

Karnataka Excise (Amendment) Act, 2004**27 of 2004****[31 July 2004]**

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An Act further to amend the Karnataka Excise Act, 1965. Whereas it is expedient further to amend the Karnataka Excise Act, 1965 (Karnataka Act 21 of 1966) for the purposes hereinafter appearing; Be it enacted by the Karnataka State Legislature in the fifty-fifth year of the Republic of India, as follows:-

1. Short Title And Commencement :-

- (1) This Act may be called the Karnataka Excise (Amendment) Act, 2004.
- (2) It shall come into force at once.

2. Amendment Of Section 16-A :-

In section 16A of the Karnataka Excise Act, 1965 (Karnataka Act 21 of 1966) (hereinafter referred to as the principal Act), in sub-section (1), in clause (c), after the words "or a State Government Department", the words and figures "or any person unless he holds a distillery licence granted under section 16 for manufacture of spirit out of molasses and is engaged in the manufacture of such spirit." shall be inserted.

3. Insertion Of New Section 51-A :-

After section 51 of the principal Act, the following section shall be

inserted, namely:-

"51A. Third party inspection or special audit.-

(1) If the Excise Commissioner has reason to believe,-

(a) that the licensee has not manufactured any excisable goods or spirits as per the norms specified under the rules made under this Act from time to time, having regard to the nature of the excisable goods or spirit produced or manufactured or the type of inputs used and other relevant factors; or

(b) the licensee has committed any fraud or made any mis-statement or suppression of facts in the accounts or statements submitted; or

(c) for any other reasons to be recorded in writing;

he may direct for inspection or auditing of accounts of the distillery, brewery, winery, arrack processing unit or any other liquor manufacturing unit and warehouses or any other place as may be specified by him, by a third party or a cost accountant nominated by him.

(2) The third party or the cost accountant, as the case may be, so nominated shall, within the period specified by the Excise Commissioner, submit a report of such inspection or audit of accounts duly signed and certified by him to the Excise Commissioner mentioning therein such other particulars as may be specified.

(3) The provisions of sub-section (1) shall have effect notwithstanding that the accounting of the licensee aforesaid have been audited under any other law for the time being in force or otherwise.

(4) The licensee shall be given an opportunity of being heard in respect of any material gathered on the basis of the inspection or audit under sub-section (1) and proposed to be utilized in any proceeding under the Act or the rules made thereunder.

Explanation.- For the purpose of this section,-

(a) "cost accountant" shall have the meaning assigned to in clause (b) of sub-section (1) of section 2 of the Cost and Works Accounts Act, 1959 (Central Act 23 of 1959);

(b) "licensee" means a person who holds a licence granted under this Act;

(c) "third party" means such authority or agency or a Company nominated by the Excise Commissioner from time to time."