

**MEDICINAL & TOILET
PREPARATION ACT, 1955 AND
RULES THEREUNDER 1976**

INTRODUCTION

- Alcohol has always been a fascinating friend of the mankind.
- Drinking alcohol for pleasure's sake is an abuse.
- Use of alcohol for preparation of medicines is necessity.
- Alcohol used either for drinking or manufacture of perfumes is subjected to higher duties than that of used in medicine preparation.
- Affordability of alcohol is to be controlled.
- This is the reason to take this Act in existence.

Cont.....

- ▣ The Excise Duties Act came in force in 1955.
- ▣ For excise duty to be an effective alcohol control measure, duty need to increase annually in relation to inflation and income.

What is an Excise?

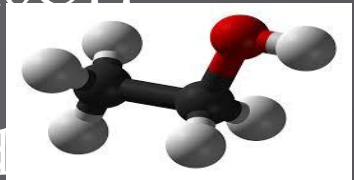
- An **excise** or **excise tax** is an inland tax.
- It is different from Customs duties.
- In other words, an excise is considered an indirect tax.

Objectives of Act

- ▣ Levy and collection of duties
- ▣ Curb all irregularities of previous Act

Definitions under the Act

- **Alcohol**- alcohol means ethyl alcohol of any strength and purity having chemical composition C_2H_6OH
- **Dutiable goods**- it includes the medicinal and preparations specified in the schedule as being subject to the duties of excise levied under this Act
- **Medicinal Preparation**- It includes the drugs used as a remedy or prescription prepared for internal or external use of human being or animals and all substances intended to be used for or in treatment, mitigation or prevention of disease in human being or animals



Definitions under the Act

(Continue...)

- ▣ **Toilet Preparation-** the preparation intended to be used in the toilet of human body or in perfuming apparel of any description, or any substances intended to cleanse, improve or alter the complexion, skin, hair or teeth, and includes



Definitions under the Rules

- ▣ **Bonded Manufactory-** it means the premises or any part of the premises approved and licensed for the manufacture and storage of medicinal and toilet preparations containing alcohol, opium, Indian hemp, and other narcotic drugs or narcotics on which duty has not been paid.
- ▣ **Non-Bonded Manufactory-** it means the premises or any part of the premises approved and licensed for the manufacture and storage of medicinal and toilet preparations containing alcohol opium, Indian hemp, and other narcotic drugs or narcotics on which duty has been paid.

MANUFACTURE OF ALCOHOLIC PREPARATIONS

In Bond	Outside Bond
<ul style="list-style-type: none">• Licence	<ul style="list-style-type: none">• Licence
<ul style="list-style-type: none">• Construction of bonded lab as per law [raw spirit store, manufacturing room, store room for finished goods, excise staff office]	<ul style="list-style-type: none">• Construction of non-bonded lab as per law [raw spirit store, manufacturing room, store room for finished goods]
<ul style="list-style-type: none">• Excise duty payable on removal of goods from bonded lab.	<ul style="list-style-type: none">• Excise duties payable at the time of spirit purchase
<ul style="list-style-type: none">• Bonded lab to function under excise staff.	<ul style="list-style-type: none">• No excise staff
<ul style="list-style-type: none">• Suitable for large scale manufacture.	<ul style="list-style-type: none">• Suitable for small scale manufacture

Definitions under the Rules

(Continue...)

- ▣ **Denaturated Spirit or Denatured alcohol-** it means alcohol of any strength which has been rendered unfit for human consumption by the addition of substances approved by the central Govt. or by the State Govt. with the approval of the Central Govt.
- ▣ **Spirit Store-** it is the part of the bonded or non-bonded manufactory used for the storage of alcohol, opium, Indian hemp, and other narcotic drugs or narcotics purchased free of duty or at prescribed rates of duty specified in the Schedule to the Act.



Manufacture

- There are two modes of manufacture of medicinal and toilet preparation containing alcohol,
 - Manufacture in bond; and
 - Manufacture outside bond
- In first case, alcohol on which duty has not been paid shall be used under the excise supervision and in the case of manufacture outside bond, only the alcohol on which duty has already been paid shall be used.

Licensing procedure

- For the preparation containing alcohol and narcotic substances
- Obtained from narcotic commissioner
- Applied with prescribed fee and format



- Details required:

- Name and address of applicant
- Place/site of the bonded laboratory
- If applicant is a firm then name and address of partners
- If applicant is a company then name address of directors, managers and managing agents and reg. no. of company.
- Amount of capital proposed.
- Number and full description of vats, stills and other apparatus and machinery.
- Maximum quantity of alcohol remain at one time in the form of finished and unfinished preparations



- Approximate date of starting production
- Statement indicating that excise officer required full time or part time
- Site and elevation plan of laboratory building
- Incase of firm, true copy of partnership deed
- Incase of company, list of directors managers, copies of memorandum of association, articles of association and latest balance sheet
- On receiving application licensing authority verify
 1. Qualification and experience of technical staff
 2. Equipments
 3. Suitability of proposed building
 4. Soundness of applicant financial position

Manufacture in bond

- Without payment of duty rectified spirit is issued with sufficient securities and bond.
- Bonded laboratory:
- Ideal requirements
 1. Spirit store
 2. Room for manufacturing of medicinal preparations.
 3. Room for storage of finished preparations.
 4. Room for manufacturing and storage of Toilet preparations
 5. Accommodations for excise officer with furniture.

Manufacturing room		Finished good storage
Spirit store		Excise officer

1. Obtaining the spirit
2. Verification and storage of received spirit
3. Issue of spirit from warehouse to manufacturing
4. Storage of finished product.
5. Issue of alcoholic preparations from bonded laboratory.
6. Exemptions

Warehousing Of Alcoholic Preparations

- To store alcoholic preparation on which duty has not been paid.
- License can be issued by payment of fees Rs.25 with bond and security.
- Duty will be paid at the time of removal of goods from warehouse.
- All goods should be weighed, gauged and assessed the duty and recorded.
- No goods can be issued without payment of duty except export from India or transfer to another bonded warehouse.
- Movement of goods between two warehouse should be done by bond and security of twice amount of duty.
- Goods can be stored for maximum period of 3 years.

Power, Duties And Responsibility Of Excise Officer

- Powers:
 1. Inspection
 2. Entry, search and seizure
 3. Detention of person.
 4. Suspension-revoke of license.
 5. Summons/ notices.
 6. Prosecutions.
 7. Disposal of seized article/ arrested persons.
 8. Power to arrest
 9. Power to make rules.

■ Duties:

1. Checking the qualifications and experience of technical staff, equipments, suitability of building and applicants financial position.
2. Visit the premises at regular intervals
3. Countersign on indent to get alcohol from distillery

- Responsibility
 1. Correct collection of duty and penalty
 2. Articles seized should handed over to officer in charge of police station
 3. Articles seized should be disposed speedily.
 4. Persons arrested should be forwarded without delay to excise officer who is empowered to produce against magistrate.

REFERENCES

- ❑ A Textbook of Forensic Pharmacy, by B.M. Mithal, Vallabh Prakashan, page no.48-72
- ❑ Pharmaceutical Jurisprudence, by B.S. Kuchekar, Nirali Prakashan, page no.153-170
- ❑ <http://www.ato.gov.au/government/content>

Thank you