

The U.P. Licences for the Possession of Denatured Spirit and Specially Denatured Spirit Rules, 1976

UTTAR PRADESH

India

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Rule

THE-U-P-LICENCES-FOR-THE-POSSESSION-OF-DENATURED-SPIRIT- of 1976

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The U.P. Licences for the Possession of Denatured Spirit and Specially Denatured Spirit Rules, 1976

1. Short title and commencement.

- (i) These rules may be called the U.P. Licences for the Possession of Denatured Spirit and Specially Denatured Spirit Rules, 1976.(ii)They shall come into force with effect from the date of their publication in the Gazette.(iii)In these rules, unless there is anything repugnant to the subject or context, "Specially denatured spirit" means spirit rendered unfit for human consumption in such manner as may be prescribed by the Excise Commissioner by notification in this behalf and does not include ordinary denatured spirit for general use.

2.

Licences for the possession of denatured spirit including specially denatured spirit for industrial purposes shall be of three kinds, viz. : (i) Form F.L. 39 for use in industries in which alcohol is destroyed or converted chemically in the process into other product and the product does not contain alcohol, such as, Ether, Styrene, Butadiene, Acetone, Polythene, etc. (ii) Form F.L. 40 for use in industries in which alcohol is used only as a solvent or processing agent and the product does not contain alcohol, which is generally recovered for re-use, such as, Cellulose and its derivatives, Pectin, etc. (iii) Form F.L. 41 for use in industries in which alcohol used directly or alcohol is used as solvent for vehicle and appears in the final product to some extent, such as, Lacquers, Varnishes, Polishes, Adhesives, Anti-freezers and Brake fluid, etc.

3. [[Substituted by Notification No. 464/JEC, dated 13th January, 1990, published in U.P. Gazette, Part I, Sec (kha), dated 13th January, 1990.]

(a).-The fee for a licence in Form F.L. 39 shall be at the rate of fifteen paise per litre, payable on the quantity of specially denatured spirit obtained from any distillery in Uttar Pradesh. The fee shall be realised by the Excise Inspector Incharge of distillery from the licensee before making issues of the specially denatured spirit from the distillery and shall be deposited in the Treasury under the head-"039-State Excise-E-Commercial and Denatured spirit medicated wines-B-Licence fees commercial spirits.(b)The fee for a licence in Forms F.L. 40 and 41 shall be at the rate of 40 per cent, ad valorem on the sale made by a distillery/wholesale vendor to F.L. 40 and F.L. 41 licensees, payable in advance before the issue of licence.]General Conditions

4.

The following general conditions shall be binding on all persons holding licences for the possession of denatured spirit for industrial purposes : (1)The licensee shall be bound to observe all rules under the U.P. Excise Act, IV of 1910 applicable to his licence and the general and special conditions of his licence.(2)The licensee shall, if required by the Excise Commissioner before granting the licence, or at any time during the currency of his licence deposit with the Collector in cash or in Government Promissory Notes or National Savings Certificates, such amount as may be prescribed by the Excise Commissioner as security for the due observance of the terms and conditions of the licences, case of non-observance of the terms and conditions of the licence, the security so deposited may be forfeited to Government and licence cancelled in addition to other penalties that may be provided under the law after giving opportunity to the licensee to explain.(3)The licence shall be deemed to have been granted or renewed personally to the licensee and it shall not be transferred or sublet or sold without the previous permission of the Excise Commissioner.(4)The licensee shall not change the premises in which he carries on his business under this licence except with the previous permission of the Excise Commissioner which fact should be noted on the licence by the Collector or any officer duly empowered by him and the Excise Commissioner informed.(5)If the licensee desires to enter into partnership in regard to business covered by licence, he shall do so only after obtaining the previous sanction of the Excise Commissioner and his licence shall therefore be suitably amended. Where partnership is entered into, the partner as well as the original holder of the licence shall be bound by the conditions of that licence.(6)If any partnership is dissolved, the factum of dissolution shall be communicated to the Excise Commissioner by all the partners of the dissolved partnership within three days.(7)If the licensee becomes incapable of carrying on the business or dies or becomes solvent or in the case of a firm, company or other association of persons, it is wound up, the Excise Commissioner may-(i)either cancel the licence; or(ii)continue it in the name of the legal representatives, if any, of the licensee.(8)If the licensee goes out of business he shall dispose of Iris stock of denatured spirit in such a manner as the Excise Commissioner may direct.(9)[The licensee shall not sell or part with as gift or otherwise any quantity of spirit obtained under the licence or utilise it for purposes other than stated in the licence : [Substituted by Notification No. 3040/2-805-A(26)-15, dated 9th January, 1991, published in U. P. Gazette, Part I, Sec (kha), dated 2nd February, 1991.]Provided that an industrial unit manufacturing Mono Ethylene Glycol or the like products may, with the prior sanction in writing of the Excise commissioner to sell the residual

spirit, recovered in the process of manufacture containing more than 0.5 p.p.m. sulphur, to any other unit holding a licence under these rules in accordance with the terms and conditions as specified by the Excise Commissioner in this behalf.(10)No spirit shall be removed from the licensed premises without the sanction, in writing, of the Excise Commissioner.](11)Any attempt on the part of the licensee to render spirit fit for human consumption shall make him liable to cancellation of his licence in addition to the penalties that may be imposed under the U.P. Excise Act. If the spirit is insufficiently denatured, the inspecting officer may seize the spirit in question.(12)Every bottle, jar, cask or other receptacle containing spirit received into and kept for storage in the licensed premises shall have affixed to it in conspicuous manner a label printed in red and containing skull and cross bones with a warning in Hindi and English. The design and style of the label shall be as approved by the Excise Commissioner.(13)The licensee shall maintain the registers prescribed for the business carried on by him and on the expiry of his licence shall make them over to the District Excise Officer of his district under a valid receipt. The licensee shall submit all described returns punctually and maintain the accounts of transactions from day to day in ink.(14)The licensee shall at any time produce for inspection on demand his licence and accounts by an officer of the Excise Department not below the rank of an Inspector and shall allow the inspection of his licence, registers, permits or passes, total stock of spirit and finished products and premises by the said officer.(15)The licensee shall maintain an inspection note book with the pages numbered consecutively and hand it over on demand to an officer of the Excise Department not below the rank of an Inspector. Any punishment or warning incurred by the licensee, without forfeiture or cancellation of his licence, shall be recorded in the book.

5. Special conditions.

- Licence in Forms F.L. 39, F.L. 40 and F.L. 41 shall be subject to the special conditions noted below in addition to the conditions laid down in Rule 4, supra :(1)Licence in Form F.L. 39 :(a)The spirit used shall contain denaturants approved by the State Government and the denaturants shall be in the proportion as may be prescribed by the State Government.(b)Quantity of spirit allowed to be issued in any year shall not exceed litres.(c)The spirit shall be obtained from a distillery situated in Uttar Pradesh.(d)The spirit shall be stored in gauged vats or other receptacles approved by the Excise Commissioner. All such vessels shall bear a distinctive serial number and their full capacities shall be distinctly and intelligible marked over them.(e)The spirit shall be stored in a separate room called spirit store.The windows of the spirit store shall be fitted with malleable iron bars not less than two centimetres in thickness, set not more than 10 centimetres apart and fixed in the brick work to a depth of at least 5 centimetres at each end. On the inside of each window there shall be securely fastened to the bars stout wire-netting the aperture which shall not exceed 2 centimetres in diameter. There shall be only one entrance to the spirit, and one door to each of its compartments. All these doors shall be secured with excise ticket lock during the absence of the Excise Officer-in-charge.No addition or alterations shall be made in the spirit store premises or in respect of permanent fixtures therein without the previous orders of the Excise Commissioner. The spirit store shall be opened and closed only in the presence of the Excise Officer-in-charge.Note.-The Excise Commissioner may exempt a licence wholly or partly from the operations of this rule taking into consideration the requirement of a particular industry.(f)[No spirit shall be taken away from the premises by anyone other than a person duly authorised by the

Excise Commissioner.] [Substituted by Notification No. 3040/II-805-A(26)-15, dated 9th January, 1991, published in U P. Gazette, Part I, Sec (kha), dated 2nd February, 1991.](g)An application for every quantity of spirit required to be removed from the storage tanks must be made in writing to the Excise Officer-in-charge who shall record the quantity issued day-to-day in a prescribed register.(h)The licensee shall maintain an up-to-date account of the specially denatured spirit received from the distillery stored in storage tanks, used in the manufacture and the balance left in stock at the end of the day in the Form F.L. 42 and manner prescribed by the Excise Commissioner, Uttar Pradesh.(i)The licensee shall apply to the Excise Commissioner through the Collector of the district concerned, for the renewal of the licence at least one month before the date of expiry of the licence.(j)The licensee shall be liable to pay a penalty at a rate equal to the prescribed rate of vend fee on denatured spirit per litre on storage wastage of denatured spirit exceeding 1.5 per cent, found on the last working day of every calendar month after verification of the stock by the Excise Inspector-in-charge.(k)The licensee shall pay fee at a rate prescribed by the State Government, per litre on the issues of the specially denatured spirit obtained from any distillery in Uttar Pradesh for the manufacture of a commodity.(l)The fee shall be realised by the Excise Inspector-in-charge of the distillery before making issues of the specially denatured spirit from the distillery from the licensee, and shall be deposited in the treasury under the head "X-State Excise Duties-E Receipt from commercial spirit including denatured spirit and medicated wines (d) Vend fee for denatured spirit".(m)The Excise Commissioner shall decide the strength of excise personnel necessary for the supervision and his decision shall be binding on the licensee. The licensee shall provide office with office furniture for the officer-in-charge and suitable quarter to the excise staff to the satisfaction of the Excise Commissioner in the vicinity of the licensed premises. The licensee shall be bound to keep in the quarters and their appurtenances in proper repair and not to interrupt or to annoy any officer residing therein, in his use or enjoyment thereof. In case any question should arise as to the sufficiency of the accommodation, the question shall be referred to the Excise Commissioner whose decision shall be final and binding on the licensee.(n)The licensee shall furnish to the Excise Officer-in-charge a list containing the names of the manager and other employees employed by him and of all other employees whose duties require them to enter the spirit store. He shall promptly inform the Excise Inspector concerned of any changes which he may choose to make in the list from time to time.(o)The licensee shall provide himself with the following registers in duplicate : (a)Register of transaction in the spirit store showing the receipt of expenditure of spirit.(b)Register of transactions in the spirit store showing the receipt of expenditure of spirit.(c)Register of operations in the manufactory showing the manufacture of each of the commodities, the total quantity of commodities produced and the spirit content per litre, if any.(d)All registers and forms which the Excise Commissioner may prescribe shall be printed and supplied by licensee free of charge to the concerned Excise Inspector to supervise the operation.(e)He shall maintain daily accounts of transaction in the manufactory.(2)Licence in Form F.L. 40 : (a)The spirit used shall contain denaturants approved for the industry by the State Government. It shall be obtained for a distillery situate in Uttar Pradesh only.(b)The total quantity of spirit stored in the licensed premises shall not exceed at any one time bulk litres.(c)The quantity allowed to be used in any one year shall not exceed bulk litres.(d)The entire produce of one operation for recovery of spirit shall be collected in the receiver and the whole of the recovered spirit shall be used in the next succeeding preparation and no attempts shall be made to collect the recovered spirit in separate portion for fractions.(e)The spirit vapour pipe from the evaporator shall be securely

attached to the condenser and the recovered spirit shall pass through a close main pipe soldered or rivetted to the condenser and the cover of the receiver respectively and extended nearly to the bottom of the receiver.(f)Any spirit sampling pipe shall not have an orifice exceeding one-eighth of centimetre in diameter.(g)The lid and the discharge cock of the receiver shall be secured by locks, which are to be kept fastened while spirits are running into the vessels and at all other times when any spirit remains therein.(h)Officers of the Excise Department not below the rank of an Inspector shall be allowed to take samples of the spirit and of materials which contain any spirit.(i)All specially denatured spirit received shall either be added to the materials used in the industry in the presence of the manager or other responsible person authorised by the licensee or be stored in a vat marked "specially denatured spirit". The lid and the discharge cock of the vat shall be secured by fastenings and locks and spirit must only be removed from them under the supervision of the manager or other responsible person so authorised after it has been entered in the account book.(j)No spirit shall be taken away from the premises by any person other than duly authorised officer of the Excise Department.(k)The keys of all vessels ordered to be locked shall be kept on the premises incharge of the manager or other responsible person authorised by the licensee and any such vessel must be immediately unlocked at the requisition of an officer of the Excise Department not below the rank of an Inspector.(l)Particulars of the quantity and strength of every consignment of specially denatured spirit must be entered in a book on the day of receipt. All transactions shall be correctly entered from day-to-day in the same book and a correct balance struck after each day's withdrawals from stock. The book shall be accessible to the Officers of the Excise Department not below the rank of an Inspector who visits the premises and every pass which accompanied the spirit received shall be retained and delivered to the Officer who next visits the premises.(m)The licensee shall execute a bond in Form F.L. 40-B for such amount as may be fixed by the Excise Commissioner for the privilege of storage and use of specially denatured spirit (and the observance of the conditions of this licence and the rules contained in the Excise Manual).(3)A Licence in Form F.L. 41 : (a)A signboard shall be affixed to the licensed premises showing the kind of licence and the hours of business under it.(b)The licensee shall store all his stocks of spirit on the aforesaid premises. The quantity of spirit possessed at any one time and the quantity used in the manufacture in a month or in a year or during the period the licence is current shall not exceed the

Kind of spirit	Quantity that may be possessed at one time	Quantity that may be used for manufacture of	
In a month	In a year	or period of the currency of the licence	
1	2	3	4 5

(c)The licensee is not allowed to use spirit in manufacture of French polish unless he adds to it challenge or resin or both in quantity not less than 25 per cent, or as may be prescribed by the Excise Commissioner from time to time.(d)The licensee shall maintain correct account of daily receipt and utilisation of spirit in the form as may be prescribed by the Excise Commissioner from time to time.(e)The licensee shall declare the composition of every manufacturing item for which alcohol is needed specifically mentioning the percentage of alcohol in the finished product, before the grant of licence in Form F.L. 41. If more than two per cent variation is found in the declared content of alcohol in the sample of finished product, then it shall be treated as a breach of one of the

conditions of the licence.

6. Indent for denatured spirit.

- Supplies of denatured spirit obtained by the licensee shall be on indents in Form D-1 appended to these rules. The indent shall be in printed forms bound in books in triplicate and numbered consecutively. Whenever a licensee indents for spirit he shall prepare indent in triplicate using carbon paper, send the original of the indent with fly leaf in Form B.F.L. of the licence concerned to the distillery or to the wholesale vendor or to retail dealer of denatured spirit. The duplicate of the indent shall be sent to the Preventive Excise Inspector of the circle concerned and the triplicate retained by the Indentor for his life. On receipt of the indent along with the prescribed fly leaf the Officer-in-charge of the distillery or the wholesale dealer shall not honour the indent unless he has made accurate entries in a very legible way, in each column of the fly leaf and endorse the quantity of denatured spirit supplies on the indent. If the distillery or the wholesale or retail licensed vendor is not in a position to meet the requirements of the indent, he shall inform the indentor accordingly. A copy of the communication shall be sent to the Preventive Excise Inspector of the circle in which indenting licensee holds licence. Excise Commissioner, Uttar Pradesh. Form F.L. 39 Licence for possession of specially denatured spirit for use in industries in which alcohol is destroyed or converted chemically in the process into other product and the product does not contain alcohol, such as, Ether, Styrene, Butadiene, etc. Licence is hereby granted and issued to (Name and address of the licensee) (hereinafter referred to as the licensee) at

..... (enter details of the premises with boundaries thereof) in the village/town of.....district..... to possess litres of specially denatured spirit (hereinafter referred to as spirit) for use in the preparation or manufacture of..... during the year ending, March 31, 19 subject to the provisions of the U.P. Licences for the Possession of Denatured Spirit and Specially Denatured Spirit Rules, 1975, the infraction of any of which or a conviction for any offence under the Excise Opium laws render the licensee liable to cancellation of the licence in addition to any penalties imposed under the above laws. Description of the licensed premises Excise Commissioner, Uttar Pradesh. Endorsement of Renewal This licence is hereby renewed on the conditions hereinbefore stated for the period stated below. Period to..... Excise Commissioner, Uttar Pradesh Form F.L. 40 Licence for possession of specially denatured spirit for use in industries in which alcohol is used only as a solvent or processing agent and the product does not contain alcohol, which is generally recovered for re-use, such as, Cellulose, Pectin, etc. Licence is hereby granted and issued to..... (Name and address of the licensee) (hereinafter referred to as the licensee) at (enter details of the premises with boundaries thereof) in the village/town of..... district to possess bulk litres of specially denatured spirit (hereinafter referred to as spirit) for use in the preparation or manufacture of..... during the year ending March 31, 19..... subject to the provisions of the U. P. Licences for the Possession of Denatured Spirit and Specially Denatured Spirit Rules, 1975, the infraction of any of which or a conviction for any offence under the Excise/ Opium/ Dangerous Drugs law render the licensee liable to cancellation of the licence in addition to any penalties imposed under the above laws : Description of the licensed premises Excise Commissioner, Uttar Pradesh Endorsement for Renewal This licence is hereby renewed on the

conditions hereinbefore stated for the period stated below :Period toExcise Commissioner, Uttar PradeshForm F.L. 41Licence for possession of denatured spirit including specially denatured spirit for use in industries in which alcohol is used as solvent or vehicle directly and appears to some extent in the final product, such as, lacquers, varnishes, etc.Licence is hereby granted and issued to (name and address of the licensee) to possess.....bulk litre of denatured spirit including specially denatured spirit (hereinafter referred to as spirit) in the manufacture of varnish and paintsdistrict..... during the period from April 1. 19..... to March 31, 19..... subject to the provisions of the U. P. Licence for the Possession of Denatured Spirit and Specially Denatured Spirit for Industrial Purposes Rules, 1975 in fraction of any of which or a conviction for any offence under the Excise/Opium/Dangerous Drugs laws render the licensee liable to cancellation of the licence in addition to any penalties imposed under the above laws.Description of the licensed premisesExcise Commissioner, Uttar Pradesh.Endorsement of RenewalThis licence is hereby renewed on the conditions hereinbefore stated for the period stated below :Period toExcise Commissioner, Uttar PradeshForm F.L. 40-BBond for the storage and use of specially denatured spirit in the manu-facture of under F.L 4C licence.Know all men by these presents that we.....of.....are held and firmly bound jointly and severally up to the Governors of Uttar Pradesh (hereinafter called the Governor) which expression (includes his successors-in-office or assigns) in the sum of Rs..... (Rs.....) to be paid to the Governor (for which expression includes his successor-in-office or assigns) in the sum of Rs..... (Rs.....) to be paid to the Governor for which payment well and truly to be made we bind ourselves, our heirs, executors, administrators and representatives jointly and severally two or more of us bind ourselves, our heirs, executors, administrators and representatives jointly and each of us bind himself, his heirs, executors, administrators and representatives severally firmly by the presents.Dated this day of..... 19....Whereas the above bounded.....(hereinafter called the manufacturers) have been permitted as from the date of execution of this bond to store and use at.....in the district of..... for the purpose of making an excisable article, namely, spirit of a strength not less than sixty-six degrees over London Proof to which per cent of has been previously added (which mixture is hereinafter called the spirit upon and subject to the following conditions :(1)The total quantity of spirit stored on the premises of the manufacturers at the place aforesaid shall not exceed at any one time bulk litres.(2)The quantity of the spirit used in any one year by the manufacturers shall not exceed bulk litres(3)The spirit shall be used solely for the manufacture of..... (and shall not be sold in any quantity whatsoever).(4)None of the spirit shall be removed from the premises of the manufacturers without the sanction of the Collector.(5)The manufacturers shall comply with the direction of the Collector as to the manner in which the spirit shall be stored and if necessary recovered by distillation.(6)No attempt shall be made to purify the spirit.(7)Duly authorised Excise Officer shall be allowed to enter and inspect the manufacturer's premises.(8)The manufacturers will perform and observe all the conditions specified in licence no..... dated granted to them for the purposes aforesaid and shall forfeit such licence on the breach of conditions therein or hereinbefore contained.(9)The conditions in the said licence and the conditions hereinbefore contained shall be binding on the heirs and legal representatives of each and all of the manufacturers as long as the said licence is not revoked.Now the conditions of this bond or obligation is such that if the manufacturers shall perform, observe and fulfil and the

conditions hereinbefore contained then the above-written bond or obligation shall be void, but otherwise it shall remain in full force and effect. In witness of our acceptance of the obligation contained in the above written bond and of our acceptance of the conditions hereinbefore mentioned we the manufacturers have hereunto set out hands this day of.....19....Signed sealed and delivered. Dated the 19 Witnesses :

1.

2.

Form F.L. 42

Receipts

Date	Spirit opening balance	From where received	Permit No. and date	Quantity		
1	2	3	4	5		
Total of columns 2 plus columns 5				Quantity taken or issued for use	Closing balance of spirit	Remarks
6		7		8	9	