

ADMINISTRATIVE REPORT OF THE COMMISSIONER GENERAL OF EXCISE FOR THE YEAR 2007

Introduction

The Department of Excise comes under the purview of the Ministry of Finance and Planning. It has the legal authority for the implementation of the excise policies of 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, the collective responsibility for the enforcement of Poisons, Opium and Dangerous Drugs Ordinance with the Police and other relevant Agencies and the responsibility of effecting of National Authority Act No.27 of 2006 on Tobacco & Alcohol 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 country's economic development as well as by preventing and detecting illegal activities of every description falling under the above legislations.

2. VISION :

Building of 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 effecting of the Poisons, Opium and Dangerous Drugs Ordinance.
- d. The effecting of National Authority Act on Tobacco and Alcohol.

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.
- e. The effecting of National Authority Act on tobacco and alcohol.

4. THE ORGANIZATION :

The Staff position as at 31.12.2007 stood as follows :-

Commissioner General of Excise (SLAS)	:	01
Excise Commissioner (Revenue/Admin) (SLAS)	:	01
Excise Commissioner (Finance) (SLAcctS)	:	01
Excise Commissioner (Crimes/Training) (SLAS)	:	01
Deputy Excise Commissioner (Admin) (SLAS)	:	01
Deputy Excise Commissioner (Finance) (SLAcctS)	:	01
Deputy Excise Commissioner (Internal Audit) (SLAcctS)	:	01
Assistant Excise Commissioners	:	08
Administrative Officer	:	01
Superintendent of Excise	:	13
Chief Excise Inspectors	:	40
Excise Inspectors	:	142
Excise Sergeant Majors	:	26
Excise Sergeants	:	100
Excise Guards / Corporals	:	437
Excise Drivers	:	61
Public Management Assistance Service	:	92
Budgetary Assistant	:	01
K.K.S	:	38
Circuit Bungalow Keepers	:	03

5. STAFFCHANGES :

Mr. D.G.M.V Hapuarachchi (SLAS - Cl.1), who served as the Excise Commissioner (Crimes/Training) was appointed as the Commissioner General of Excise with effect from 24th September 2007, since the Commissioner General of Excise, Mr Parakrama Ekanayake Bandara has been appointed to a Ministerial Secretary post.

Following officers have retired from the public service in the year 2007.

➤ Mr. S. Sivanandan	-	Excise Commissioner	-	07.03.2007
➤ Mr. W.P.P.H Fernando	-	Excise Superintendent	-	16.08.2007
➤ Mr. N.D.A Remond	-	Chief Excise Inspector	-	19.01.2007
➤ Mr. U.G Nanayananda	-	Excise Superintendent	-	13.11.2007
➤ Mr. P.J.E.P Fernando	-	Excise Inspector	-	05.12.2007
➤ Mr. M. Wilbert	-	Excise Inspector	-	31.12.2007

6. HUMAN RESOURCES DEVELOPMENT :

This Unit operates under the supervision of the Excise Commissioner (Crime/Training) and consisting of an Assistant Excise Commissioner, an Excise Inspector, an Excise Guard, two Female Excise Guards and an Excise Driver.

The main functions of this Unit are as follows:-

Conducting training programmes and referring officers for educational trainings, weapon trainings and overseas trainings.

09 workshops have been conducted as follows, for 133 officers at the divisional level.

Asst Excise Commissioners' Division	Date	Participated Number
North Central Province	09.08.2007	07
North Western Province	10.08.2007	17
Western Province III	16.08.2007	15
Western Province II	23.08.2007	17
Western Province I	31.08.2007	22
Southern Province	06.09.2007	14
Sabaragamuwa Province	13.09.2007	09
Uva Province	27.09.2007	11
Central Province	12.10.2007	21

The following residential training courses were conducted for Excise Officers at the Excise Training School at Panadaragama, during the year 2007.

Duration	Participated Number	
22.01.2007 - 02.02.2007	Excise Sergeants	23
24.03.2007 - 30.03.2007	Excise Guard	25
19.05.2007 - 25.05.2007	Excise Sergeant (Promoted)	23
02.06.2007 - 08.06.2007	Excise Guard	32
16.06.2007 - 23.06.2007	Excise Corporal / Guard	29
05.07.2007 - 06.07.2007	Public Management Service	30
07.07.2007 - 13.07.2007	Excise Corporal / Guard	29
21.07.2007 - 27.07.2007	Excise Guard	28
18.08.2007 - 25.08.2007	Excise Corporal / Guard	34
29.08.2007 - 04.09.2007	Excise Guard	35
15.09.2007 - 21.09.2007	Excise Guard	25
23.09.2007 - 27.09.2007	Excise Corporal / Guard	37
20.10.2007 - 27.10.2007	Excise Guard	17
03.11.2007 - 09.11.2007	Excise Guard	25
26.11.2007 - 30.11.2007	Excise Guard	13

Training courses were conducted for following officers at the Sri Lanka Institute of Development Administration, on productivity, consumer security public relations and quality management.

Duration	Participated Number	
15-16.02.2007, 22-23.02.2007	Asst Excise Cmsr / Supdt of Excise	22
21.05.2007 - 22.05.2007	Deputy Excise Cmsr / Asst Excise Cmsr	14
09.07.2007 - 11.09.2007	Excise Inspector	05
16.07.2007 - 20.07.2007	Excise Inspector	10
23.07.2007 - 27.07.2007	Supdt of Excise	10
17.08.2007	Deputy Excise Cmsr	01
03.09.2007 - 14.09.2007		
17.09.2007 - 19.09.2007	Excise Inspector	25
17.09.2007 - 28.09.2007	Excise Inspector	10
08.10.2007 - 19.10.2007	Excise Inspector	10
15.10.2007 - 19.10.2007	Supdt of Excise / Inspector	12
26.10.2007 - 02.11.2007	Excise Inspector	28
09.11.2007 - 16.11.2007		
12.11.2007 - 14.11.2007	Excise Inspector	11
19.11.2007	Excise Inspector	35
13.11.2007	Excise Inspector	30
01.11.2007	Public Management Assts.	36
08.04.2007 - 09.04.2007	Union Leaders	22

Following officers have gone for foreign trainings during the year 2007.

Officer's Name	Designation	From	To	Country
Mr. D.G.M.V Hapuarachchi	Excise Commissioner (Crimes/Training)	2007.01.22	2007.02.07	Singapore
Mr. A. Bodaragama	Deputy Excise Commissioner (Revenue)	2007.12.01	2007.12.07	India
Mr. W.M.M.B Wansuriya	Assistant Excise Commissioner	2007.12.08	2007.12.28	India
Mr. M.D.M.W.K Dissanayake	Assistant Excise Commissioner	2007.07.22	2007.08.04	Thailand
Mr. S.D.L de Mellawa	Assistant Excise Commissioner	2007.12.01	2007.12.07	India
Mr. J. Shanthadeva de Silva	Excise Superintendent	2007.07.22	2007.08.04	Thailand
Mr. Channa Weerakkody	Excise Superintendent	2007.12.01	2007.12.07	India
Mr. M.R.W Amarasena	Excise Guard	2007.11.01	2007.12.03	Malaysia

7. INFRASTRUCTURE DEVELOPMENT (BUILDINGS/VEHICLES)

a. Buildings : (Outside Areas)

Office	Type of Work	Expenditure (Rs.)
Excise Station, Galle	Erecting of Fence	7 380.00
Asst Excise Cmsr's Office - Kandy	Repairs & Expansions	370,908.70
Office of Supdt of Excise - Polonnaruwa	Repairs	246990.00
Supdt's official Residence Circuit Bungalow - Polonnaruwa	Repairs	254,739.25
	Constructions	1,522,714.69
Excise Station - Tangalle	Repairs	363,056.98
Excise Station - Madampe	Water Tank / Gate / Erecting the Fence	1,000,000.00
Excise Station - Kesbewa	Constructing a Tube Well	240,350.00
City Office - Colombo	Supply of 60 m.v electricity for Computer Laboratory	661,642.15

	Construct of a Gate and Water Obstacle	379,400.00
Excise Superintendent's Office - Kalutara	Repairs	24,252.25
Excise Station - Kalutara	-do-	266,000.00
Official Residences of Asst Excise Commissioner and Supdt of Excise - Kurunegala	Constructions	6,752,000.00
Asst Excise Commissioner's Office - Kurunegala	Air-conditioning of ACE's office.	78,000.00
	For Lavatory & Pipe-System of ACE's office	82,473.00
	Preparing a room for Special Operation Unit.	201,038.75

b. Buildings : (Head Office - Colombo 2)

Office	Type of Work	Expenditure (Rs.)
Admin Officer's Office/Record Room/Office of Excise Cmsr (Finance)	Repairs and Re-conditions	600,300.00
Office of Deputy Excise Cmsr (Crimes) / Office of Supdt of Excise / Head Office Building	Repairs and Re-conditions	123,400.00
Stores / Record Room	Repairs	200,000.00

c. Following vehicles were purchased during the year 2007.

Vehicle No	Type	Value (Rs)
PB - 3156	Isuzu Crew Cab	2,242,500/=
PB - 3158	do	2,242,500/=
PB - 3159	do	2,242,500/=
PB - 3160	do	2,242,500/=
PB - 3162	do	2,242,500/=
LD - 9334	TATA Single Cab	1,225.000/=
LD - 9337	do	1,225.000/=
LD - 9339	do	1,225.000/=
LD - 9340	do	1,225.000/=
LD - 9341	do	1,225.000/=

8. IMPLEMENTATION OF POLICIES :

Excise taxes were amended twice during the year under review. Taxes on bottled toddy have been increased after 37 years. Department could control illicit liquor by conducting raids relating to unlawful manufacture and sale of liquor. More than 4000 raids were conducted under the newly enacted National Authority on Tobacco and Alcohol Act No. 27 of 2006.

9. EXCISE TAX STRUCTURE :

Table - I

Description	Unit	Effect from 13.03.2007 (Rs)	Effect from 25.10.2007 (Rs)
Molasses, Palmyrah Arrack, Coconut and Processed Arrack	Proof Ltr	446/=	510/=
Foreign Liquor	Proof Ltr	575/=	640/=
Alcohol percentage below 5% for Beer	Bulk Ltr	37/50	38/=
Alcohol percentage 5% and above for Beer, Bulk	Bulk Ltr	53/50	54/=
For Wine	Ltr	300/=	365/=
Excise Duty on Tobacco	Per Kg	10/=	10/=
Bottled Toddy	Per Ltr	10/=	10/=

Revenue collection of the Department has increased by 16.2% over the year 2006.

Table II

State of Income/Expenditure of the department in recent years :

Year	Revenue Rs. Mn	Expenditure Rs. Mn	As a Percentage
2000	6,219.89	120.00	1.93
2001	6,245.47	148.09	2.37
2002	8,541.62	151.39	1.77
2003	10,719.44	146.41	1.37
2004	13,545.50	173.00	1.28
2005	16,120.55	211.93	1.31
2006	20,694.00	297.00	1.44
2007	24,052.48	367.58	1.52

10. INTERNAL AUDIT UNIT :

The Internal Audit Unit is in operation with two Public Management Assistants, under the supervision of a Deputy Excise Commissioner. During the year under review, 03 audit queries and 02 audit reports were submitted. This Unit audited 27 Excise Sub Offices and 07 Liquor Manufactories. Action was taken to identify and correct the circular instructions including Financial Regulations and Establishment Code. In addition to this, an Internal Audit Code was drafted.

The Audit and Management Committee of the Department is met thrice, under the chairmanship of Commissioner General of Excise and the membership of all Staff Officers of the Head office. A Superintendent of Govt Audit also participated in these meetings as an Observer. Action was taken to solve the problems faced in managing the resources including human resources

11. BOARD OF SURVEY :

By the end of 2007, all Board of Surveys in relation to year 2006 were completed.

12. OFFENCES MADE UNDER THE TOBACCO TAX ACT AND NATIONAL AUTHORITY ACT ON TOBACCO AND ALCOHOL

The details are shown in appendix "T"

13. EXCISE TAX IN ARREARS :

The details of excise tax in arrears as at end of year 2007 are shown in appendix " J ".

Non payment of excise taxes in time caused this situation. Action has been taken to collect them through legal procedures.

14. AUDIT QUERIES :

27 Audit Queries were received during the year under review and out of that 25 were answered by 31.12.2007. Replied for 02 internal audit queries and remedial actions taken to avoid repetition of such acts.

15. DEPARTMENT'S ASSETS :

A list of buildings and properties belonging to the Department is shown in appendix " K ".

16. **FUND ACCOUNTS Appendix "L"**
17. **ADVANCE ACCOUNTS Appendix "M"**
18. **APPROPRIATION ACCOUNT Appendix "N"**
19. **REVENUE ACCOUNTS Appendix "O"**
20. **TYPES OF LIQUOR LICENSES IN USE DURING THE YEAR :**
 - a.

S/No.	Type of License	Description
1	F.L 1	License to manufacture malt liquor
2	F.L A	License to manufacture foreign liquor
3	F.L B	License to manufacture, milk punch and/or wine
4	F.L C	License to manufacture country made foreign spirits from spirits distilled from the coconut or any of its products other than toddy.
5	F.L 3	Wholesale License
6	F.L 4	Retail License
7	F.L 6	Beer and Porter License
8	F.L 7	Hotel License
9	F.L 8	Hotel Bar License
10	F.L 9	Entertainment Bar License
11	F.L 10	Railway Refreshment Room License
12	F.L 11	Restaurant License
13	F.L 12	Rest House License
14	F.L 13 A	Club License
15	F.L 14	Occasional License
16	F.L 15	Supplementary License to extend the hours of sale.
17	F.L 16	Auctioneer's License
18	F.L 17	Rectified Spirits License
19	F.L 18	Medicated Wine License
20	F.L 19	Special License
21	F.L 22 A	Beer, Ale, Stout and Wine License for retail sale
22	F.L 22 B	Beer, Ale, Stout and 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.

c. License to collect toddy :

- License for collection stations.

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
		FL 8

Grade 'B' Hotels	:	FL 7
		FL 8

Grade 'C' Hotels	:	FL 7
		FL 8

Grade 'A' Restaurants	:	FL 11
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Grade 'B' Restaurants	:	FL 11
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Grade 'C' Restaurants	:	FL 11
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Tourist Board approved premises Irrespective of grade	:	FL 22 B
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h. Toddy Taverns sold by Tender.

21. LICENSED LIQUOR MANUFACTURERS OF 2007

1. A.E.F (Pvt) Ltd., No. 324, High Level Road, Galagedara, Padukka
2. Acme Lanka Company Ltd., No. 73/1, Old Road, Hanwella
3. Asia Pacific Brewery (Lanka) Ltd., Mawathagama
4. Co-operative Distilleries, Payagala
5. Classic Distilleries (Private) Ltd., No. 565, Mihindu Mawatha, Malabe.
6. Distilleries Company of Sri Lanka Ltd., 110, Norris Canal Road, Colombo 10
7. Hingurana Distilleries (Pvt) Co., Samanabedda, Thittapattara
8. International Distillers Ltd., Kotalawala, Kaduwela
9. Lion Brewery Ltd., No. 254, Colombo Road, Biyagama
10. Manori Lanka Company (Pvt) Ltd., No. 277/1, Jayamalapura, Gampola
11. Mc-Callum Brewery (Pvt) Ltd., Pearl Estate, Meegoda
12. Nippon Expo Company Ltd., No. 102, St. Andrew Road, Modara, Colombo 15
13. Periceyl Company (Pvt) Ltd., No. 296/10, Park Road, Colombo 5
14. Rio Marketing Services (Pvt) Ltd., No. 7, Perukkuliya Mawatha, Dankotuwa
15. Randenigala Distilleries Ltd., No. 255/86, Korathota, Kaduwela
16. Rockland Distilleries Ltd., No. 25/20, Mahawatta Road, Egoda Uyana, Moratuwa
17. Sri Lanka Distilleries Ltd., Mestiya, Wadduwa
18. Scotland Distilleries Company Ltd., Passara Road, Vincethagama, Badulla
19. Thikkama Distilleries, Alwai, Point Pedro
20. Uva Glen Company (Pvt) Ltd., Millewa, Moragahahena
21. Valikamam Distilleries, Chankanai
22. W.M Mendis & Company Ltd., Welisara, Ragama

22. THE QUANTITIES OF LIQUOR MANUFACTURED :

Table I - Molasses Arrack

Manufacturing Institution	Qty (Proof Ltrs)	Duty (Rs. Cts)
Hingurana Distillereis Ltd., Dompe	11,619.94	5,655,019.32
International Distillers Ltd	1,413,535.02	639,251,617.65
Manori Lanka (Pvt) Ltd.,	5,007.87	2,344,704.44
Rio Marketing (Pvt) Ltd.,	2,377.44	1,041,505.99
Randenigala Distilleries Ltd.,	29,449.76	13,640,845.91
Uva Glen (Pvt) Ltd.,	25,225.35	11,304,820.90
W.M Mendis & Co., Ltd	329,370.28	150,032,251.78
Total	1,816,585.66	823,270,765.99

Table II - Coconut & Processed Arrack

Manufacturing Institution	Qty (Proof Ltrs)	Duty (Rs. Cts)
A.E.F (Pvt) Ltd	1,437.61	684,388.14
Acme Lanka Company Ltd.,	7,966.10	3,533,377.60
Co-operative Distillery	814.68	362,748.78
Distilleries Co., of Sri Lanka Ltd.	2,502,527.61	1,130,202,339.76
Hingurana Distilleries Co., Ltd., Dompe	3,055.31	1,369,135.26
International Distillers Ltd.	554,026.50	251,031,133.84
Manori Lanka (Pvt) Ltd.	2,114.31	945,038.35
Nippon Expo Ltd.	9,085.32	4,057,623.38
Perecyl Pvt Ltd.,	18,765.43	7,900,246.03
Randenigala Distilleries Ltd.,	7,315.57	3,297,322.85
Rockland Distilleries Ltd.	315,477.51	140,953,058.96
Scotland Distillery	8,673.70	3,891,312.92
Uva Glen (Pvt) Ltd.,	659.58	304,725.64
W.M Mendis & Co., Ltd.	37,528.78	17,151,965.88
Total	3,469,448.01	1,565,684,417.39

Table III - Special Arrack

Manufacturing Institution	Qty (Proof Ltrs)	Duty (Rs. Cts)
Acme Lanka Company Ltd.,	421,988.00	178,948,840.01
A.E.F (Pvt) Ltd	328,433.47	133,124,255.16
Co-operative Distillery	22,531.89	10,215,476.40
Classic Manufacturer	26,406.47	11,600,091.61
Distilleries Co., of Sri Lanka Ltd.	34,750,886.75	14,530,317,835.11
Hingurana Distilleries Co., Ltd., Dompe	342,093.82	136,507,171.14
International Distillers Ltd.	2,023,113.27	813,185,577.14
Manori Lanka (Pvt) Ltd.	136,871.19	57,039,104.25
Nippon Expo Ltd.	183,992.29	77,993,335.31
Nippon Lanka Ltd.	1,834.83	843,837.96
Perecyl (Pvt) Co., Ltd	143,269.91	65,040,241.65
Rockland Distilleries Ltd.	1,858,840.30	764,213,057.04
Rio Marketing Services (Pvt) Ltd	117,450.14	45,871,782.76
Randenigala Distilleries Co., Ltd	433,480.42	179,891,514.84
Scotland Distillery	232,547.71	97,322,900.87
Sri Lanka Distilleries Ltd.	4,843.33	2,249,955.53
Uva Glen (Pvt) Ltd.,	171,373.73	73,676,560.33
W.M Mendis & Co., Ltd.	490,876.80	211,199,648.40
Total	41,690,834.32	17,389,241,185.51

23. COUNTRY MADE FOREIGN LIQUOR :

Manufacturing Institution	Qty (Proof Ltrs)	Duty (Rs. Cts)
Hingurana Distilleries Co., Ltd., Dompe	2,784.84	1,637,721.35
International Distillers Ltd.	1,157,279.84	674,732,083.68
Nippon Expo (Pvt) Ltd.	1,396.44	814,667.15
Periceyl Company (Pvt) Ltd.	805,894.06	468,894,329.66
Rockland Distilleries (Pvt) Ltd.	872,586.40	503,981,561.80
Sri Lanka Distilleries Ltd.	72,890.79	42,428,661.86
W.M Mendis & Co., Ltd.	38,125.64	22,502,321.10
Total	2,950,958.01	1,714,991,346.60

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

Manufacturing Institution	Qty (Proof Ltrs)	Duty (Rs. Cts)
Asia Pacific Brewery (Lanka) Ltd.,	1,058,431.500	39,746,779.65
Lion Brewery Ltd.,	18,399,698.100	691,662,566.70
Mc-Callum Brewery Ltd.,	495,044.705	18,619,923.51
Total	19,953,174.305	750,029,269.86

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

Manufacturing Institution	Qty (Bulk Ltrs)	Duty (Rs. Cts)
Mc-Callum Brewery Ltd.,	402,527.130	21,580,321.34
Asia Pacific Brewery (Lanka) Ltd.,	5,156,403.600	276,379,737.15
Lion Brewery Ltd.,	24,023,186.130	1,288,314,051.89
Total	29,582,116.860	1,586,274,110.38

26. WINE :

Manufacturing Institution	Qty (Ltrs)	Duty (Rs. Cts)
Home Delights Wine	2,100.000	124,831.67
Lanka Wine (Pvt) Ltd.	42,581.250	2,503,045.99
S.D.T Wine	115.500	6,880.75
Sake Wine (Nippon Lanka Ltd)	196.122	58,836.69
St. Wine Ltd.	180.000	10,321.00
Total	45,172.872	2,703,916.10

27. BOTTLED TODDY MANUFACTURERS :

Manufacturing Institution	Qty Manufactured (Ltrs)	Excise Duty (Rs. Cts)
Chankanai Palmyrah Development Co-operative	82,391.250	823,012.50
Commander Bottle Toddy Manufactory	240,005.000	1,432,346.00
Eagle Bottle Toddy Manufactory	471,920.000	3,750,422.40
Empire Bottled Toddy Manufactory	77,256.000	586,208.70
Golden Eagle Bottled Toddy Manufactory, Colombo	22,385.000	193,008.40
Golden Eagle Bottled Toddy Manufactory, Madampe	421,750.000	3,499,268.80
Horse Power Bottled Toddy Manufactory	657,041.250	4,630,941.90
Manipay Bottled Toddddy Manufactory	12,455.625	1,071,318.75
Manori Lanka Bottled Toddy Manufactory	1,102,028.750	8,568,978.10
New Commando Bottled Toddy Manufactory	325,321.500	1,144,147.80
Shooting Star Bottled Toddy Manufactory	559,110.000	3,975,966.40
Singha Bottle Toddy Manufactory	663,350.000	5,282,960.00
Super Star Bottled Toddy Manufactory	30,975.000	53,742.00
T.S.R Bottle Toddy Manufactory	1,140,345.000	8,514,978.00
Thelippalei Bottled Toddy Manufactory	12,375.000	123,750.00
Three Lion Bottled Toddy Manufactory	196,641.250	1,239,060.45
Wayamba Super Bottled Toddy Manufactory	448,620.000	2,822,480.60
Total	6,463,970.625	47,712,590.80

28. SPIRITS

Spirits distilled from Coconut Toddy

Distillery	Pure Toddy (Ltrs)	Spirits Manufactured (Ltrs)
Acme Distillery	180,785.000	12,338.900
Beruwala Distillery	9,258,157.000	615,695.900
Co-operative Distillery	2,047,178.000	161,075.300
Mestiya Distillery Wadduwa	4,754,083.000	403,308.200
Rockland Distillery	689,806.900	522,836.900
Seeduwa Distillery	25,316,453.600	1,947,199.200
Wavulugala Distillery	944,266.000	64,302.400
Total	43,190,729.500	3,726,756.800

Spirits distilled from Palmyrah Toddy

Distillery	Pure Toddy (Ltrs)	Spirits Manufactured (Ltrs)
Thikkam Distillery	1,907,530.500	14,713.000
Varani Distillery	252,547.750	189,327.360
Walikamam Distillery	166,461.000	102,364.250
Total	2,326,539.250	306,404.610

29. **RECTIFIED SPIRITS : (Used for manufacture of Arrack)**

Distillery	Qty Manufactured (Proof Ltrs)
Pelwatta	4,453,140.900
Sevanagala	2,291,676.400
Total	6,744,817.300

30. **RECTIFIED SPIRITS : (Imported for manufacture of Arrack)**

Company	Qty Imported (Proof Ltrs)
Distilleries Co., of Sri Lanka Ltd.	28,900,650.212
International Distillers Ltd.	1,418,250.832
Periceyl Company (Pvt) Ltd.	471,285.236
Rockland Distilleries (Pvt) Ltd.	118,027.340
Total	30,908,213.620

31. **Rectified Spirits / Weak Spirits / Neutral Spirits issued for industrial purposes.**

Distillery	Rectified Spirits in Ltrs	Weak Spirits in Ltrs	Neutral Spirits in Ltrs
Hingurana Distillery - Korambe	-	416,300.000	-
Hingurana Distillery - Korambe	-	-	731,740.000
Pelwatta	957,949.000	-	-
Sevanagala	962,970.000	-	-
Total	1,920,919.000	416,300.000	731,740.000

32. DENATURED SPIRITS

Distilleries	Qty Manufactured (Ltrs)	Qty issued to the Licensees	Tax (Rs.)
Pelwatta	32,560.500	32,336.000	167,272.50
Total	32,560.500	32,336.000	167,272.50

33. MANUFACTURE OF VINEGAR

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

34. TOBACCO PRODUCTION AND TAX

The quantity of Tobacco issued and the duty recovered during the year 2007.

Production (Kgs)	Tax (Rs.)
3,242,898.500	32,428,985.00

35. FUNCTIONS OF SPECIAL OPERATION BUREAU (S.O.B)

a. Colombo Unit

This Unit has been under the supervision of the Commissioner General of Excise. The Unit is administered by the Commissioner of Excise (Crimes/Training). 01 Superintendent of Excise, 03 Excise Inspectors including an Excise Officer In-charge and a staff of 16 other officers have been working in this Unit.

This Unit bears the responsibility of curbing all excise crimes in all areas, inquiring the complaints received to the Commissioner General of Excise from Public. Details of detections carried out by this Unit during the year 2007 are appended below :-

Total detections done	2000
Unlawful Distillation of Spirits	222
Possession of unlawful Spirits	1108
Possession & Sale of unlawful Spirits	133
Possession & Sale of unlawful Toddy	26
Possession of unlawful Toddy	10
Sale of Govt Approved Arrack & Beer (Without License)	70
Possession of Arrack (Without License)	281
Unlawful sale of Malt Liquor or Beer	39
Possession of unlawfully manufactured liquor	24
Possession of Ganja	13
Possession of unlawful Cigarettes.	04
Number of Ganja Chenas detected.	11
Other faults	59

During the year 2007 a sum of Rs 22,457,750/= was recovered from the raids conducted by this Unit. A sum of Rs 8,479,764/25 was recovered from offences committed in licensed premises.

The Officers of this Unit managed to detect 11 Ganja Chenas, and 147,000 Nos of Cigarettes by 04 Cigarette raids.

b. Central Province Unit

This Unit has been under the supervision of the Commissioner General of Excise. The Unit is administered by the Commissioner of Excise (Crimes/Training), Assistant Excise Commissioner (Central Province) and the Superintendent of Excise (Special Operations). An Officer In-charge including an Excise Inspector, an Excise Sergeant, 06 Excise Guards, 01 Female Excise Guard, an Excise Driver are working 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 island-wide.

Through 1253 raids conducted, 1253 personnel were taken into custody during the year 2007, and a sum of Rs 10,479,150/= was recovered from the raids. 256 of unlawful distilled Centres were detected. 17,790 of Ganja plants were destroyed by detecting of 05 acres of Ganja Chenas. 103,820 of Non Tax Paid Cigarettes were taken into custody by 04 Cigarette raids and Rs 808,500/= recovered as fines.

With regard to violation of excise rules, 361 Technical Crime Reports were submitted. A sum of Rs 10,045,000/= was recovered by compounding offences committed in licensed places.

a. Southern Province Unit

Under the supervision of the Commissioner General of Excise, this Unit has been administered by the Commissioner of Excise (Crimes/Training) and Assistant Excise Commissioner (Southern Province). An Officer In-charge including 02 Excise Inspectors, and 04 Excise Guards are working in this Unit. In the year 2007, 600 detections and 62 Technical Crime Reports were carried out by this Unit.

Unlawful liquor distilling places at Benthara, Walambagala, Elpitiya and Hiyare Reservoir were destroyed by this Unit.

36. ACTIVITIES OF THE MANUFACTURING OPERATION UNIT:

Under the control of the Commissioner General of Excise, this Unit has been administered by Excise Commissioner (Crimes/Training) with the guidance of Assistant Excise Commissioner. The Staff consisting of Chief Excise Inspector, 03 Excise Inspectors, a Female Excise Corporal, a Female Excise Guard and an Excise Driver. In addition, an Excise Inspector is attached to Greyline Custom Yard at Orugodawatta to monitor the matters relating to importation of spirits.

The main functions of this Unit are the supervision of Distilleries, Liquor Manufactories, Toddy & Wine Manufactories, Liquor Wholesale licensed places established island wide and collect excise revenue. 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 provide advises to these Establishments regarding the excise rules and regulations and keep them under close supervision.

This Unit maintains statistics in relating to Liquor Manufactories and carries out activities relating to payment of rewards with regard to Technical Crime Reports.

Through supervising the licensed premises, 108 Technical Crimes Reports were submitted during the year 2007 and Rs 4,794,962/50 has been collected as composition fees. In 2007, a rigorous irregularity in manufacturing of Arrack in a Liquor Manufactory was detected by this Unit, and it was handed over to the Attorney General's Department for relevant legal measures and further action will be taken on legal advices. Another incident was discovered from a Liquor Manufactory on unlimited wastage of spirits, and a Committee comprising of 03 Assistant Excise Commissioners were appointed to inquire into this. This Unit closely monitored the licensed manufacturing establishments in order to achieve the targeted revenue.

37. ACTIVITIES OF THE NARCOTICS UNIT :

The Narcotic Unit has 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 with 26 other Officers, including an Officer In-charge.

693 detections were made during the year 2007 and 573 males and 89 females were taken into custody. Out of the 693 detections, 261 were connected to Heroin, 401 were connected to Ganja detections. 40 cases were filed in High Courts and Rs 1,618,250/= was recovered as fines.

38. ALCOHOL CONSUMPTION

When comparing the alcohol consumption figures with the year 2006, it can be observed a slight reduction of Beer consumption while an increase of arrack consumption. The increase of arrack consumption is mainly shown in the districts of Colombo, Gampaha and Kurunegala. More than 20,000 excise detections had been carried out during the year 2007 in these districts. The statistics are as follows :-

District		No. of excise detections
Colombo	-	4363
Gampaha	-	6811
Kurunegala	-	10252

These detections include large scale illicit liquor detections carried out in these districts by the Excise Special Operation Units. Due to these reasons, an increase of legal liquor consumption was shown in these districts.

It has also been evidenced by the external observers that there was a decrease in illegal alcohol production. The contribution made by the Police Department in the control illegal liquor is commendable. Although an increase of liquor consumption is shown in statistics, this trend would be changed in the future, due to the policy of present government on liquor.

39. 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 58000 detections, it was able to detect 56476 raids. Rs 269,220,017/= were recovered as Court fines.

Comparing to the year 2006, percentage increase of detection is 3.48%

40. ASSAULTS & OBSTRUCTIONS :

- A Complaint was made to Thanamalvila Police Station regarding a robbery of Rs 228,000/= from the Excise Officer who was acting as the bogus customer, when detecting a Ganja raid by the Excise Officers attached to Hambantota. This Suspect is in open warrant.
- A Case has been filed at Balapitiya Magistrate Court against the accusers in relating to obstructions made, to the Officers of Southern Province Special Operation Unit, when they were detecting a raid at Akuruwella, Induruwa on 31.07.2007.

41. FISCAL MANAGEMENT REFORM PROGRAMME (FMRP)

The main objective of this Programme is to modernize the revenue administration of the Department, strengthening the system of financial management, and to assist the Government to control financial deficits. All Officers of the Department were given one week Computer training under this project.

CONCLUSION

The excise revenue collected during the year under review is Rs 24052 million, and that is an increase of 16.2% compared to year 2006. The Department conducted 56476 raids in 2007. Accordingly, I am pleased that we have been successful in fulfilling our responsibilities during the year under review. The increase in arrack consumption when compared with the last year was observed. This is mainly due to the successful control of illicit liquor.

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 State Revenue & Finance and Deputy Minister of Finance & Planning, and the Secretary to the Ministry of Finance for giving me 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.

Also, I am 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 the 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 Directress of the FMRP and Consultants of Prizewater House Coopers Private Limited for their assistance and guidance given to us 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.

(Vasanth Hapuarachchi)
Commissioner General of Excise