

**ADMINISTRATIVE REPORT OF THE  
COMMISSIONER GENERAL OF EXCISE  
FOR THE YEAR 2006**

**Introduction**

The Department of Excise, operates under the directions and guidelines of the Ministry of Finance. It has the legal authority for implementation of the excise policies of the Government and relevant activities including the protection and collection of excise revenue, principally under the Excise Ordinance (Chapter 52 of the Legislative Enactment). In addition, the authority and responsibility for administration of the Tobacco Tax Act No: 08 of 1999 and the collective responsibility for the enforcement of Poisons, Opium and Dangerous Drugs Ordinance with the Police and other relevant Agencies are also mandatory functions delegated to the Department. The Department also acts as a Principal Agency holding the authority for the enforcement of provisions of the above Ordinances, Acts and consequential rules and regulations, notifications, orders and directives. The Department is engaged in performing a National Mission providing social security by collecting considerable amount of revenue to finance the economic development as well as by preventing and detecting illegal activities of every description falling under the above legislations.

**2. VISION :**

Building of a healthy society in Sri Lanka which is free from illicit liquor and narcotic drugs.

**3. MISSION :**

Efficient and effective administration of the Liquor and the Tobacco industry in Sri Lanka through the collection of revenue and prevention of illicit manufacture and sale of such products, for development and welfare of the society, and the enforcement of the Poisons, Opium and Dangerous Drugs Ordinance for the social protection of Sri Lanka.

**Objectives :**

- a. The collection and protection of revenue from Liquor and Tobacco.
- b. The enforcement of the Excise Ordinance and the Tobacco Tax Act.
- c. The enforcement of the Poisons, Opium and Dangerous Drugs Ordinance.

**Functions :**

- a. Supervision and Control of Licensed premises, and collection of revenue there from.
- b. Acting as the law enforcement agency in respect of the Excise Ordinance.
- c. Enforcement of the Tobacco Tax Act including supervision and control of Tobacco Manufactories.
- d. Acting as a law enforcement agency in respect of the Poisons, Opium and Dangerous Drugs Ordinance.

**4. THE ORGANIZATION:****The Staff position as at 31.12.2006 stood as follows:-**

Commissioner General of Excise (SLAS)	:	01
Excise Commissioners (Crimes/Training) (SLAS)	:	01
Excise Commissioners (Revenue/Admin) (SLAS)	:	01
Excise Commissioner (Finance) (SLAcctS)	:	01
Deputy Excise Commissioner (Admin) (SLAS)	:	01
Deputy Excise Commissioner (Finance) (SLAcctS)	:	01
Deputy Excise Commissioner (Inter Audit) (SLAcctS)	:	01
Assistant Excise Commissioners	:	08
Administrative Officer	:	01
Superintendent of Excise	:	12
Chief Excise Inspectors	:	35
Excise Inspectors	:	158
Excise Sergeant Majors	:	26
Excise Sergeants	:	77
Excise Guards / Corporals	:	478
Excise Drivers	:	61
Public Management Assistance Service	:	92
Budgetary Assistant	:	01
K.K.S	:	37
Circuit Bungalow Keeper	:	03

**5. STAFF CHANGES:**

The under named Excise Officers retired from the State Service during the year 2006:-

			From:
Mr. R.M. Karunathilake	Asst Excise Cmsr	-	02.01.2006
Mr. A.A Dayaratne	Chief Excise Inspector	-	02.01.2006

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Mr. V.A Herath Chief Excise Inspector - 10.10.2006

- Mr. H. Aruna Shantha, Chief Excise Inspector passed away on 30 Aug 2006.

By the Public Service Commission Secretary's Letter No: P/15/24/61/05 dated 02 Aug 2006, the following Superintendents of Excise were promoted to the Rank of Assistant Excise Commissioners, with effect from 17 Apr 2006.

- Mr. T. Wasantha Kumara
  - Mr. U.A Mohomad
  - Mr. S.D.L de Mellawa
  - Mr. W.M.M.B Wansooriya
  - Mr. A. Bodaragama
  - Mr. M.D.M.W.K Dissanayake
  - Mr. B.A Dayaratne
- 
- Superintendent of Excise, Mr. J.P Silva was promoted to the Rank of Assistant Excise Commissioner with effect from 17 Apr 2006, by the Public Service Commission Secretary's Letter No: P/15/24/61/05 dated 13 Sept 2006.
  - Under named Chief Excise Inspectors were promoted to the Rank of Superintendent of Excise with effect from 20 Mar 2006, on Secretary's of Public Service Commission Secretary's Letter No: P/15/24/55/05 dated 19 Sept 2006:-

- I. Mr. M.R Gomez
- II. Mr. B. Christy Joseph
- III. Mr. B.U Wickramaratne
- IV. Mr. U.G Nayanananda
- V. Mr. J. Shanthadeva de Silva

## 6. HUMAN RESOURCES DEVELOPMENT:

The following Residential Training Courses were conducted for Excise Officers at the Excise Training School at Panadaragama, during the year 2006.

<u>Period</u>	<u>Duration</u>	<u>Officers</u>
2006.01.28 - 2006.01.30	03 days	All Excise Officers
2006.02.03	01 day	-do-
2006.02.05 - 2006.02.10	06 days	Excise Guards

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2006.02.11	01 day	All Excise Officers
2006.02.16	01 day	-do-
2006.02.19 - 2006.02.14	06 days	Excise Inspectors
2006.03.02	01 days	SOB / Narcotic Officers
2006.03.05 - 2006.03.09	05 days	Tamil Excise Officers
2006.03.24 - 2006.03.27	04 days	Excise Sergeants Majors/ Excise Sergeants
2006.03.26	01 days	Distillery Officers
2006.06.12 - 2006.06.16	05 days	Excise Guards
2006.07.26 - 2006.07.27	02 days	Combined Service Officers
2006.08.01 - 2006.08.03	03 days	Asst Excise Commissioner & Excise Superintendents
2006.08.06 - 2006.08.11	06 days	Excise Inspectors
2006.08.13 - 2006.08.18	06 days	Excise Guards
2006.10.21 - 2006.10.26	06 days	-do-
2006.11.16 - 2006.11.19	04 days	-do-

## 7. INFRASTRUCTURE DEVELOPMENT (BUILDING/VEHICLES)

### a. Buildings: (Outside Areas)

Office	Type of Work	Expenditure (Rs.)
Excise Station, Kalutara	Repairs to Office Complex	230,000.00
Excise Station, Anuradhapura	Fixing of Name Board	4,500.00
Excise Station, Vavuniya	Repairs and Expansions	89,500.00
Circuit Bungalow & Office of the Supdt of Excise, Nuwara Eliya	Ceiling of the Office and erecting a wall around Circuit Bungalow.	1,252,920.00
<b>New Constructions</b>		
Circuit Bungalow, Polonnaruwa	Under Construction	5,427,000.00
Excise Station, Madampe	Under Construction	6,097,000.00
Total		

### b. Buildings (Head Office - Colombo 2)

Total expenditure for the Repairs and Maintenance work in the year 2006 at Head Office, Colombo 2 is Rs. 2,916,402.33

## c. Vehicles :

The Department purchased the following vehicles during the year 2006 :-

(i)	05 Nos ISUZU Crew Cab	-	Rs.	11,212,500/=
(ii)	01 No. Mitsubishi Lancer Car	-	Rs	3,195,000/=

**8. IMPLEMENTATION OF POLICIES:**

Excise Taxes were changed with effect from 05.10.2006. Detections relating to unlawful manufacture and sale of liquor were effectively conducted. Detections under Poisons, Opium and Dangerous Drugs Ordinance were also effectively conducted as in previous years. In order to control the usage of Tobacco and Alcohol, the Government has introduced the National Authority on Tobacco & Alcohol Act No.27 of 2006. A new Gazette Notification on issuance of Excise Licenses was prepared and published on 29<sup>th</sup> December 2006.

**9. EXCISE TAX STRUCTURE:**

	Effect from 09.12.2005 (Rs)	Effect from 05.10.2006 (Rs)
Molasses, Palmyrah Arrack, Coconut & Processed Arrak (Proof Ltr)	396/=	421/=
Foreign Liquor (Proof Ltr)	525/=	550/=
Alcohol percentage below 5% for Beer, Bulk Ltr	37/50	37/50
Alcohol percentage 5% and above for Beer, Bulk Ltr	53/50	53/50
For Wine Ltr	250/=	275/=
Excise Duty on Tobacco per Kg	10/=	10/=

Revenue collection of the Department has increased by 28.3% over the year 2005.

State of Income/Expenditure of the Department in recent past years:

Year	Revenue Rs. Mln	Expenditure Rs. Mln	As a Percentage
2000	6,219.890	120.000	1.93
2001	6,245.471	148.097	2.37
2002	8,541.628	151.395	1.77
2003	10,719.444	146.415	1.37
2004	13,545.502	173.000	1.28
2005	16,120.555	211.933	1.31
2006	20,694.008	297.000	1.44

**14. INTERNAL AUDIT UNIT :**

The Internal Audit Unit was restructured by appointing an Accountant as the Head of the Unit. During the year under review, 21 Excise Sub Offices and 08 Liquor Manufactories were audited by this Unit. As per the instructions given by the Treasury, an Audit and Management Committee was established under the chairmanship of Commissioner General of Excise and the first meeting was held on 29.11.2006. The Committee is represented by all the Staff Officers working in the Excise Head Office. The Audit Superintendent from the Auditor General's Department handling this Department also participating as an Observer in the Committee. It is the responsibility of this Committee to encourage effective use of public resources including Human resources in meeting the objectives of the Department.

**15. BOARD OF SURVEY :**

By the end of 2006, all Board of Surveys in relation to year 2005 were completed.

**16. EXCISE TAX ARREARS :**

The details of Excise Tax Arrears as at end of year 2006 is shown in appendix " J ".

**17. AUDIT QUERIES :**

22 Audit Queries were received during the year under review and out of that 19 were answered by 31.12.2006.

**18. DEPARTMENT'S ASSETS:**

A list of Buildings and Properties belonging to the Department is shown in appendix " O ".

**19. TYPES OF LIQUOR LICENSES IN USE DURING THE YEAR:**

a.

F.L 1	:	License to manufacture Malt Liquor
F.L A	:	License to manufacture Foreign Spirits locally
F.L B	:	License to manufacture, milk punch and or Wine
F.L C	:	License to manufacture country made foreign spirits from

Spirits distilled from the coconut or any of its products other than Toddy.

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F.L 3	:	Wholesale License
F.L 4	:	Retail License
F.L 6	:	Beer and Porter License
F.L 7	:	Hotel License
F.L 8	:	Hotel Bar License
F.L 9	:	Entertainment Bar License
F.L 10	:	Railway Refreshment Room License
F.L 11	:	Restaurant License
F.L 12	:	Rest House License
F.L 13 A	:	Club License
F.L 14	:	Occasional License
F.L 15	:	Supplementary Licenses to extend the hours of sale.
F.L 16	:	Auctioneer's License
F.L 17	:	Rectified Spirits License
F.L 18	:	Medicated Wine License
F.L 19	:	Special License
F.L 22 A	:	Beer, Ale, Stout & Wine License for retail sale.
F.L 22 B	:	Beer, Ale, Stout & Wine License for consumption in the premises.

b. Manufacturing Licenses:

License to tap, draw and manufacture fermented, unfermented sweet toddy.

- Distillery License
- License to manufacture Vinegar
- License to refine, compound, process, spirits.

b. License to collect toddy.

- License for collection station.

d. License for bottling:

- License for fermented liquor
- License for distilled liquor

e. Auxiliary License

f. License for produce and sale of fermented toddy.

g. Tourist Hotel & Restaurant License:

Grade 'A' Hotels : FL 7

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Grade 'B' Hotels	:	FL 7 FL 8
Grade 'C' Hotels	:	FL 7 FL 8
Grade 'A' Restaurants	:	FL 11
Grade 'B' Restaurants	:	FL 11
Grade 'C' Restaurants	:	FL 11
Tourist Board approved premises – Irrespective of grade	:	FL 22 B

h. Toddy Taverns sold by Tender.

## 20. LIQUOR MANUFACTURERS OF THE RELEVANT YEAR:

1. Distilleries Company of Sri Lanka Ltd., 110, Norris Canal Road, Colombo 10
2. W.M Mendis & Company Ltd., Welisara, Ragama
3. International Distillers Ltd., Kotalawala, Kaduwela
4. Nippon Expo Company Ltd., No. 102, St. Andrew Road, Modara, Colombo 15
5. A.E.F (Pvt) Ltd., No. 324, High Level Road, Galagedara, Padukka
6. Manori Lanka Company (Pvt) Ltd., No. 277/1, Jayamalapura, Gampola
7. Uva Glen Company (Pvt) Ltd., Millewa, Moragahahena
8. Rio Marketing Services (Pvt) Ltd., No. 7, Perukkuliya Mawatha, Dankotuwa
9. Wayamba Distilleries Lanka (Pvt) Ltd., Malkaduwwa, Kurunegala
10. Acme Lanka Company Ltd., No. 73/1, Old Road, Hanwella
11. Sri Lanka Distilleries Ltd., Mestiya, Wadduwa
12. Periceyl Company (Pvt) Ltd., No. 296/10, Park Road, Colombo 5
13. Randenigala Distilleries Ltd., No. 255/86, Korathota, Kaduwela
14. Rockland Distilleries Ltd., No. 25/20, Mahawatta Road, Egoda Uyana, Moratuwa
15. Scotland Distilleries Company Ltd., Passara Road, Vineethagama, Badulla
16. Co-operative Distilleries, Payagala
17. Hingurana Distilleries (Pvt) Co., Samanabedda, Thittapattara
18. Thikkama Distilleries, Alwai, Point Pedro
19. Valikamam Distilleries, Chankanai
20. Globe Blenders (Pvt) Ltd., Malkaduwwa, Kurunegala
21. Mc-Callum Brewery (Pvt) Ltd., Pearl Estate, Meegoda
22. United Brewery Ltd., Mawathagama
23. Lion Brewery Ltd., No. 254, Colombo Road, Biyagama



**21. THE QUANTITIES OF LIQUOR MANUFACTURED:**

## a. Molasses Arrack

Manufacturing Institution	Qty (Proof Ltrs)	Duty (Rs. Cts)
W.M Mendis & Co., Ltd	222,751.200	89,647,980.20
International Distillers Ltd	1,328,273.468	542,072,950.38
Uva Glen (Pvt) Ltd.,	82,767.100	33,174,544.10
Manori Lanka (Pvt) Ltd.,	8,428.000	3,373,390.50
Rio Marketing (Pvt) Ltd.,	10,125.240	4,097,997.54
Scotland Distilleries Co., Ltd.,	3,672.000	1,454,112.00
Varani	21,747.620	8,792,172.02
Sri Lanka Distilleries Ltd.,	11,893.353	4,763,100.67
Hingurana Distilleries Pvt Co., Dompe	76,753.000	30,486,285.50
Thikkama Distilleries	43,078.900	17,116,466.90
Valikamam Distilleries	189,528.666	76,854,199.67
Nippon Lanka Ltd.,	902.133	337,060.46
Randenigala Distilleries Ltd.,	9,927.900	3,951,593.40
<b>Total</b>	<b>2,009,848.580</b>	<b>816,121,853.34</b>

## b. Coconut &amp; Processed Arrack:

Manufacturing Institution	Qty (Proof Ltrs)	Duty (Rs. Cts)
Distilleries Co., of Sri Lanka Ltd.	3,475,490.366	1,398,097,005.94
W.M Mendis & Co., Ltd.	76,437.600	30,929,942.10
International Distillers Ltd.	558,547.767	223,917,486.78
Manori Lanka (Pvt) Ltd.	1,484.200	587,743.20
Rockland Distilleries Ltd.	630,932.272	235,875,787.33
Nippon Expo Ltd.	10,351.800	4,117,597.80
Hingurana Distilleries Co., Ltd., Dompe	2,769.100	1,096,563.60
Co-operative Distillery	7,125.900	2,835,541.40
Scotland Distillery	1,004.848	397,919.71
Acme Lanka Company Ltd.,	18,628.200	7,515,669.70
<b>Total</b>	<b>4,782,772.053</b>	<b>1,905,371,257.56</b>

## c. Special Arrack

Manufacturing Institution	Qty (Proof Ltrs)	Duty (Rs. Cts)
Distilleries Co., of Sri Lanka Ltd.	29,359,608.335	11,803,052,406.91
W.M Mendis & Co., Ltd.	585,662.199	234,221,280.80
International Distillers Ltd.	1,837,940.694	735,802,887.12
Uva Glen (Pvt) Ltd.	143,797.100	57,778,259.10
Manori Lanka (Pvt) Ltd.	120,566.000	48,506,351.00

Rockland Distilleries Ltd.	1,350,421.387	556,653,597.90
Nippon Expo Ltd.	137,289,900	55,271,492.90
Classic Manufacturer	44,077.607	17,562,442.36
Hingurana Distilleries Co., Ltd	160,948.300	65,215,421.80
Co-operative Distillery	50,864.700	20,430,578.70
Scotland Distillery	265,524.477	106,503,730.20
A.E.F (Pvt) Ltd.,	377,197.020	151,686,824.92
Rio Marketing Services (Pvt) Ltd	113,902.570	45,752,168.72
Randenigala Distilleries Co., Ltd	507,398.100	203,427,127.60
Acme Lanka Ltd	301,221.600	120,740,071.10
Perecyl (Pvt) Co., Ltd	107,256.528	43,221,305.32
<b>Total</b>	<b>35,463,676.517</b>	<b>14,265,825,946.45</b>

## 22. COUNTRY MADE FOREIGN LIQUOR:

Manufacturing Institution	Qty (Proof Ltrs)	Duty (Rs. Cts)
W.M Mendis & Company	37,351.200	19,912,905.00
International Distillers Ltd.	1,101,800.540	585,007,752.22
Rockland Distilleries (Pvt) Ltd.	713,028.939	380,143,619.65
Periceyl Company (Pvt) Ltd.	721,445.230	383,800,239.40
Nippon Expo (Pvt) Ltd.	2,556.400	1,363,150.00
Hingurana Distilleries Ltd., Dompe	3,128.200	1,643,297.50
Sri Lanka Distilleries Ltd	105,149.285	53,046,376.20
<b>Total</b>	<b>2,684,459.794</b>	<b>1,424,917,339.97</b>

## 23. MALT LIQUOR (BEER): Alcohol Percentage below 5%

Manufacturing Institution	Qty (Proof Ltrs)	Duty (Rs. Cts)
Mc-Callum Brewery	727,480.170	27,280,506.38
United Brewery	2,174,841.600	81,556,560.00
Lion Brewery	21,895,029.075	821,063,590.31
<b>Total</b>	<b>24,797,350.845</b>	<b>929,900,656.69</b>

## 24. MALT LIQUOR (BEER): Alcohol Percentage above 5%

Manufacturing Institution	Qty (Bulk Ltrs)	Duty (Rs. Cts)
Mc-Callum Brewery	619,512.500	33,143,918.75
United Brewery	2,875,613.400	153,845,316.90
Lion Brewery	18,531,669.575	991,444,322.28
<b>Total</b>	<b>22,026,795.475</b>	<b>1,178,433,557.93</b>

**25. WINE:**

Manufacturing Institution	Qty ( Ltrs)	Duty (Rs. Cts)
Lanka Wine (Pvt) Ltd.	10,342.030	1,912,273.50
Sake Wine (Nipon Lanka Ltd)	344.600	81,650.00
St. Wine Ltd.	188.000	10,137.00
Home Delights Ltd	20.300	5,582.50
<b>Total</b>	<b>10894.930</b>	<b>2,009,643.00</b>

**26. BOTTLED TODDY MANUFACTURERS:**

The names of bottled Toddy Manufactures, and the quantities they manufactured and the duties recovered from each of them are as follows:-

Manufacturing Institution	Qty ( Ltrs)	Duty (Rs. Cts)
Eagle Bottle Toddy Manufactory	473,855.000	113,725.20
Singha Bottle Toddy Manufactory	889,113.750	213,387.30
Commander Bottle Toddy Manufactory	488,385.000	117,212.40
New Commando Bottled Toddy Manufactory	801,236.250	192,296.75
Three Lion Bottled Toddy Manufactory	361,086.875	86,660.85
Manori Lanka Bottled Toddy Manufactory	1013,993.750	243,358.50
T.S.R Bottle Toddy Manufactory	800,852.500	192,204.60
Chankanai Palmyrah Development Co-operative	101,038.750	24 249.30
Horse Power Bottled Toddy Manufactory	732,651.250	175836.30
Wayamba Super Bottled Toddy Manufactory	549,107.500	131,785.80
Golden Eagle Bottled Toddy Manufactory, Madampe	738,051.250	177,132.30
Rio Marketing Bottled Toddy Manufactory	88,909.375	21,338.25
Empire Bottled Toddy Manufactory	190,263.750	45,663.30
Shooting Star Bottled Toddy Manufactory	678,518.750	162,844.50
Super Star Bottled Toddy Manufactory	305,276.860	73,266.40
Payagala Pirisidu Coconut Toddy Manufactory	24,781.250	5,947.50
Golden Eagle Bottled Toddy Manufactory, Colombo	69,387.500	16,653.00
Palmyrah Toddy - Uyilankulam Co-operative	24,435.000	4950.00
<b>Total</b>	<b>8,330,944.360</b>	<b>815,690.65</b>

**27. SPIRITS**

Spirits produced from Coconut Toddy

Distilleries	Pure Toddy (Ltrs)	Spirits Manufactured
Seeduwa Distillery	12,856,269.000	969,498.900
Co-operative Distillery	2,978,183.000	218,971.500
Beruwala Distillery	6,766,062.000	511,451.400
Mestiya Distillery – Wadduwa	2,470,754.000	201,288.100
Rockland Distillery	6,194,696.000	408,872.800
Wavulugala Distillery	219,694.000	16,477.100
<b>Total</b>	<b>31,485,658.000</b>	<b>2,326,559.800</b>

Spirits produced from Palmyrah Toddy

Distilleries	Pure Toddy (Ltrs)	Spirits Manufactured
Walikamam Distillery	451,494.000	27,475.250
Thikkam Distillery	369,284.500	15,904.900
Varani Distillery	143,306.250	5,747.350
<b>Total</b>	<b>964,084.750</b>	<b>49,127.500</b>

**28. RECTIFIED SPIRITS : (To Manufacture Arrack)**

Distillery	Qty Manufactured in (Proof Ltrs)
Sevanagala	4,139,389.100
Pelwatta	5,721,124.400
<b>Total</b>	<b>9,860,513.500</b>

Local Arrack Manufacturers imported 11,310,735.000 Ltrs of Rectified Spirits from foreign countries for manufacturing of Arrack. `

**29. DENATURED SPIRITS**

Distilleries	Qty Manufactured (Ltrs)	Tax (Rs.)
Pelwatta	18,480.500	83,162.25
<b>Total</b>	<b>18,480.500</b>	<b>83,162.25</b>

**30. MANUFACTURE OF VINEGAR**

The number of trees licensed, the quantity of Vinegar manufactured, and the selling prices are given in the appendix "C".

**31. TOBACCO PRODUCTION AND TAX**

The quantity of Tobacco issued and the duty recovered during the year 2006.

Production (Kgs)	Tax (Rs.Cts)
3,260,275.80	32,602,758.00

**32. THE FUNCTIONS OF SPECIAL OPERATION BUREAU (S.O.B)****a. Colombo Unit**

This Unit is under the supervision of Commissioner General of Excise. The Unit is administered by the Commissioner of Excise (Crimes/Training). Superintendent of Excise, 02 Excise Inspectors including an Excise Officer In-charge and a staff of 16 other officers are engaged in this Unit.

This Unit bears the responsibility of curbing all excise crimes in all areas in addition to Excise Stations through out the Island. Accordingly the details of detections and others done by this Unit during the year 2006 are appended below :-

Total detections done	2032
Unlawful Distillation of Spirits	147
Possession of unlawful Spirits	1244
Possession & Sale of unlawful Spirits	61
Possession & Sale of unlawful Toddy	70
Possession of unlawful Toddy	53
Sale of Govt Approved Arrack & Beer (Without License)	86
Possession of Arrack (Without License)	30
Possession of Ganja	15
Possession of Heroin	21
Possession of unlawful Cigarettes	12
Number of Ganja Chenas detected	08

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During the year 2006 a sum of Rs 151,887,750/= was recovered from the raids conducted by this Unit. A sum of Rs 12,717,600/= was recovered from offences committed in licensed premises.

The Officers of this Unit managed to detect 08 Ganja Chenas, and Cigarettes and also by taking maximum number of vehicles into custody, they were able to earn a large sum of revenue in the year 2006.

**b. Central Province Unit**

This Unit is under the supervision of Commissioner General of Excise. The Unit is administered by the Commissioner of Excise (Crimes/Training) and Assistant Excise Commissioner (Central Province). An Officer In-charge including an Excise Inspector, 02 Excise Sergeants, 06 Excise Guards, 01 Female Excise Guard, an Excise Driver are engaged in this Unit. This Unit which established in the year 2003 was actively operated in Central, Uva, North, North Central and Eastern provinces. On the orders and instructions of the Commissioner General of Excise, the duties of this Unit were expanded to island-wide.

1010 raids were conducted and 1009 personnel were taken into custody during the year 2006, and a sum of Rs 5,268,500/= was recovered from the raids. This includes, 48 unlawful distilled centres, detecting of 58 acres of Ganja and 10120 of non tax paid cigarettes. Rs 105,000/= was recovered from unlawful Cigarettes.

Detections were carried out for 504 licensed premises with regard to violation of excise rules and 504 TCRR were submitted. A sum of Rs 20,400,000/= was recovered from offences committed in licensed places.

10 detections of Ganja Chenas were detected and 346, 739 of Ganja Plants were destroyed.

**33. ACTIVITIES OF THE MANUFACTURING OPERATION UNIT:**

This Unit which is under the Commissioner General of Excise is administered by Excise Commissioner (Crimes/Training) and consisting of a Senior Excise Inspector, 03 Excise Inspectors, 02 female Excise Guard and a Excise Corporal Driver.

The main functions of this Unit are the supervision of Distilleries, Liquor Manufactories and liquor wholesale licensed places. The Officers attached to this Unit inspect these places regularly and submit Technical Crime Reports if they found any offences occurring in these places. They also give advise to these Establishments regarding the excise rules and regulations and keep them under continuous supervision.

Further, this Unit maintains the statistics related to liquor manufactories and detections. The payment of rewards to Technical Crime Reports is also done under the supervision of this Unit.

During the year 2006, 51 Technical Crime Reports were submitted after having supervised the above-mentioned licensed premises and the Unit has collected Rs 19,471,549/75 by way of composition fees and selling forfeited spirits. To reach at the target given, this Unit contributes a paramount service by perpetual supervision of the licensed premises.

#### **34. ACTIVITIES OF THE NARCOTICS UNIT:**

The Narcotic Unit established for the enforcement of law under the Poisons, Opium and Dangerous Drugs ordinance is in operation at D.R Wijewardena Mawatha, Colombo 10. This Unit operates under the supervision of a Superintendent of Excise consisting with 22 other Officers.

723 detections were made during the year 2006 and 638 males and 85 females were taken into custody. Out of the 723 detections, 280 were connected to Heroin, 429 were connected to Ganja detections and 14 others. 38 cases were filed in High Courts and Rs 1,491,050/= was recovered as fines.

In addition, Seven acre of Cannabis cultivation were destroyed during this year.

According to the information recorded in the Narcotics Unit, the highest recorded numbers of detections were made in the year 2006.

During the year 2006, 399 Grms and 446 milligrams of Heroin, 174 Kgs & 669 Grms of Cannabis were detected. Also 685 cases were resolved by Magistrate Court and 38 cases were filed at High Court.

#### **35. EXCISE CRIMES:**

The number of raids conducted in order to curb the unlawful menace of illicit liquor was increased in the year under review. Though the target for the year was 56000 detections, 52583 detections were made. Rs 137.5 mln were recovered as fines.

Special raids were carried out island wide during the Wesak Period on the instructions of the Commissioner General of Excise and number of licensed premises were sealed due to violation of excise rules. Rs. 94,613,091/= were collected as composition fees through out the year.

**36. ASSAULTS & OBSTRUCTIONS:**

- A Case has been filed at Baddegama Magistrate Court with regard to threat and assault to Excise Officers of Galle Excise Station.
- Case has been filed at Ratnapura Magistrate Court against two accuses relating to threat and obstruction to Excise Officers of Ratnapura Excise Office, when they carried out a detection at Siripagama, Ratnapura on 28<sup>th</sup> March 2006.
- Excise Officers of the Special Operation Bureau, Colombo were assaulted by a gang of thugs and the Vehicle No 62-0762 was damaged at the incident, resulting Rs 175,000/= damage to the vehicle, on 28 August 2006. A Case on pending at Negambo Courts in this connection.

**37. Fiscal Management Reform Programme (FMRP)**

The FMRP Project is aimed at the modernization of revenue administration and the strengthening of the system of financial management in order to help contain the size of fiscal deficit. Progress made by the Department during the period under review is as follows:-

- a. A Code of Ethics was prepared and distributed among all the officers.
- b. A new Organizational Structure was prepared to meet the new challenges of the Department.
- c. Job Descriptions was prepared for all the posts identified in the Organizational Structure.
- d. A new Performance Management Process was initiated.
- e. A training needs analysis survey was completed.
- f. A new Computer Lab was established with 35 Computers. It is expected to train each officer of the Department on basic IT skills. Computer training courses were started from November 2006.
- g. In order to simplify the Departmental procedures, a new Departmental Order Book was published and distributed among all the officers.
- h. A study was carried out to identify the distribution of Excise Stations. Based on the recommendations four new Excise Stations were opened in 2006 in Meerigama, Kabethigollawa, Embilipitiya and Maho.



- i. An IT Consultant was appointed on contract basis for one year in order to start the Department automation work. Department Website was set up and launched  
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in August. An IT Unit was established and studies commenced to identify the systems which can be computerized.
- j. HRM Plan was prepared for the Department.
- k. A grievance management scheme was introduced with effect from 01.09.2006 for ensuring a congenial climate for participatory HRM.
- l. Promotional schemes was re-drafted with the participation of Trade Unions. Action was also initiated to prepare a new Service Minute for the Department.

### **CONCLUSION**

The excise revenue collected during the year under review increased to Rs 20694 million, an increase of 28% compared to year 2005. The Department conducted 52583 raids in 2006. Accordingly, I am pleased that we have been successful in fulfilling our responsibilities during the year under review.

The success of the department was due to the qualitative improvements made in the operational activities through proper using of limited resources and systematic human resources management.

I am thankful to His Excellency the President, the Hon Minister of Finance and Secretary to the Ministry of Finance for giving us the strength, directions and guidelines to carry out my duties in accordance with the Excise Ordinance and the connected legislations, through continuous review of our activities, and to the Deputy Secretaries to the Treasury who cleared the hindrances by co-ordinating and constantly giving instructions. I also wish to thank all other officers and the staff of the Ministry of Finance who assisted us in this task. I am also grateful for the assistance extended to me by the District Secretaries and the Divisional Secretaries to perform our functions of the Department properly. I also wish to thank and extend my gratitude to the National Dangerous Drugs Control Board, Attorney General's Department, Police Department and the Government Analyst Department for the friendly assistance offered to my Department to achieve its goals.

The support extended to this Department by the Fiscal Management Reform Programme (FMRP) which is funded by the Asian Development Bank, is appreciated. I specially thank to the Project Director of the FMRP and Consultants of Prizewater House Coopers Private Limited for their assistance and guidance given to us throughout the year to make progress in the process of modernizing the Department.

Finally, I extend my special thanks and gratitude to my dedicated and courageous staff from every grades who contributed to the success of the Department.

(Parakkrama Ekanayake Bandara)

-/Wije

**Commissioner General of Excise**





