of the building to be used. The plan shall be submitted in duplicate drawn to a scale on tracing cloth, showing the plan and elevation of the premises and the position of the spirit store, laboratory and workhouse and the exact position and dimension of all permanent vessels for the storage of rectified spirit or medicinal or other preparations and of all compounding tables, almirahs, sales, sinks and all important details connected with the Chemical Works or with the vessels in it.

**9. . :-**

In case the application is granted, the applicant shall be deemed to be an approved manufacturer, and no further alterations thereafter will be made in the building or plant without the previous sanction of the Excise Commissioner.

Provided that the Excise Commissioner may, at any time, remove the name of any person from the list of approved manufacturers and thereupon such person shall cease to be an approved manufacturer.

**10. . :-**

The application shall be forwarded by the Collector for the consideration of the Excise Commissioner, who, if he accepts the application, will fix the nature and amount of security, which each applicant (subsequently referred to as approved manufacturer) will be required to give for the due execution of these rules and

payment of all sums chargeable against him. The Excise Commissioner may, at any time, require a change in the security, if the amount originally fixed should prove unsuitable.

**11. . :-**

Each application shall include, for the approval of the Excise Commissioner, a list of preparations of which the manufacture is proposed under the following heads:

- (a) Medicinal preparations;
- (b) Toilet preparations;
- (c) Non-medicinal essences;
- (d) Perfumed spirit;

and if necessary under a further 'Miscellaneous' head. The Excise Commissioner in consultation, if necessary, with the medical officers of Government, reserves the right to exclude any preparation or preparations from the list or to transfer preparations from one head to another.

**12. . :-**

A licence in Form M.C. 12 may be granted by the Collector for a period not exceeding one year and ending on 31st March. It may be renewed from year to year by the Collector who may, however, with the previous sanction of the Excise Commissioner, refuse to renew it or at any time determine it.

**13. . :-**

Sales under this licence shall only be of such preparations as the Excise Commissioner may approve and sales of medicinal preparations, duty free, only be made to such Government and charitable hospitals and dispensaries as have been approved by the Excise Commissioner.

**14. . :-**

The licence shall be granted subject to the payment of such fees, as the Excise Commissioner may decide.

**15. . :-**

If the approved manufacturer goes out of business, he shall dispose of his stock of rectified spirit and unissued preparations in such manner, as the Excise Commissioner may direct.

**16. . :-**

The approved manufacturer shall not transfer or divide his interest

in the business without the previous permission of the Excise Commissioner.

**17. . :-**

The Chemical Works shall, at all times, be open to inspection by authorised Government servants who may take any necessary samples for analysis.

**18. . :-**

The cost or a portion of the cost of the Excise staff required for supervision may be charged to the approved manufacturer, as the Excise Commissioner may direct.

**19. . :-**

Works in the Chemical Works shall only be carried on during such hours as may be fixed by the Excise Commissioner. The works shall only be opened in the presence of the Officer-in-charge appointed to supervise the work there.

**20. . :-**

Only the approved manufacturer or his manager and such servants as are required to be there, shall enter the Chemical Works. The approved manufacturer shall furnish to the Officer-in-charge a list containing the names of the manager employed by him and of all the employees whose duties require them to enter the Chemical Works. He should inform the Officer-in-charge of any changes which are to be made in the list. The Officer-in-charge shall forward a copy of such list to the Collector.

Provided that a bounded factory may be used by two or more approved manufacturers, if arrangements can be made to the satisfaction of the Excise Commissioner.

**21. . :-**

If the licensee from any cause, physical or mental, becomes incapable of carrying on business or dies or becomes insolvent or (in the case of a company) is wound up, the Collector may, with the previous sanction of the Excise Commissioner, either (i) cancel the licence, or (2) continue it in the name of the legal representative of the licensee. Neither the licensee nor any person shall be entitled to any compensation for damages whatsoever, in respect of the revocation, cancellation or determination of the licence.

**22. . :-**

No preparation, other than those previously approved by the Excise Commissioner, shall be manufactured under these rules.

**23.** . :-

Rectified spirit and absolute alcohol, obtained or prepared under these rules, shall not be sold to public or trade, provided that transfer from one Chemical Works to another may be made with the special sanction of the Excise Commissioner.

**24.** . :-

Rectified spirit may be obtained in bond without prepayment of duty from any distillery under a permit issued by the Collector, Delhi. In any case, however, the quantity in the possession of the approved manufacturer shall not exceed a limit fixed by the Excise Commissioner and an unnecessary large stock of spirit shall not be carried by the approved manufacturer.

**25.** . :-

Immediately on receipt of the consignment, the Officer-in-charge shall enter in ink upon the pass the bulk litres, strength and proof litres found by him after gauging and proving as well as the transit wastage in proof litres for each vessel. The passes shall be retained alongwith other accounts and kept in a special book file. The Excise Commissioner, after considering the monthly return furnished under Rule 44, may call upon the approved manufacturer to pay duty at such rate not exceeding the tariff rate, as he thinks fit on the whole or any part of the wastage which may appear excessive or due to theft or fraud.

**26.** . :-

Rectified spirit shall be emptied forthwith into locked vessels in the spirit store of the Chemical Works. Each such vessel shall be fixed and gauged and shall be marked with words "Rectified Spirit...Store Vessel", the capacity of the vessel and a distinctive number. Table shall be compiled to show the contents of each inch and tenth of an inch of its depth in register Form D-6. Excise ticket locks shall be placed on the main door and discharge cocks of such vessels. The Officer-in-charge must take the dip in each store vessel once every time the spirit is issued as a check on loss or abstraction. The dip thus taken must be entered in the diary in Form D-9 and the prescribed account in Form M.C.I.

**27.** . :-

The charging and discharging pipes of spirit store vats, and all

vessels used for the store of spirit, all manddoors of such vats or vessels and the doors of spirit laboratory and the warehouse be so fitted as to enable them to be closed with two locks, the keys for which are not interchangeable and of which one lock shall be a revenue lock (ticketted) in charge of the Officer-in-charge and the other lock in charge of the approved manufacturer. The keys of all the revenue locks shall be kept by the Officer-in-charge in whose absence no doors or vessels in the Chemical Works may be unlocked or remain unlocked.

**28. . :-**

Any distilling or converting apparatus, which may be erected, shall be locked with ticketted locks; and the reservoirs, trap vessels, worms etc., in which portable spirit may be contained or received shall be so constructed as to prevent abstraction of spirit before the Officer-in-charge has taken an account of it.

**29. . :-**

No spirit shall be removed from any store vessel until an account of the quantity and strength has been taken down by the Officer-in-charge.

**30. . :-**

Whenever any preparation is to be manufactured, the spirit required for such preparation shall be obtained from the spirit store for the manufacture of particular preparations. The spirit thus obtained shall be added without delay in the presence of the Officer-in-charge to the respective materials to be treated; and to every percolator or other vessel in which the spirit is placed, there shall be attached a lable in Form M.C. 8 showing the description of the preparation, the date with the quantity and strength of all spirit placed in it from time to time and the date on which any of the finished products were removed to stock with the quantity so removed.

**31. . :-**

Spirit recovered from residues shall be either

(a) transferred to a gauged and locked vessel kept for the purpose and thence removed for use as required; or

(b) used at once in continuation of the process from which it was obtained; or

(c) destroyed in the presence of the Officer-in-charge who shall certify in red ink in the diary in Form D-9, its quantity and apparent strength, except where the quantity exceeds one gallon in which case the previous approval of the Excise Commissioner should be obtained, or

(d) kept for use in some special way approved by the Excise Commissioner.

1. Substituted vide Gazette of India Notin.No. F. 79/40-Excise, dated 29-1-40.

**32. . :-**

If it is not intended to recover from the residues the contained spirit, the residues must be destroyed in the presence of the Officer-in-charge, who will record this as directed in rule 31.

**33. . :-**

In cases which it is necessary to use some quantity of a finished preparation instead of, or in addition to rectified spirit, the quantity so required shall be taken from the warehouse and added in the presence of the Officer-in-charge without delay to the materials to be treated. Such quantity shall be shown separately in columns 2, 3 and 4 of Form M.C. 3 with a reference to the number of the batch from which it was taken, and on the label attached to the percolator or other vessel. It shall also be shown in Form M.C. 4 the entry in column No. 8 being used in manufacture of it shall, however, be deducted from the monthly total of column No. 10 of Form M.C. 3, since the spirit contained in it is replaced in stock and is shown as issued in Form M.C. 7.

**34. . :-**

(1) The finished preparations shall be kept separate from those in the course of preparation and be stored in a separate store room approved for the storage of finished preparations, called the "Warehouse". The door of the warehouse must be fastened with Excise,ticketted locks. The words "warehouse for bonded medicinal and other preparations" must be painted on the door in which these preparations are allowed to be stored. Similarly, the words "Spirit Store" and "Laboratory" shall be painted on the doors of the rooms set apart as such.

(2) Finished preparations may be stored

(a) in bulk, in jars or bottles containing not less than one quart.



(40 fluid ounces), or

(b) ready for issue in bottles of not less than two fluid ounces capacity, every bottle containing not less than 2 fluid ounces of a preparation.

(3) Every preparation stored in bulk must be measured into the storage vessels to the nearest fluid ounces by the Officer-in-charge, who must then close and seal the vessel with his official seal.

(4) The description, quantity and true strength of the preparations must then be recorded on a label in Form M.C. 8, by the approved manufacturer or his agent and each label must also bear the distinctive serial number corresponding with the number entered in the prescribed register (Form M.C. 3).

(5) In the case of preparations stored in bulk, the label on every vessel must be signed and dated by the Officer-in-charge.

(6) When any of the contents of a vessel referred to in clause (2) (a) has been removed, the Officer-in-charge must enter on the label attached thereto the quantity taken out and the manner of disposal with his signature and date. Finished preparations

(7) Sub-rule (4) must be followed in respect of preparations referred to in sub-rule (2)(b) but the contents of bottles are to be checked at the time of issue according to the following scale: Whenever the number of bottles in any consignment does not exceed 100 the Officer-in-charge is to measure one in every 25 and fraction of 25 upto 50, and one in any remaining number upto 100. When the number exceeds 100 three bottles are to be measured in the first 100 and one in every 50 and fraction of 50. A large proportion should be measured, should the Officer-in-charge must consider it necessary. The Officer-in-charge must certify in Form M.C. 6 the number of bottles issued and how many were checked on measurement. Only standard litre measures and graduated glass measures approved by the Excise Commissioner are to be used in gauging preparations.

### **35. . :-**

Samples of any finished preparations may, at the time of its removal to the warehouse, be taken for despatch to the Chemical Examiner, for analysis and test of the amount of proof spirit contained therein. Not less than ten per cent, of the preparations issued from the Chemical Works in the month should thus be

sampled. The Officer-in-charge is responsible for ensuring that not less than this percentage of issues is sampled monthly. The following procedure shall be observed in sampling the preparations:

(1) A sample shall not be less than 8 fluid ounces.

(2) Every sample must be taken in duplicate personally by the Officer-in-charge. The cork of every bottle must be sealed by him with revenue seal and the name of every preparations must be stated on a label affixed to each bottle. The duplicate samples should be kept under excise lock until the result of analysis has been reported, unless specially asked for the Chemical Examiner to replace the original samples or to repeat an analysis. Duplicate samples to which no further reference can be needed, may be returned to the approved manufacturer.

(3) The samples must be placed in a case and securely fastened with tape or wire provided by the approved manufacturer and be sealed by the Officer-in-charge with a revenue seal and delivered without delay at the expense of the approved manufacturer to the Chemical Examiner.

(4) An advice letter in Form M.C. 9 must be despatched to the Chemical Examiner at the same time.

**36. . :-**

The approved manufacturer must submit, if required, samples of all or any of his medical preparations to such medical officers as Government may designate for test and must agree to abide by any rule drawn up by the medical officer of Government, authorised in this behalf, with a view to ensuring the efficiency and purity of the medical preparations produced in the Chemical Works.

**37. . :-**

At the time of use, the approved manufacturer shall declare the strength of the finished preparations and all calculations of duty on rectified spirit contained in finished preparations from the warehouse shall be made according to the strength declared by the approved manufacturer unless the result of the Chemical Examiner has been received before issue. If the strength of a sample actually found by the Chemical Examiner does not exceed the declared strength by 3 degrees, then no correction need be made in the strength of the preparation shown in the register, but if the actual strength exceeds the declared strength by 3 degrees or more, then the strength of the preparations as well as the quantity shown in

proof litres shall be corrected accordingly. A surcharge of duty shall be levied in the latter case if any issues have been allowed from the particular batch before the receipt of the Chemical Examiner's report. No refund will be allowed if the strength declared by the approved manufacturer is found higher than the actual strength reported by the Chemical Examiner. At the close of each month the Officer-in-charge shall make a list giving the name of the preparations, number of litres manufactured, batch number, declared strength and strength found on analysis during the month in regard to which the strength found by the Chemical Examiner exceeds the declared strength by three degrees or more. The list shall be sent by the Collector immediately to the Excise Commissioner, who may impose penalty to the extent of 10 times the shortage of duty on the quantity manufactured.

**38. . :-**

An account of all medicinal or other preparations received into and issued from the warehouse shall be maintained in Form M.C. 4. All issues shall be made only on application by the approved manufacturer in Form M.C. 6 which shall be accompanied by a treasury receipt in token of payment of the prescribed duty on the preparation concerned. The Officer-in-charge, after satisfying himself that the amount of duty has been paid into the treasury or has been duly accounted for, shall issue the preparation applied for and grant the transport or export pass in Form L-46 in accordance with the provisions contained in the Delhi Liquor Import, Export, Transport and Possession Order and the Delhi Liquor Permit and Pass Rules.

Provided that except in the case of samples, no such transport or export pass shall be issued in the name of the approved manufacturer himself.

Provided further that the issue of the manufactured drugs, other than prepared opium, shall be subject to the provisions of Rules 18 and 19 of the Delhi Manufactured Drugs Rules published in Excise\\Commissioner's Notification No. 8029 dated the 12th Sept., 1933.

**39. . :-**

The approved manufacturer may make an advance deposit against payment of duty, and issue of finished preparations may then take place so long as sufficient balance is available. In this case the Officer-in-charge shall keep an account in Form D. 15.

**40.** . :-

All jars, bottles or other vessels and packages in which consignments are issued, shall be sealed by the Officer-in-charge with his official seal before they leave the warehouse. Every jar, bottle other vessel or package shall bear a label in which the following particulars shall be specified in bold English printed character: (1) name of the approved manufacturer, (2) the place as well as the State of manufacture, (3) the percentage of alcohol contained in such preparation. Medicinal and other preparations put up in small bottles should be packed in boxes containing such number of bottles that the total proof spirit contents of the preparation contained in each box is not less than 0.1 proof gallon. These boxes shall be securely fastened and sealed by the Officer-in-charge.

**41.** . :-

The Officer-in-charge shall maintain a diary in Form D. 9 in which he shall record from day to day all the relevant entries regarding operations carried on in the Chemical Works.

**42.** . :-

The following registers shall be maintained by the approved manufacturer:

- (a) M.C. 2 Stock Account of Spirit used for making tincture.
- (b) M.C. 3 Register of operations in the laboratory.
- (c) M.C. A Stock account of each preparation.
- (d) M.C. 6 Application for pass for the removal of medicinal or other preparations from the Chemical Works.
- (e) M.C. 8 Labels.
- (f) M.C. 11 The monthly return.

**43.** . :-

following registers shall be maintained by the Officer-in-charge:

- (a) M.C. 1 Vat account of spirit received in the spirit store.
- (b) M.C. 5 Account of spirit recovered in the Laboratory.
- (c) M.C. 7 Account of finished preparations issued from the warehouse.

- (d) M.C. 9 Advice of samples sent to the Chemical Examiner.
- (e) M.C. 10 Account of samples sent to the Chemical Examiner.
- (f) D. 6 Table book of spirit vats.
- (g) D. 9 Inspector's diary.
- (h) D. 15 Register regarding advance payment of duty.

**44.** . :-

At the end of each month, the approved manufacturer shall deliver statements in Form M.C. 11 and in Form M.C. 13 in duplicate to the Officer-in-charge who shall, after verification, submit them to the collector, who shall forward the statements to the Excise Commissioner. The approved manufacturer shall also furnish such true statements as may be required by the Collector in the forms prescribed under the rules.

**45.** . :-

All registers and forms of the M.C. and D. series shall be printed and supplied by the approved manufacturer free of charge. Forms bound together shall bear printed, serial and consecutive numbers. Loose sheet of such forms, as are necessary, shall also be supplied to the Officer-in-charge.

**46.** . :-

The stock of spirit in the spirit store shall be taken by the officer-in-Charge, on- the last working day of each month.

**47.** . :-

The stock of medicinal or other preparations containing rectified spirit in the warehouse shall be similarly taken.

**47A.** . :-

If it is found that the wastage in any chemical works is excessive or in the process of manufacture, exceeds the following scale, the Excise Commissioner may, after considering the monthly statement furnished under Rule 44, call upon the approved manufacturer to pay duty at such rate, not exceeding the tariff rate, as he deems fit, on the whole or any part of the wastage which may appear to be excessive or due to theft or fraud.

**48.** . :-

Nothing in these rules justifies the use on a label or in advertisements of words stating or implying that the preparation is

sold under a Government guarantee as to contents or quality.

**49. . :-**

If a fire occurs in a chemical works, the Collector should immediately cause an enquiry to be held by a gazetted officer in order to determine the liability of the licensee to pay duty on the spirit wasted. No duty will ordinarily be assessed on spirit on which duty has not been paid; but if duty has been paid on any quantity of spirit contained in the preparations although these have not left the Chemical Works, the Collector must satisfy himself that the spirit was really destroyed before any refund is paid. If such a refund is to be paid, it shall be calculated on the actual quantity of spirit on which duty has been paid. Once preparations have passed out of the Chemical Works, no refund of duty shall be paid upon them. The previous sanction of the Excise Commissioner is required before any such refund can be paid and if either duty is to be levied or a refund is to be granted, the Collector in his report shall come to a clear finding whether: the loss was due to preventable causes, which should have been foreseen or guarded against by the licensee.

**50. . :-**

If the approved manufacturer infringes or causes or permits any person to infringe any of the conditions enumerated above or any of the conditions of his licence, the Collector may revoke and determine the licence and he may forfeit to Government the whole or any part of the security deposit.

Provided that if the infringement is of a minor nature, the licence may be restored and the order forfeiting the security may be set aside on payment of a sum not exceeding Rs. 50/-.

**51. . :-**

The Excise Commissioner reserves to himself the right of adding to, altering, revising or changing these rules from time to time, either after or without consulting the licensee of a Chemical Works, and the licensee shall carry out all orders and instructions issued in these rules in their original or revised form, so long as he holds his licence.