

GOVERNMENT OF ODISHA
EXCISE DEPARTMENT

No. 1067 / Ex., dated
IEx-1/2015

**

3/3/15

From

Shri S.P.Thakur, IAS,
Principal Secretary to Government.

To

The Excise Commissioner,
Odisha, Cuttack.

Sub: New Excise Policy (Excise Duty, Fee Structure and Guidelines) for the
year, 2015-16

Sir,

I am directed to invite a reference to your letter No. 667 dtd. 03.02.2015 on the subject cited above and to say that Government after careful consideration have been pleased to approve the New Excise Policy (Excise Duty, Fee Structure and Guidelines) for settlement of excise shops and establishments for the year 2015-16. The detailed excise policy (Excise Duty, Fee Structure and Guidelines) for the financial year 2015-16 is enclosed for necessary action.

Yours faithfully,

Memo No. 1068 / Ex., dated 3/3/15
Principal Secretary to Government

Copy forwarded to the Secretary, Board of Revenue, Odisha, Cuttack/ all Collectors/ All Deputy Commissioners of Excise/ All Superintendents of Excise for information and necessary action.

Memo No. 1069 / Ex., dated 3/3/15
Deputy Secretary to Government

Copy forwarded to the Additional Chief Secretary, Finance Department for information and necessary action.

Memo No. 1070 / Ex., dated 3/3/15
Deputy Secretary to Government

Copy forwarded to the Private Secretary to Chief Minister/ P.S. to Minister, Excise/ O.S.D to Chief Secretary/ P.S. to DC-cum-ACS for kind information of Hon'ble Chief Minister, Hon'ble Minister, Excise, Chief Secretary and DC-cum ACS.

Memo No. 1071 / Ex., dated 3/3/15
Deputy Secretary to Government

Copy forwarded to the Managing Director, OSBC Ltd., Bhubaneswar for information and necessary action.

Memo No. 1072 / Ex., dated 3/3/15
Deputy Secretary to Government

Copy forwarded to the Head State Portal, IT Centre, Secretariat Building/ Prasanta Senapati, DEO, Excise Department for information and necessary action.

Deputy Secretary to Government

2015

DEPARTMENT OF EXCISE, GOVERNMENT OF ODISHA



EXCISE POLICY:- EXCISE DUTY, FEE STRUCTURE AND GUIDELINES FOR THE YEAR 2015-2016

This document details the new Excise duty & margin structure for the year 2015-2016 in the state of Odisha. The Government of Odisha has decided to implement the new Excise duty & margin structure from 1st April 2015.



1. INTRODUCTION

Under entry No. 51 of list II of the Seventh Schedule of the Constitution of India, states are empowered to levy duties on the following goods manufactured or produced in the states:

1. Alcoholic liquors for human consumption.
2. Opium, Indian hemp and other narcotic drugs and narcotics.

Taxation of alcoholic beverages should be viewed in the context of establishing a balance between economic, ethical, political and social considerations. Consumption of alcoholic beverages has considerable adverse effects on health, affecting the long term productivity of the consuming individuals as well as the society. The Excise duties on intoxicants and narcotics are meant to play a restraining role on consumption since it is recognized universally as a demerit good. States also find it an attractive source of revenue as higher tax rates lead to both higher revenues and lower consumption.

Designing a suitable tax structure for this should consider the health costs, both personal and social. Low tax rates would encourage consumption and lower tax revenues. Excessively high rates would discourage consumption but may also lead to tax evasion and flight of the tax base to neighboring states, as well as shift to lower price-lower quality products. Both the consumption reducing effect and the revenue increasing effect depend on the elasticity of demand and the relevant tax rates. A suitable Excise policy would need to balance these conflicting objectives.

1.1 Salient features of 2015-2016 Excise Policy

The Excise policy 2015-2016 seeks to improve upon some of the shortcomings of the earlier policy, keeping in view the objectives of the policy. The key areas, in which the Excise policy 2015-2016 differs from the 2014-2015 policy, are as follows:

1. As the Excise policy is revised periodically, the adjustments that are made to specific rates tend to be ad hoc & it is difficult to maintain intense relativities among different categories. As a result, the fee structure now has been streamlined & rationalized.

A. Khan
24/7 (1/24)