

BY FAX / POST / E-MAIL

**GOVERNMENT OF ODISHA
EXCISE DEPARTMENT**

**

**No. 1971 / Ex., dated 24.03.2017
IIEx-261/2016**

From

Shri P.K.Panda,
Additional Secretary to Government

To

The Excise Commissioner,
Odisha, Cuttack.

Sub: Excise Policy (Excise Fee, Excise Duty and Margin Structure
along with Regulatory Guidelines) for the year-2017-18

Sir,


I am directed to invite the reference to your letter No.1547 dated 01.03.2017 and to say that Government, after careful consideration, have been pleased to approve the Excise Policy (Excise Fee, Excise Duty and Margin Structure along with Regulatory Guidelines) for the year-2017-18. The details of Excise Policy (Excise Fee, Excise Duty and Margin Structure along with Regulatory Guidelines) for the year-2017-18 is enclosed for necessary action.

Yours faithfully,


Additional Secretary to Government

Memo No 1972 / Ex Dated 24.03.2017

Copy forwarded to the Secretary, Board of Revenue, Odisha, Cuttack/All Collectors/All EDCs/All Supdts. of Excise for information and necessary action.


Additional Secretary to Government

Memo No. 1973 / Ex., dated 24.03.2017

Copy forwarded to the Principal Secretary to Government, Finance Department for information and necessary action.


Additional Secretary to Government

Memo No. 1974 / Ex., dated 24.03.2017

Copy forwarded to the Private Secretary to Chief Minister/ P.S to Minister, Excise / OSD to Chief Secretary / PS to DC-Cum-ACS for kind information of Hon'ble Chief Minister/ Hon'ble Minister, Excise / Chief Secretary, Odisha / DC-Cum-ACS, Odisha.

Additional Secretary to Government

Memo No. 1975 / Ex., dated 24.03.2017

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

Additional Secretary to Government

Memo No. 1976 / Ex., dated 24.03.2017

Copy forwarded to the Head State Portal, IT Centre, Secretariat Building for information and necessary action.

Additional Secretary to Government

EXCISE POLICY

EXCISE FEE, EXCISE DUTY AND MARGIN STRUCTURE ALONGWITH REGULATORY GUIDELINES FOR THE YEAR-2017-18

Mis. Comp. Dr. 10th
24. 3.17



1. INTRODUCTION

The constitution of India empowers the State to levy duties for all demerit goods that are produced in the State such as alcoholic beverages for human consumption and other hallucination inducing substances such as Hemp etc.

Although consumption of alcoholic drinks has been prevalent since time immemorial, it carries with it the danger of negative social and physiological impact. Since prohibition alone cannot decimate the demand or need for consumption of alcoholic drinks and beverages, the State has to ensure supply from legitimate quality sources to meet this demand. Being a demerit good, the Excise products have to be imposed with duties and levies to keep a check on easy accessibility while ensuring that the same is not too expensive which would tempt influx of illicit liquor. While doing so, a fine balance needs to be struck between ensuring Government revenue and at the same time plugging the infiltration of Excise products from outside. The Excise Policy 2017-18 also aims at facilitating ease of doing business and explores new avenues and markets while ensuring that a level playing field is created for the entrepreneurs of the State.

1.1 Salient features of 2017-18 Excise Duties, Levies and Fee Structure.

The Excise Policy 2017-18 has taken into the account feedback from various stakeholders in order to facilitate the ease of doing business while attaching due priority to the interests of the State and the consumers. Certain new features have been added keeping in pace with changing time as follows.

- 1) For providing freshly brewed/ crafted Beer in a nice set up to the discerning consumers, the concept of Micro Brewery has been elaborated further.
- 2) For diverting the young generation from strong alcoholic beverages, provision is made for sale of Draught Beer from cask or keg in suitable surroundings.
- 3) FMFL with offer price of RS. 8,000/- & above per case will be offered in 50 ml pack size for sale at IMFL ON shops. This shall be permitted for serving at the 'ON' shops to avoid adulteration/ dilution/ reduction in quality in pegs ordered by the consumers.
- 4) Pursuant to the order of Hon'ble Supreme Court for closure of liquor outlets within 500 meters from NH/SH, no OS shop operating within 500 meters from NH/ SH shall be allowed to sell any liquor manufactured or distilled at the point. The OS liquor so manufactured can only be sold at their branch shops beyond 500 meters from NH/ SH.

Nishant



- 5) ✓ To discourage unauthorized Kuchia sale, the MGQ structure has been rationalized.
- 6) Additional Bars are allowed in Hotels/ Clubs at reduced license fee to cater to the growing clientele and discourage unauthorised sale of liquor in the Hotel/ Club premises.
- 7) No increase in specific component and ad valorem component of the Excise Duty in case of Beer has been prescribed, so as to keep the MRP of light alcoholic drink within the reach of an average consumer to wean them away from consumption of strong alcoholic drinks.
- 8) The import fees on Beer as well as IMFL have been increased to encourage local production and employment.
- 9) To encourage local entrepreneurship, the Retailers shall have to lift a minimum quantity of 5% of their Beer requirement from each of the Breweries inside the State in a month.
- 10) No increase in Export fee has been prescribed to encourage export of IMFL/ Beer from the state for better utilization of the installed capacity of the manufacturing units.
- 11) Temporary license fee has been prescribed for consumption of liquor to discourage under the counter sale during special occasions.

1.2 Structure of Excise Policy 2017-18

The Excise Policy document has been divided into three parts for better appreciation.

- Part A:** Lists all the fees (Excise license fee/ application fee/ registration fee/ penalty etc.) covering production, wholesale and retail trade in alcoholic beverages.
- Part B:** Lists all the variables dealing with the Excise duties and administered profit margins and prices.
- Part C:** Lists all the regulatory measures.

M. Srinivas, 10/11/18



2. PART- A

2.1 All Types of Application fees, Label Registration fees & Penalties

S1. No.	FEE TYPE (non-refundable)	Amount (in Rs.) 2017-18
1.	Application fee for grant of License (Brewery/ Winery/ Distillery/ Bottling Unit)	1,00,000
2.	Application fee for renewal of license (Brewery/ Winery/ Distillery/ Bottling Unit)	50600
3.	Application fee for grant of License of a Micro Brewery	25000
4.	Application fee in respect of licenses for trading of molasses	34500
5.	Application fee in respect of licenses for units using molasses for purposes other than trading	17850
6.	Application fee for label registration (BEER per brand for Civil)	28750
7.	Application fee for label registration (BEER per brand for Defence)	10000
8.	Application fee for label registration {IMFL (except wine)/ FMFL (except wine) per brand for Civil/ Defence}	25300
9.	Application fee for label registration (Wine per brand for Civil/ Defence)	5000
10.	Application fee in respect of new 'ON' Shops	75900
11.	Application fee in respect of renewal of licenses of 'ON' Shops	75900
12.	Application fee in respect of new/renewal of Beer Parlors	69000
13.	Application fee wrt. new/ renewal of Military Canteen Licenses	8500
14.	Application fee wrt. new/ renewal Bhang, Tori, Pochwai shops	1500
15.	Application fee for new Out Still shops	44300
16.	Application fee for renewal of Out Still shop	38000
17.	Application fee for new IMFL OFF shop license	75900
18.	Application fee for renewal of IMFL OFF shops	75900
19.	Application fee for new license of Country Spirit shops	38000
20.	Application fee for renewal of Country Spirit shops	38000
21.	Composite Label registration fee per annum for Military Canteens	13200
22.	User registration fee for Military Canteens	6600
23.	Label registration fee of C.S. in Glass Bottles (per annum)	25300
24.	User charge per shop (IMFL/ FMFL/ CS/ OS) (per annum)	9800
25.	Composite label registration fee for retail licensees (per shop per annum) IMFL/ FMFL/BEER	19000
26.	Separate Label registration fee for export of IMFL / Beer (per Item/ Brand)	16500
27.	Application fee obtaining NOC/ Extension of NOC/ permission for establishment of Brewery/ Winery/ Distillery/ Bottling etc. Units	49500
28.	Penalty on a country spirit supplier if it fails to make timely delivery of CS supply	15,00,0000
29.	Penalty with fine for non - supply of cash memo/charging above MRP to the consumers on demand	20000
30.	Penalty on Supplier/Retailer for supplying/selling liquor without affixture of EAL	2,00,000

Mishra



2.2 License Fee - IMFL, wine & country spirit for Production and compounding and Blending.

The license fee for those distilleries that have supplied over 1,00,00,000 (1 Crore) LPL to the wholesale depots between January to December of the preceding year is fixed at (Rs 0.50/ LPL). For those distilleries that have supplied less than 1,00,00,000 (1 Crore) LPL, but more than 50,00,000 (Fifty Lakh) LPL to the wholesale depots between January to December of the preceding year, the license fee is fixed at Rs 1/ LPL. For those distilleries that have supplied less than 50,00,000 (Fifty Lakh) LPL to the wholesale depots between January to December of the preceding year, the license fee shall be fixed @ Rs.1.50 per LPL. However, the annual license fee for those distilleries and bottling units that have failed to utilize less than 10% of their installed capacity in the period between January to December of the previous year, shall remain the same as what was fixed in the preceding year 2016-17.

Sl. No.	Production Capacity (in LPL) (Non-refundable)	Category-wise amount (Lacs)
1.	Annual license fee for a new Distillery	20
2.	Annual license fee for a new Bottling unit	20
3.	Annual license fee for E.N.A. columns	9
4.	Annual license fee for wine producing units	2.5
5.	License fee for supply and manufacture of CS (M/s. ACSIL)	36

2.3 Breweries -License fee for Beer Production

The license fee for those breweries that have supplied over 1,00,00,000 (1 Crore) BL to the wholesale depots between January to December of preceding year is fixed at Rs.1.00/ BL. For those breweries that have supplied less than 1,00,00,000 (1 Crore) BL, but more than 50,00,000 BL to the wholesale depots between January to December of the preceding year, the license fee is fixed at Rs 1.50 per BL. Those licensees who have supplied up to 50,00,000 BL shall pay license fee @ Rs 2.50 per BL. The annual license fee for those breweries that have failed to utilize less than 10% of their installed capacity in the period between January to December of the previous year, shall remain the same as what was fixed in the preceding year 2016-17.

Sl. No.	Production Capacity (in BL) (Non-refundable)	Amount (Rs. in Lacs)
1.	Annual license fee for a new Brewery	25
2.	Annual license fee for Microbrewery (Maximum 1000 BL per day)	7.5

Mishra