

**GOVERNMENT OF ODISHA  
EXCISE DEPARTMENT**

\*\*

**No. 1884 / Ex., Dated, the 19<sup>th</sup> March, 2016  
IIEx-310/2015**

From

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

To

The Excise Commissioner,  
Odisha, Cuttack.

Sub: Excise Policy: Excise Duty, Excise Fee and Margin Structure along with  
Regulatory Guidelines for the year 2016-17.

Sir,

I am directed to invite the reference to your Department letter No.21  
Dated 25.02.2016 and to say that Government after careful consideration have  
been pleased to approve the Excise Policy: Excise Duty, Excise Fee and Margin  
Structure along with Regulatory Guidelines for the year 2016-17 for settlement of  
Excise Shops and Establishments for the year 2016-17. The details of Excise Policy:  
Excise Duty, Excise Fee and Margin Structure along with Regulatory Guidelines for  
the year 2016-17 is enclosed for necessary action.

Yours faithfully,

*S. P. Thakur* 19/3  
**Principal Secretary to Government**

**Memo No. 1885 / Ex Dated, the 19<sup>th</sup> March, 2016**

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

*P. Deb*  
**Additional Secretary to Government**

**Memo No. 1886 / Ex., Dated, the 19<sup>th</sup> March, 2016**

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

*P. Deb*  
**Additional Secretary to Government**

19/3/2016

**Memo No. 1887 / Ex., Dated, the 19<sup>th</sup> March, 2016**

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 to DC-Cum-ACS.

  
**Additional Secretary to Government**

**Memo No. 1888 / Ex., Dated, the 19<sup>th</sup> March, 2016**

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

  
**Additional Secretary to Government**

**Memo No. 1889 / Ex., Dated, the 19<sup>th</sup> March, 2016**

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

  
**Additional Secretary to Government**

2016 - 17

DEPARTMENT OF EXCISE, GOVERNMENT OF ODISHA



**EXCISE POLICY: EXCISE FEE, EXCISE DUTY AND MARGIN STRUCTURE ALONG  
WITH REGULATORY GUIDELINES FOR THE YEAR 2016 – 17**

*A. Thakur*



## 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 narcotic substances such as Opium, 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 the same does not become too expensive which will leave scope for bootleggers to creep in. While doing so, a fine balance needs to be struck between ensuring Government revenue and at the same time plug the influx of Excise products from outside. The Excise Policy 2016 – 17 also aims at facilitating ease of doing business and explore new avenues and markets while ensuring a level playing field is created for the entrepreneurs of the State.

### 1.1 Salient features of 2016 – 17 Excise Duties, Levies and Fee Structure

The Excise Policy 2016 – 17 seeks to focus on the feedback from various stakeholders in order to facilitate the ease of doing business in the State. The key areas in which the Excise Policy 2016 – 17 differs from the 2015 – 16 policy, are as follows:

- I. Since the Excise Policy needs to be revised periodically, keeping in view the macro and micro economic changes, the fee structure has been streamlined and rationalized.
- II. The Excise Duty structure for the year 2016 – 17 follows the Specific duty per LPL/BL + Ad valorem which was used in 2015 – 16 with minor changes to the specific components and the ad valorem rates for both Civil and Defense forces, to stabilize the MRP of CS, Beer and IMFL.
- III. The license fees for Bottling plants/Breweries/Distilleries has been restructured by replacing the existing Production Capacity Slab based approach with a Production based approach.
- IV. In order to facilitate new breweries, distilleries and bottling units, a base fee structure has been prescribed to attract new investments inside the State.

(1/23)

*[Signature]*  
19/2/16



- V. MGQ structure for OFF Shops has been rationalized in order to check destabilizing effect of increase in license fee on the retailers and to discourage unauthorized *kuchia* sale.
- VI. Beer parlours are permitted to continue with their existing status in the light of judgement delivered by the Honourable High Court.
- VII. Reduction of disparity between bottling fee of own brands and other brands bottled inside the State in order to create a level playing field for doing business inside the State.
- VIII. Reduction in lieu of Import fee and specific 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.
- IX. Reduction in lieu of Import fee is prescribed for IMFL so as to ensure availability of an assortment of brands inside the State.
- X. No increase in Export fee has been prescribed to promote export of Beer from the State

## 1.2 Structure of Excise Policy 2016 – 17

The Excise Policy document has been molded into three parts.

**Part A:** Lists all the fees (Excise license fee/application fee/registration fee/penalty) 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.

After an extensive study, careful consideration of feedback from all the stakeholders and detailed analysis of facts and figures, the Government had decided to adopt the below mentioned Excise policy for year 2016 – 17.

(2/23)

A. J. Khan  
19/3



## 2. PART A

### 2.1 All types of application fees, label registration fees & penalties

SL	FEE Type (non-refundable)	Amount ₹ 2016 – 17
1	Application fee for grant of License (Brewery/Winery/Distillery/Bottling Unit)	1,10,000
2	Application fee for renewal of license (Brewery/Winery/Distillery/ Bottling Unit)	44,000
3	Application fee for grant of License of a Microbrewery	25,000
4	Application fee in respect of licenses for trading of molasses	30,000
5	Application fee in respect of licenses for units using molasses for purposes other than trading	15,500
6	Application fee for label registration (BEER per brand for Civil)	25,000
7	Application fee for label registration (BEER per brand for Defense)	10,000
8	Application fee for label registration (IMFL/Wine/FMFL per brand pack size for Civil/Defense)	22,000
9	Application fee in respect of new 'ON' Shops	66,000
10	Application fee in respect of renewal of licenses of 'ON' Shops	66,000
11	Application fee in respect of new/renewal Beer parlors	60,000
12	Application fee wrt. new/renewal of Military Canteen Licenses	8,500
13	Application fee wrt. new/renewal of <i>Bhang, Tari, Pochwai</i> shops	1,300
14	Application fee for new Out Still shops	38,500
15	Application fee for renewal of Out Still Shop	33,000
16	Application fee for new IMFL OFF shop license	66,000
17	Application fee for new license of Country Spirit shops	33,000
18	Application fee for renewal of IMFL OFF shops	66,000
19	Application fee for renewal of Country Spirit shops	33,000
20	Composite label registration fee per annum for military canteens (₹)	13,200
21	User registration fee for military canteens (₹)	6,600
22	Label registration fee of C.S. in Glass Bottles (₹ Per annum)	22,000
23	User charge per shop ( IMFL/CS/OS) (₹ Per annum)	8,500
24	Composite label registration fee for retail licensees (₹ Per shop per annum) IMFL/BEER	16,500
25	Composite Label Registration fee for retail licensees (₹ Per shop per annum)- Foreign Made Foreign Liquor	8,500
26	Separate Label registration fee for export of IMFL/Beer (per item/brand)	16,500
27	Application fee Obtaining NOC/Extension of NOC/permission for establishment of Brewery/Winery/Distillery/Bottling etc. Units	49,500
28	Penalty on a country spirit supplier if it fails to make timely delivery of CS supply	10,00,000
29	Penalty with fine for non - supply of cash memo/charging above MRP to the consumers on demand	15,000
30	Penalty on Supplier/Retailer for supplying/selling liquor without affixture EAL	1,00,000

*Handwritten signature and date:*  
19/3



## 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 and December of the preceding year is fixed at ₹ 0.5/LPL. For those distilleries that have supplied less than 1,00,00,000 (1 crore) LPL to the wholesale depots between January and December of the preceding year is fixed at ₹ 1.5/LPL. The annual license fee for those distilleries and bottling units that fail to utilize less than 10% of their installed capacity in the period between January and December of the previous year, shall remain the same as what was fixed in the preceding year.

SL	Production Capacity (in LPL)(non-refundable)	Category-wise amount (₹ Lakh)
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 C.S. (M/s ACSI)	36
6	Annual license fee for Microbrewery (Max 1000 BL per day)	7.5

## 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 and December of preceding year is fixed at ₹ 1/BL. For those breweries that have supplied less than 1,00,00,000 (1 crore) BL to the wholesale depots between January and December of the preceding year is fixed at ₹ 2.5/BL. The annual license fee for those breweries that fail to utilize less than 10% of their installed capacity in the period between January and December of the previous year, shall remain the same as what was fixed in the preceding year.

SL	Production Capacity (in Bulk liters) (non-refundable)	Category-wise amount (₹ Lakh)
1	Annual license fee for a new Brewery	25

*S. J. Shukla*  
19/3/16



**2.4 Other License Fees – Retail ON & OFF Shops, Country Spirit and Bhang, Tari and Pochwai shops, warehouses, Denatured Spirit etc.**

SL	Category (non-refundable)	Amount (₹ Lakh)
1	Annual license fee for Three Star hotels and above	7
2	Annual license fee for hotels in six major cities - Cuttack, Bhubaneswar, Puri, Sambalpur, Rourkela and Berhampur with lodging	7.5
3	Annual license fee for other urban areas with lodging	6.5
4	Annual license fee for hotels and restaurant without lodging	9
5	"ON" license may be granted to O.T.D.C./I.T.D.C hotels at half the rates applicable as above for license fee, based on where the said hotels are located. No such concession is allowed for hotels leased to private individuals	50% of above rates
6	<u>Annual License Fees for 'ON' clubs</u>	
6.1	Annual license fees for 'ON' clubs - consumption up to 500 LPL per month	4
6.2	Annual license fees for 'ON' clubs - consumption from 501 LPL to 800LPL per month	5
6.3	Annual license fees for 'ON' clubs - consumption above 801 LPL per month	6
7	<u>Annual License Fees for BEER parlors</u>	
7.1	License fee for ON Beer Parlor in six major cities namely Bhubaneswar, Cuttack, Puri, Sambalpur, Berhampur and Rourkela	4
7.2	License fee for ON Beer Parlor in all other urban areas	3.3
7.3	License fee for ON Beer Parlor for all rural areas	2.8
8	Annual license fee for bonded warehouse	10.5
9	In case of distilleries, annual license fees to be paid for storage of spirit per annum	7.7
10	Annual license fee for Model Wine shops attached to Start Hotel/Luxury Hotels/Complex permitting sale of wine	1.2
11	<u>Annual License Fees on Denatured Spirit/Methanol</u>	
11.1	Annual license fee on D.S – I	0.31
11.2	Annual license fee on D.S – II	0.24
11.3	Annual license fee on D.S- III (Carpentry)	0.19
11.4	Annual license fee on D.S- III (Industrial use)	0.31
12	Annual license fee for military Canteen (The Superintendent Excise will issue the permits only after obtaining the strength of the unit and norms of supply)	0.13
13	Additional annual License fee for export of brands (IMFL/BEER)	1.65
14	Annual license fee for separate for warehouse made for storing of export IMFL/BEER brands	0.79
15	Monthly License fee for branch Out Still Shop	0.17
16	Annual License Fee for M&TP Units	As decided by Central Govt.
17	Licenses of Bhang, Tari and Pochwai shops shall be renewed for 2016 – 17 with 10% increase in existing consideration money with necessary formalities	
18	Licenses of Out-Still shops operating in 21 districts shall be renewed for 2016 – 17 with 12% increase in existing consideration money with necessary formalities	
19	License fee/Consideration Money for IMFL OFF Shops and Country Spirit Shops shall be renewed for 2016 - 17 with 20% increase over the existing consideration money with necessary formalities	

(5/23)

J. Jha  
19/11/16





## 2.5 Bottling and other fees levied on a per unit basis

SL	Category (non-refundable)	Category-wise amount (₹)
1	<u>IMFL (₹ Per LPL)</u>	
1.1	Bottling Fee - Own Brand	13
1.2	Bottling Fee - Other than own brand	16
1.3	Bottling fee for exports of IMFL	3
1.4	<u>Label registration Fee on all IMFL brands (Including FMFL &amp; Wine) received at wholesale depots (January to December of preceding year) Per Label Per Annum for Civil &amp; Defense</u>	
	Up to 2000 Cases Per annum	22,000
	From 2001 Cases to 5000 Cases Per annum	44,000
	From 5001 Cases to 10000 Cases Per annum	66,000
	From 10001 Cases to 20000 Cases Per annum	79,200
	From 20001 Cases to 40000 Cases Per annum	104,500
	From 40001 Cases to 70000 Cases Per annum	158,400
	From 70001 Cases to 100000 Cases Per annum	211,200
	From 100001 Cases & above	290,400
2	<u>Beer (₹ Per BL)</u>	
2.1	Bottling Fee - Own Brand	10
2.2	Bottling Fee - Other than own brand	11
2.3	Bottling fee for exports of BEER	3
2.4	<u>Label registration Fee on all BEER brands received at wholesale depots (January to December of preceding year) Per Label Per Annum for Civil</u>	
	Up to 2000 Cases Per annum	22,000
	From 2001 Cases to 5000 Cases Per annum	44,000
	From 5001 Cases to 10000 Cases Per annum	66,000
	From 10001 Cases to 20000 Cases Per annum	79,200
	From 20001 Cases to 40000 Cases Per annum	104,500
	From 40001 Cases to 70000 Cases Per annum	158,400
	From 70001 Cases to 100000 Cases Per annum	211,200
	From 100001 Cases & above	290,400
2.5	<u>Label registration Fee on all BEER brands received at wholesale depots (January to December of preceding year) Per Label Per Annum for Defense</u>	
	Up to 500 Cases Per annum	5,000
	From 501 Cases to 1000 Cases Per annum	7,000
	From 1001 Cases to 1500 Cases Per annum	10,000
	From 1501 Cases to 2000 Cases Per annum	15,000
	Above 2001 Cases Per annum	18,000

*[Handwritten signature]*



3	Bottling fee of C.S. in Glass bottles (₹ Per Glass bottle)	0.36
4	EAL fee for each bottle/pouch of IMFL/ BEER/ CS (₹)	0.9

## 2.6 Import, Export, Transport and Vend Fees

SL	Category (non-refundable)	Category-wise amount (₹)
1	Import fee on RS/ENA procured from outside the state (per BL)*	7.7
2	Import fee on Ethanol/Power spirit for blending in Petrol (per BL)	0.39
3	Export fee on Rectified Spirit/ENA (per BL)	5.3
4	Transport fee on Rectified Spirit/ENA for preparation of IMFL/CS (Per BL) (procured within the state)*	6.6
5	Transport fee on Rectified Spirit/ENA for purposes other than preparation of IMFL/CS (per BL)	8.8
6	Import/Export and Transport PASS fee on FL, CS and Beer transported	110
7	Import, Export and Transport fee Denatured Spirit for (per BL)	7.7
8	Import, Export and Transport fee for Methanol for industrial use (per BL)	5.3
9	Export fee on Beer (per BL)	3
10	Import fee on Beer (per BL)	10
11	Vend Fee-Wine imported into India from outside the country (per LPL)	27.5
12	Vend Fee-Beer imported into India from outside the country (per BL)	33
13	Export Fee on IMFL (per LPL)	3
14	Import Fee on IMFL (per LPL)	25
15	Vend Fee on foreign liquor imported into India from outside the country (not bottled in India) Per LPL	250 Per LPL + 40% of Landed Cost

\*Import fee to be paid on the RS/ENA procured from outside the state for liquor Production, whereas transport fee is to be paid only on RS/ENA procured from within the state

## 2.7 License Fee for Lifting and Use of Molasses

SL	Category: Units using Molasses for purposes indicated below (non-refundable)	Category-wise Amount (₹)
1	For other than distilleries, i.e. industrial uses	161,000
2	Cattle feed	29,900
3	Gudakhu and similar small scale purposes	46,000
4	Trading for industrial purposes	805,000
5	Storage, possession and sale by sugar industry	115,000

07/23  
D. Thakur



## 2.8 Utilization Fee for Molasses

SL	Category (non-refundable)	Category-wise amount (₹ per tonne)
1	For distillery	201
2	For industrial and other purposes	230
3	Import fee (procured from outside the state)**	115
4	Export fee	78
5	Transport fee (procured from inside the state)**	31
6	Grains of any kind used for production of spirit & ENA	270

\*\*Import fee to be paid on the Molasses procured from outside the state, whereas transport fee is to be paid only on Molasses procured from within the state

## 2.9 Mohua Flower Storage

SL	Storage in quintals (non-refundable)	Category wise amount (₹ per quintal)
1	Up to 500 quintals	7,590
2	501 to 1000	15,180
3	1001 to 2001	30,360
4	2001 to 5000	60,260
5	More than 5000	75,900

## 2.10 Mohua Flower: Utilization, Export, Import and Transportation

SL	Category(non-refundable)	Category wise amount (₹.per quintal)
1	Utilization fee per quintal of Mohua Flower	495
2	Mohua export fee	155
3	Mohua transportation fee(procured from inside the state)*	23
4	Mohua transportation fee outside state	16
5	Mohua import fee(procured from outside the state)*	23

\*Import fee to be paid on the Mohua procured from outside the state, whereas transport fee is to be paid only on Mohua procured from within the state

## 2.11 Wholesale License fee:

Wholesaler has to pay an annual non-refundable fee of ₹ 1 Crore towards wholesale license fee.

## 2.12 Depot License fee for Wholesale trade

SL	Category (non-refundable)	Amount (₹.Lakhs Per annum)
1	Wholesale Depots with IMFL & BEER storage facility only ( without Country Spirit)	15
2	Wholesale Depots with IMFL, BEER & Country Spirit storage facility	25

*[Handwritten signature]*



### 3 PART B

#### 3.1 EXCISE DUTY

Excise duties on various products will be as mentioned below for the year 2016 – 17

##### 3.1.1 BEER – CIVIL

SL	Category of BEER	Strength	Excise Duty = Specific Component*BL + Ad Valorem*LC	
			Specific component (₹ Per BL)	Ad valorem Component (₹ as % on Landing Cost)
1	Beer (Bottled & Canned)	Up to 5% v/v	20	50%
		Above 5% v/v	20	50%
2	Beer (Draught/Bulk)	Up to 5% v/v	20	50%
		Above 5% v/v	20	50%
3	Draught Beer for sale in a Microbrewery	Up to 5% v/v	20	50%
4	Breezer/Low Alcoholic Beverages	Up to 5% v/v	20	50%
		Above 5% v/v	20	50%

##### 3.1.2 IMFL (Including FMFL & WINE) - CIVIL

SL	Category of IMFL	Strength	Excise Duty=Specific Component*LPL + Ad Valorem*LC	
			Specific component (₹ Per LPL)	Ad valorem Component (₹ as % on Landing Cost)
1	India made Whisky, Gin, Rum, Brandy & Vodka	75°	260	50%
2	Whisky, Gin, Rum, Brandy and Vodka imported in bulk & Bottled in India	70° to 80°	260	50%
3	Wine Imported in bulk and bottled in India	12° to 36°	150	40%
4	India Made Wine	75° & below	50	40%

*[Handwritten signature]*



### 3.1.3 Beer and IMFL (including Wine and FMFL) - Supplies to Troops and Military Bodies

SL	Category of IMFL	Strength	Excise Duty=Specific Component*LPL + Ad Valorem*LC	
			Specific component (₹ Per LPL)	Ad valorem Component (₹ as % on Landing Cost)
1	India made Whisky, Gin, Brandy & Vodka	75°	140	50%
2	India made Rum	75°	110	50%
3	India Made Wine	75° & below	25	40%
4	Beer for sale in Defense outlets	Above 5% v/v	20	50%
		Up to 5% v/v	20	50%

Beer and IMFL (including wine and FMFL) brand labels registered for supply to Troops and Military bodies (i.e. Defense sale) shall be exempted from VAT and TCS.

### 3.1.4 Excise Duty on Others

SL	Category of IMFL	Strength	Excise Duty=Specific Component*LPL/BL + Ad Valorem*LC	
			Specific component (₹ Per BL/LPL)	Ad valorem Component (₹ as % on Landing Cost)
1	Country Spirit		10	50%
2	Bhang		440(Per kg)	Nil
3	DS Supplied to agencies other than Government Organization within the State		7.7	Nil
4	Liquor Cordial imported in bulk and bottled in India	60°	250	Nil

### 3.2 Additional rounding-off License Fee

As was the case in the previous Excise Policy, the liquor prices in the State would be rounded off to the next ₹ 5 in order to make cash transactions convenient at the retail outlets. The Excise Department would charge the additional rounding-off license fee only where required in order to ensure the liquor prices are rounded off to next ₹ 5. This additional license fee shall be a part of MRP build-up and would be included in wholesale issue price at which lifting from wholesale depot is made. The wholesaler would transfer this amount periodically to the Excise Department.



### 3.3 Profit Margins

- I. The offer price for all the labels (Beer, IMFL, FMFL and Wine) shall not be changed without the prior approval of the Price Fixation Committee.
- II. The wholesaler margin is mentioned in the table below and would be decided by the Board of the OSBC from time to time when a change in margin is needed.
- III. The retailer margin would remain as follows –

Items	Wholesale margin (% of Landing Cost)	Retailers' margin (% of Wholesale Issue Price + VAT)
BEER (All Brands)	1%	20%
IMFL (ALL Brands)	1%	18%
FMFL (All Brands)	1%	15%

## 4 PART C

### 4.1 MGQ ON RETAIL SHOPS

The MGQ structure has been rationalized in order to encourage retailers to avoid short falls in spite of the increase in annual license fee by 20% over and above prevailing rates. The MGQ for the CS and OFF shops mentioned below would preside over the current MGQ structure.

#### 4.1.1 MGQ OF IMFL OFF SHOPS & CS OFF SHOPS

IMFL "OFF" Shop		
Area Type	BEER MGQ – BL per ₹1000 CM	IMFL MGQ – LPL per ₹1000 CM
URBAN	31	21
RURAL	26	17

  

CS "OFF" Shop	
Area Type	CS MGQ – LPL per ₹ 1000 CM
URBAN & RURAL	52

(11/23)

*[Handwritten Signature]*



#### 4.1.2 MGQ OF ON SHOPS, CLUBS & HOTELS

There is no change in MGQ for all 'ON' Shop and hence MGQ for 'ON' shops/restaurants will remain same as fixed in 2015 – 16. However, MGQ won't be applicable for all 'ON' Shops in hotels with lodging facility.

The MGQ for lifting and use of molasses by the distilleries shall be fixed as per the formula at par with last year. In case of short lifting, the unit has to pay utilization fee as fixed by the Government from time to time.

#### 4.2 Other Regulatory guidelines

The following regulatory items detail the guidelines to be followed under each regulatory head.

##### 4.2.1 LICENCE FEE FOR WHOLESALE DEPOTS

- I. All the depots established by the Wholesaler will pay an amount as specified in PART B, per annum towards annual depot license fee for storage of IMFL/Beer. The Collector of concerned Districts will issue depot licenses.
- II. In addition to the above, Wholesaler will pay separate license fee as specified in PART B, per annum towards annual depot license fee for storage of C.S where Country Spirit is prevailed.
- III. Additionally, Wholesaler should:
  - a) Ensure availability of at least 10% free space in all their depots all the time
  - b) Implement computerization
  - c) Ensure lifting of assortment of brands by retailers i.e. Beer and IMFL brands

It will be the wholesaler's responsibility to implement the above points

##### 4.2.2 IMFL 'ON' SHOPS AND BEER PARLOURS

- I. New 'ON' Beer Parlors, 'ON' license for Star Hotels with or without lodging may be allowed with above mentioned license fee as specified in Part A.
- II. The Beer Parlors in the State shall continue with their existing status as per the directive from the Honorable High Court dated 24/12/2015 in WPC number – 13328/2015 and batch of cases
- III. The License fee of 'ON' shops may be realized in four equal instalments. New licenses to ON Clubs may be granted on fulfillment of the following conditions:
  - a) The Clubs must be a registered club under the Societies Registration Act /any other law for the time being in force.
  - b) The Club must have at least 50 permanent members.



c) The Club must have facilities for outdoor games like Tennis and Badminton etc. and at least a minimum of two Indoor games.

d) There must be adequate facilities for food and drinks.

IV. License fee for Military canteens may be renewed on payment of annual license fee as specified. The Superintendents of Excise will issue the permits only after obtaining the strength of the Unit/Cantonment and the norms of supply.

#### 4.2.3 LICENSE FEE FOR M & T.P. UNITS

The existing license fee and policy will continue for 2016 – 17 by way of renewal of licenses or as may be decided by the Central Government.

#### 4.2.4 BHANG/TARI/POCHWAI SHOPS

In case any existing *Bhang*, *Tari* and *Pochwai* shops remain unsettled, the concerned District Collector may take steps for settlement of the same by way of inviting fresh applications. In case, more than one application is received, the shops will be settled by draw of lottery.

#### 4.2.5 COUNTRY SPIRIT SHOPS

In case any existing Country Spirit shop remains unsettled, the concerned District Collector may take immediate steps for settlement in a manner prescribed by the Government. Additionally,

- I. Unsettled Country Spirit shops in the relevant districts may be given to Aska Co-operative Sugar Industries Ltd (OSIC), Odisha Tourism Development Corporation (OTDC) and other State Government Undertakings and Co-operative organization at the reserve price fixed by the Govt., if the same is not settled by the prescribed process during the year. However they will operate these shops under their own management. They will not be allowed to sub-lease these shops under any circumstances.
- II. Country Spirit of 40 Degree UP strength of 200 ml be supplied and sold in glass or pet bottles.
- III. ASCI shall ensure at least 300 (3 lakh cases) full truck load supply of Country Spirit per month to wholesale depots for sale to retailers. Failure to supply the same would attract penalty as specified in PART A.
- IV. The pet bottle must conform to Food Grade Plastic specified in Rule 49 (5) (v) of the Prevention of Food Adulteration Rules, 1955.
- V. Before supplying the Country Spirit in Glass Bottles, the manufacturer will have to get the labels registered and the label registration fee as specified above per annum per label will be charged.





- VI. In each district where Country Spirit is prevalent, a Committee for prevention of illicit liquor should be formed with Collector as Chairman, Superintendent of Police as the Vigilance Officer and the Superintendent of Excise as the Convener- Cum-Secretary. The Committee will review from time to time regarding the functioning of the Country Spirit shops and formulate strategies to prevent illicit distillation of liquor and detect the sources of spurious and non-duty paid liquor.

#### 4.2.6 OUT-STILL SHOPS

The license of all existing Out Still Shops operating in 21 districts namely, Sambalpur, Bargarh, Jharsuguda, Deogarh, Sundergarh, Bolangir, Sonapur, Kalahandi, Nuapada, Boudh, Koraput, Rayagada, Malkangiri, Nabarangpur, Angul, Keonjhar, Mayurbhanj, Ganjam, Behampur, Gajapati and Dhenkanal shall be renewed for a period of One Year w.e.f April 2016 to March 2017 with 12% increase over and above the existing consideration money and while renewing.

- I. No Trade license shall be granted in areas outside the availability of *Mohua* flower.
- II. It is mandatory to produce VAT registration certificate for obtaining a *Mohua* flower trading license.
- III. No *Mohua* flower storage and sale license shall be granted by the Superintendent of Excise in areas where illicit distillation is prevalent. Also, the Superintendent of Excise shall keep a close watch on all *Mohua* flower storage and transport license holders to stop any kind of supplies being permitted for illicit distilleries.
- IV. License holders of OS shops shall only be charged a transport fee for *Mohua* flower quantity used for distillation. Transport fee shall not be charged for any unutilized quantity of *Mohua* flower. However, fines and non-utilization fee shall be collected from any OS license holder failing to utilize the MGQ of *Mohua* flower.
- V. In case of any existing OS systems remaining unsettled, the Collector may take immediate steps to settle the same in the prescribed manner.
- VI. The Collectors may allow up to (15) fifteen branch shops to be operated by each Exclusive Privilege License holder with a monthly license fee of ₹ 15,000 per branch shop.
- VII. Any shop once settled and started operating shall not be shifted ordinarily within a given financial year.



- VIII. In the notice inviting applications for settlement of OS shops through lottery, the MGQ shall be 1.5 Quintal. Of *Mohua* Flower per 1000 rupees of consideration money. Any shortfall in MGQ lifting would attract penalty in form of complete payment of utilization fee of this shortfall quantity.
- IX. Any *Mohua* flower transaction beyond the limits of possession should be accompanied by a transport pass
- X. Additional guidelines for OS Shop would require them to include:
- Name of the shop in the product
  - Date/Month/Year of manufacturing of liquor
  - Net content
  - Code number along with Identification mark of the shop approved by the Superintendent of Excise
  - All OS shops must ensure cleanliness and hygiene in their compound
  - No OS shop should use Gur in place of *Mohua*. Use of Gur or any substitute is strictly prohibited. The EPHs found to be using any substance in place of *Mohua* for making OS shall be held guilty of violation of legal provisions and shall invite penalty.

#### 4.2.7 IMFL OFF SHOPS

In case the any 'OFF' shop remains unsettled, the same would be allowed to run by other Government agencies and Co-operative organizations with the license fee as decided by the Government. Any shop once settled and started operating shall not be shifted ordinarily within a given financial year.

It will be mandatory for an 'OFF' shop to display prominently the following:

- Rate list
- Opening /Closing Time
- Age group which is not allowed to buy/Health warning
- Toll free no. of complaint to Excise officials
- Issue cash memo
- Ensure no violation of MRP
- No 'OFF'/'ON' Shop should bear a name which may offend religious sentiments



#### 4.2.8 ENA BASED CHEAP LIQUOR

The Excise duty fee structure and other guidelines for introduction of ENA based cheap liquor will be prescribed separately.

#### 4.2.9 MAXIMUM RETAIL PRICE

Maximum Retail Price (MRP) will be displayed on each bottle of IMFL, Beer and Country Spirit and sold accordingly. The vendors are required to issue cash memo on demand to all consumers and not charge above MRP, failing which the vendors shall be penalized with fine specified in PART A. All IMFL 'OFF' shops are required to display a Rate Card, which lists MRP fixed for the year 2016 – 17.

- I. The MRP shall be decided on the principle of landing cost + all taxes /duties/ Other Fees + wholesale margin + retailer margin.
- II. Any modification request on offer price of the brands will be decided by the Price Fixation Committee.

#### 4.2.10 FOREIGN MADE FOREIGN LIQUOR/IMPORTED WINE/BEER

Importers or authorized representatives of foreign distilleries/firm(s) will register themselves with Wholesaler under intimation to Excise Commissioner Odisha.

- I. They will be required to pay necessary registration fees to Wholesaler as may be specified.
- II. For sale of foreign made foreign liquor, Wine/Beer made from imported base, Wholesaler will import the same, on request of authorized representatives/Importer, for supply to authorized vendors, who have made necessary registration of such labels.
- III. Authorized vendors will lift the material from Wholesale depots. They will maintain a separate account of the sale and proceed of these products.
- IV. All the IMFL shops having valid license and permit may lift the Foreign Made Foreign Liquor, imported wine or imported beer from wholesale depots, after paying composite registration charges as specified to the concerned District Collector.
- V. All the rules and procedures applicable to IMFL will also be applicable to Foreign Made Foreign Liquor.



#### 4.2.11 MODEL WINE SHOP

It is proposed to allow model wine shops attached to Star Hotel/Luxury Hotels/Shopping Malls/Airports with license fee as specified in Part A. Shops would be permitted to sell Wine, only in order to promote the sale of Wine in the State, as against hard drinks.

#### 4.2.12 MICRO BREWERY

In order to facilitate innovative variety of low strength liquor, a new 'ON Microbrewery' license has been introduced for the retail sale of freshly crafted Draught Beer to be produced and consumed locally within the premises of the Microbreweries with an installed capacity not exceeding 1000 BL per day. The license fees, duties and other statutory levies are as explained in Part A and Part B.

#### 4.2.13 EXCISE ADHESIVE LABEL FEE/HOLOGRAM APPROVED BY GOVT

Affixing of polyester/paper based hologram Excise Adhesive Label (EAL) shall be compulsory on IMFL, Beer, and C.S. pouch/ bottles. Non affixture polyester/paper based hologram Excise Adhesive Label by any company will invite penalty as specified in PART A. Any retailer found selling any IMFL, Beer, C.S. without affixture of polyester/paper based hologram Excise Adhesive Label supplied by the Excise Administration shall invite penalty as specified. The above fine will be in addition to other legal action as per law.

#### 4.2.14 EXCISE POLICY FOR TRIBAL AREA

Concessions granted in tribal areas to brew liquor for personal consumption and not for sale will continue. The provisions of Section 26-A of the Bihar and Odisha Excise Act, 1915 requiring approval of Gram sasan in the scheduled areas may be strictly followed.

#### 4.2.15 DELEGATION TO COLLECTORS TO GRANT LICENCE

The Collector of the District would continue to exercise the powers to grant license for exclusive privilege for Out Still Shops as per the delegation made vide this Department Notification No.3308 dated 16.05.2001 where the consideration money achieved is equal to or more than the reserve price.

The Collector of the Districts will also issue license for IMFL 'OFF', CS, OS Shops, ON shop, *Bhang*, *Tari* and *Pochwai* shops where the consideration money achieved is equal or more than the reserve price. In case of the unsettled IMFL Off, Country Spirit, Out Still, *Bhang*, *Tari* and *Pochwai* shops, the Collectors may record the reasons for non-settlement of these shops and furnish such proposals to Government through the Excise Commissioner for appropriate orders for settlement of these shops.

(17/23)

*[Signature]*



#### 4.2.16 IMPORT AND TIE-UP OF IMFL AND BEER

All liquor brands will be sold in bottles of 1000ml, 750ml, 375ml, 180ml, 90ml and any other suitable size prevalent in National/International market after label registration of the brand by the Excise Commissioner, Odisha.

IMFL having proof strength up to 85 degree may be allowed for import and manufacture. A provision for higher duty for IMFL up to 85 degree proof strength shall be made and for the purpose additional duty of 10 % over and above the prescribed Excise duty shall be levied/ charged.

- I. Any unit may be allowed to enter tie up arrangement with the manufacturing units in Odisha.
- II. In addition to glass bottles, introduction of Draught Beer in Kegs, IMFL in PET bottles may be accepted in capacity of 1000ml, 750ml, 375ml, 180ml and 90ml subject to confirmation of CFTRI and ISI standards.
- III. Further it shall be stored by Wholesaler, up to one year only, beyond which it shall be taken back by the manufacturer/supplier.
- IV. The strength of IMFL in PET Bottles shall not be Exceed 42.8% (V/V). PET bottles must confirm to Food Grade Plastic specified in Rule 49 (5) (v) of the Prevention of Food Adulteration Rules, 1955.

#### 4.2.17 USER CHARGES

Each licensee of IMFL/CS/OS shops will pay a non - refundable user charge as specified per annum per shop. The amount will be remitted to the consolidated fund of the state and such amount as and when required shall be released on recommendation of the Excise Commissioner for infrastructure and other welfare measures of the Excise administration.

#### 4.2.18 LABEL REGISTRATION

The retail licensees have to register the label of different brands of IMFL/BEER at the District label. Each retail licensee will deposit a composite label registration fee as specified (for each shop) per annum with the concerned District Collector.

#### 4.2.19 ADVANCED CONSIDERATION MONEY

Advanced consideration money of 3 (three) months for the existing IMFL 'OFF'/CS/Out-Still/Tari/Pochwai and Bhang licensees shall be collected by 31.03.2016 from those EP holders who have applied for renewal of their license. No license shall be issued if the above is not complied with.

*A. J. Khan*  
19/3/16



In addition to above advanced consideration money, each licensee has to pay interest free security deposit equivalent to one time of monthly consideration money in case of renewal of their license for the year 2016 – 17.

Provided that one month consideration money should be treated as interest free security deposit instead of advance consideration money to be refunded to the licensee if he is default or else his default amount shall be realized or adjusted from the security deposit.

#### 4.2.20 EXCLUSIVE PRIVILEGE (E.P) AREA

The exclusive privilege area of all IMFL OFF shops shall be specified location of the shop itself. The location of IMFL OFF shop can be shifted to another place in the same locality in the same charge area with the prior approval of the Excise Commissioner, Odisha.

#### 4.2.21 EXPORT POLICY FOR IMFL/BEER

The export policy of IMFL/BEER may continue for 2016 – 17 with the same terms and conditions as approved by the State Government with revision from time to time, subject to the following:

- I. There shall be separate label registration for export items with the legend "Not for sale in Odisha" the label registration fee shall be extras specified per item/brand.
- II. A separate provision for warehouse to be made for storage of export brands and products on payment of warehouse charge as specified.
- III. For export brands the manufacturer will have to pay the additional license fee as specified.
- IV. The export fee and export bottling fee shall be as specified of Beer only.
- V. It has been decided to ensure that breweries in Odisha should utilize their capacity to the full and only the surplus produce may be allowed to be exported.
- VI. The export policy for export of surplus Beer and IMFL by the manufacturers in the State would be approved by the Government.

*[Handwritten signature]*  
19/3



#### 4.2.22 LOCATION OF LIQUOR SHOPS

- I. IMFL/FL/CS/OS shops should be located/shifted to 50 meter away from the Highways. Highways mean National Highway and State Highway and shall not include the part of the National Highway or State Highway which passes within the concentrated developed area of the Municipal Corporation, Municipality or NAC or the Urban Local Bodies. On the outskirts of a city even it falls within the Municipal limits but it is not concentrated developed area, the 50 meter rule will apply. No such shops will be allowed on Government land. In future no new shops should be recommended along National Highway.
- II. Whenever a bye pass is constructed, the portion of old National Highway which is replaced by the bye pass may not be considered as National Highway so far as the excise shops are concerned i.e. it be treated as a city road.
- III. In order to implement the 50 meter rule for shifting the E.P. Holders may be allowed maximum of 3 months' time for relocation.
- IV. This policy/provision is subject to changes, if any due to Court directions.

#### 4.3 Other Excise objectives and enforcement guidelines

- I. Provisions have been made in the Excise Policy to encourage new Distilleries, Breweries, Winery and Bottling units by shifting from the current production capacity slab-based license structure to a 'production based license structure'.
- II. Before the grant of renewal of license for Exclusive Privilege, the provisions of Section 22 and 26- A of the Bihar and Odisha Excise Act, 1915 will be complied with in relation to public notice and approval of the Gram Panchayat respectively.
- III. No person shall have a right of renewal of license or exclusive privilege but such renewal shall be subject to the fulfillment of terms and conditions and the provisions of law to the satisfaction of the competent authorities under the Act.
- IV. With a view to benefitting farmers of the state, the Excise duty on Beer with at least 75% Sorghum content will be given 25% concession.

*[Handwritten signature]*  
19/3



- V. At the time of renewal, the Collector will consider and recommend the change of location of shops where serious objections have been received after due enquiry.
- VI. New Excise shops, specifically those shops on Government land whose license has been cancelled, will be opened in private land to cover vacuum areas as recommended by the concerned District Collectors.
- VII. The Excise Commissioner/all Collectors/all Excise Deputy Commissioners should take up regular checks and raid to detect illicit distillation or manufacturing of spurious liquors and collection of Excise revenue and action should be taken against the offenders under Excise law.
- VIII. The Collector to consider opening of new 'OFF' (IMFL/CS/OS) shops to counter ID liquor menace/*kuchia* system subject to approval by Government.
- IX. The Excise Commissioner should submit an Excise Revenue and Performance Report to Excise Secretary at the end of each Quarter. Grievances and recommendations of all stakeholders related to New Excise Policy should be incorporated in the first Excise report, which should be submitted at the end of July 2016.
- X. Each District Collector should submit a monthly Excise Revenue and Performance Report to Excise Commissioner at the end of each month in the format prescribed by the Excise Department.
- XI. The Excise Department should enhance the intelligence system in place, in order to prohibit illicit sale of liquor and other malpractices.
- XII. All vehicles leaving Wholesale depots, should be verified by concerned excise person on its arrival at specified retail shop.
- XIII. Appropriate budget to be allocated towards critical enforcement related activities.
- XIV. **Multi-Disciplinary Squads (MDS)** have been formed in each district and one MDS specifically for the Commissionerate (BBSR-CTC). Each MDS will submit a detailed report to Excise Commissioner, Odisha by end of every quarter in the format specified above in (serial number X) briefly stating the enforcement work done during the quarter.

(21/23)

*[Signature]*  
19/3/16





- XV. The District Collector shall submit a report with details on the enforcement activities undertaken by the squad at the end of each month to the Excise Commissioner and the Government. The Excise Commissioner shall take review on the activities of district MDS and shall submit quarterly report to the Government.
- XVI. Retailors should ensure availability of all liquor brands in the shop, with stock quantity as per sales. Taking market demand into consideration, as far as possible, retail shall ensure lifting all brands for making available wide choice of liquor brands to the consumers.
- XVII. Identification and destruction of illicit cannabis cultivation**  
The State Government through Excise Policy has launched a special drive for last 4 years where, the Excise Department/Police Department/Forest Department/NCB (GOI) and District Administration ensure the following steps are taken during the year:
- (a) Identify the illicit cannabis cultivation (ICC) areas through ORSAC or NCB with satellite imaging
  - (b) Publicize provision of Sec. 46/47 of NDPS Act 1985.
  - (c) Resolution by Panchayat Raj Institutions against ICC
  - (d) Information by Revenue/Forest Departments on ICC within the jurisdiction of DFOs.
- XVIII. Superintendent Excise, Khurda should ensure timely and accurate accounting of Excise Adhesive Labels (EAL). A monthly report on the same should be sent to Excise Commissioner's office. A quarterly report on EAL accounting should be submitted to the Excise Secretary from Excise Commissioner.
- XIX. The rule prohibiting engagement of women and children to encourage sale of liquor must be followed strictly. Any EP holder found involved in same shall face punitive action up to cancellation of license.
- XX. **PROHIBITION:** The Health and Family Welfare Department and Excise Department will chalk out a program to highlight evils of drinking, tobacco, *gutkha*, drug etc. and submit a plan by end of June 2016 to Govt. A separate budgetary provision may be made by the Government to fund this activity. The Wholesaler is also required to make provision in the CSR budget for promotion of prohibition/de addiction in the State.

*A. J. Khan*  
19/3



XXI. The Excise Department will endeavor;

- a. Promote Road Safety campaign
- b. Create awareness against addiction i.e. Liquor/Substance
- c. Promote de-addiction measures
- d. Intensify enforcement measures against liquor/substance abuse/ICC etc.

*A. Thakur*

(23/23)

19/3



**THANK YOU**