

**GOVERNMENT OF ODISHA
EXCISE DEPARTMENT**

No. 1487 / Ex., dated 28.3.2018
**
IIEx-211/2017

From

Shri P.K.Panda,
Additional Secretary to Government

To

The Excise Commissioner,
Odisha, Cuttack.

Sub: Excise Policy (Excise Fee, Duty and Margin Structure along with Regulatory Guidelines) for the year-2018-19.

Sir,

I am directed to invite a reference to your Letter No.4/(confidential) dated 19.03.2018 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 2018-19. The Excise Policy (Excise Fee, Duty and Margin Structure along with Regulatory Guidelines) for the year 2018-19 so approved is enclosed for necessary action.

Yours faithfully,

Encl : As above

Memo No. 1488 / **Ex Dated** 28.3.2018 28/3/2018
Additional Secretary to Government
Copy forwarded to the Secretary, Board of Revenue, Odisha, Cuttack/All Collectors/All EDCs/All Supdts. of Excise for information and necessary action.

Memo No. 1489 / **Ex., dated** 28.3.2018 28/3/2018
Additional Secretary to Government
Copy forwarded to the Principal Secretary to Government, Finance Department for information and necessary action.

Memo No. 1490 / **Ex Dated** 28.3.2018 28/3/2018
Additional Secretary to Government
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
28/3/2018

Memo No 1491 / **Ex Dated** 28.3.2018

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

Memo No 1492 / **Ex Dated** 28.3.2018 28/3/2018

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

ASG
Additional Secretary to Government

ASG
Additional Secretary to Government

28/3/2018



GOVERNMENT OF ODISHA

DEPARTMENT OF EXCISE

EXCISE POLICY 2018-19

[Excise fee, Excise Duty and Margin Structure along with Regulatory Guidelines for the year 2018-19]

1. Preamble

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.

Although consumption of alcoholic drinks has been prevalent since time immemorial, excessive consumption carries with it the danger of negative social and physiological impacts. Since prohibition alone cannot decimate the demand or need for consumption of alcoholic drinks and beverages, the State has to ensure supply of quality beverages from legitimate sources to meet this demand. The excise duties on intoxicants and narcotics are used as a policy measure to discourage consumption since alcohol is recognized as a demerit good universally. While doing so, a fine balance needs to be struck between excise revenue that accrues to the Government and at the same time plug the influx of excise products from outside. The Excise Policy 2018-19 aims at striking a balance between these three key policy objectives:

- a. **Financial:** Plugging revenue gap through appropriate policy & enforcement measures;
- b. **Social:** Ensuring supply of legitimate goods to meet consumer demand and minimize the social cost of consumption; and
- c. **Responsible:** Creating awareness among people on impact of alcohol abuse and inculcating a sense of responsibility among consumers.

Business in liquor is considered "Res Extra Commercium". Keeping this in mind, the State Government can put reasonable restrictions on manufacture, import, export, transport, storage & sale of liquor.

1.1 Salient features of Excise Policy 2018-19

The Excise Policy 2018-19 seeks to improve the efficiency of processes associated with manufacture, import, export, transport & sale of alcoholic beverages while attaching due priority to



health & well-being of the citizens of the State. The key features of Excise Policy 2018-19 are as follows:

1. Keeping health of consumers in mind, **State has decided to do away with Rectified Spirit (RS) as base for manufacture of liquor.** All India Made Foreign Liquor (IMFL) & Country Liquor (CL) manufacturers must shift to Extra Neutral Alcohol or Grain Neutral Spirits (ENA or GNS) for manufacturing their products.
2. To encourage lighter alcoholic drinks & wean consumers away from strong alcoholic drinks, **excise duty has been reduced for items having strength less than 5% v/v.**
3. To facilitate the capacity utilization of manufacturing units in the State, especially Breweries; export & import levies have been rationalized.
4. The MGQ structure has been rationalized taking into account average lifting in last 3 years.
5. **Bottling fee is removed.** This shall lead to appropriate reduction in offer price of Odisha manufactured brands.
6. To facilitate entry of new brands in to the State; the label registration fee structure has been simplified by **introduction of Annual Composite Label Registration Fee.**
7. In view of significant difference in Consideration Money (C. Money) between retail shops in the same locality due to speculative bidding at the time of initial settlement, **rationalization of C. Money has been done on the basis of geographical location.**

1.2 Structure of Excise Policy 2018-19

The Excise Policy document has been divided in to 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 the Excise duties/ Countervailing duties/ Vend Fee on alcoholic beverages along with administered profit margins of retails
- Part C:** Lists key regulatory measures



2. PART- A

This section lists various fees related to application, renewal, registration etc. imposed on manufacturers/ suppliers, wholesalers & retailers. To clarify, Country Liquor is the terminology used for all liquor which does not fall under the category of Beer & Foreign Liquor (including India Made Foreign Liquor) and Wine. Both, ENA based Country Liquor & Country Liquor (Country Spirit) supplied by ACSIL (ASKA 40) fall under the definition of Country Liquor (CL) sold through OSBC. Liquor made from *Mohua* flower in Out-Still units & sold through Out-Still shops shall also fall under the category of Country Liquor (manufactured from Mohua flowers).

2.1 All Types of Application fees, registration fees&Penalties

SL	FEE TYPE (non-refundable)	Amount(₹)
1	Application fee for grant of new/ renewal of License (Brewery/ winery/ Distillery/ Bottling Unit)	1,00,000
2	Application fee for grant of License of a Micro-Brewery	30,000
3	Application fee in respect of new/ renewal of licenses for trading of molasses	40,000
4	Application fee in respect of licenses for new/ renewal of units using molasses for purposes other than trading	25,000
5	Application fee for label registration per label per annum (for all types of alcoholic beverages)	5,000
6	Application fee in respect of new/ renewal 'ON' Shops (all categories)	1,00,000
7	Application fee for new/renewal of Military Canteen Licenses	10,000
8	Application fee for new/renewal Bhang, Tari, Pochwai shops	2,000
9	Application fee for new/ renewal Out Still shops	50,000
10	Application fee for new/ renewal of IMFL OFF shop license	1,00,000
11	Application fee for new/ renewal of license of Country Liquor shops	50,000
12	Composite Label registration fee per annum for all FL OFF Shops including military canteens (per shop per annum)	25,000
13	User registration fee for FL OFF Shops (including military canteens) & CS Shops	10,000
14	Separate Label registration fee for export of IMFL/Beer (per label)	5,000
15	Application fee obtaining NOC/Extension of NOC/permission for establishment of Brewery/Winery/Distillery/Bottling units etc.	75,000
16	Penalty with fine for non - supply of cash memo on consumer demand/charging above MRP to the consumers	25,000
17	Penalty on Supplier/Retailer for supplying/selling liquor without affixture of EAL	10,00,000

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2.2 License Fee – IMFL, Beer, Wine & Country Liquor for Production and Compounding & Blending

The license fee for existing units i.e. Brewery/Distillery/ Bottling units/ Winery etc. for 2018-2019 is calculated based on actual production of Alcoholic Beverages taken place in these units during the year 2017, or ₹ 25 Lakh per annum, whichever is higher. License fee is to be calculated based on following LPL (for IMFL, CL & Wine) and BL (for Beer) slabs, with respective slab rate applicable on actual production levels. For example a unit producing 60 lakh LPL/ BL pays License fee @ 2 per LPL/ BL for first 50 lakh LPL/ BL produced, and @ 1.5 per LPL/ BL for remaining 10 lakh LPL/ BL.

Only the production meant for consumption within the State of Odisha is taken into account for calculation of License fee.

SL	License fee slabs for existing production units	License Fee rate applicable (₹ per LPL/ ₹ per BL)
1	Production up to 50 Lakh LPL/ BL	2.0
2	Additional production above 50 Lakh LPL/ BL and till 100 Lakh LPL/ BL	1.5
3	Additional production above 100 Lakh LPL/ BL	1.0

For new units, distillation columns, storage units, export units and microbreweries, following rates are applicable:

SL	Annual License fee for new production units	Category-wise amount (₹ Lakh)
1	Annual license fee for a new Distillery	25.0
2	Annual license fee for a new Bottling unit	25.0
3	Annual license fee for a new Brewery	25.0
4	Annual License fee for Microbrewery (Maximum 1000 BL/ Day)	7.5
5	Annual license fee for E.N.A. columns	10.0
6	Annual license fee for a new wine producing units	3.0
7	Annual Export License fee for IMFL/ Wine/ Beer brands	2.0
8	Annual license fee for separate warehouse made for storage of IMFL/ Wine/ BEER brands meant for export	1.0

2.3 Other License Fees - Retail ON& OFF Shops, Country Liquor, Bhang, Tari and Pochwai shops, Warehouses, Denatured Spirit etc.

From April 1st 2018, Country Spirit (CS) shops would be renamed as Country Liquor (CL) shops. Such CL shops would be allowed to sell Country Liquor only i.e. ASKA 40 (or any other CL brand from ACSIL) & ENA based Country Liquor provided by private players duly registered with OSBC. Foreign Liquor OFF shops would be allowed to sell Foreign Liquor (FMFL, IMFL etc.), Wine & Beer only.



2.3.1 FL "ON" Retails

SL	ON Category of Retails	Annual License Fee based on Area Category (₹ Lakh per annum)			
		Municipal Corporation & Puri Municipality	Municipalities (except Puri)	Notified Area Councils	Other Areas
1	3 Star & above Category Hotels	12.0	10.0	8.0	8.0
2	Other Hotels (with lodging)	10.0	10.0	8.0	8.0
3	Hotels & restaurants without lodging	12.0	12.0	11.0	11.0
4	Clubs	7.5	6.0	5.0	5.0
5	Beer Parlours	7.5	6.5	5.5	5.5

6. "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

7. Annual License fee for additional Bars at Hotels/ Clubs would be @ ₹ 2 Lakh per annum

2.3.2 Fee on Denatured Spirits

SL	Category (non-refundable)	Amount (₹ Lakh per annum)
1	Annual license fee on D.S- I	0.42
2	Annual license fee on D.S- II	0.35
3	Annual license fee on D.S- III (Carpentry)	0.25
4	Annual license fee on D.S- III (Industrial use)	0.42

2.3.3 License fee for CS, OS & FL-OFF Shops

SL	Category (non-refundable)	Amount (₹ Lakh)
1	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)	0.15
2	Monthly License fee for branch Out Still shop	0.25
3	Temporary License Fee - up to 500 persons per day	0.15
4	Temporary License Fee – 501 to 1000 persons per day	0.25
5	Temporary License Fee – 501 to 1000 persons per day	0.35
5	Licenses of Bhang, Tari and Pochwai shops shall be Renewed for 2018-19 with 10% increase in existing consideration money with necessary formalities	
7	Annual License Fee for Model Premium Liquor OFF Shops at Airports, allowed to sell premium IMFL, FMFL & all Wines, is fixed at ₹ 4.00 lakh	
8	Licenses of Out-Still shops operating in 21 Excise districts shall be renewed for a period as deemed appropriate by the Government, with 20% increase in existing C. Money, along with necessary formalities. The terms and conditions for renewal is also specified in PART C	
9	License fee for Country Liquor Shops (CL/ CS shops) shall be renewed for a period as deemed appropriate by the Government, with monthly C. Money structure mentioned below. The terms and conditions for renewal is also specified in PART C	
10	License fee for Foreign Liquor OFF Shops (FL-OFF shops) shall be renewed for a period as deemed appropriate by the Government, with monthly C. Money structure mentioned below table. The terms and conditions for renewal is also specified in PART C	



11. MONTHLY CONSIDERATION MONEY STRUCTURE FOR FL-OFF & COUNTRY LIQUOR (CS) SHOPS

Geographical Local of Shop	Monthly C. Money of FL-OFF shop	Monthly C. Money of CL (CS) shop
Municipal Corporation & Puri Municipality	75,000	60,000
Municipality areas except Puri	60,000	50,000
Notified Area Councils (NACs)	50,000	40,000
Other areas	25,000	15,000

12. For renewal of existing FL-OFF & CS shops, the C. Money must be paid in advance by 31st March as per rules. Shops not renewed by 31st March 2018 would be freshly settled immediately through lottery with the above stated Consideration Money.

13. FL-OFF & CS shops which were closed for extensive periods, but not settled yet would also be settled immediately through lottery with the above stated C. Money.

2.4 Bottling Fee, Label Registration Fee and Excise Adhesive Label (EAL) Fee levied on a per unit basis

2.4.1 Label Registration Fee

Label registration fee for the year 2018-2019 has been made supplier wise instead of individual label wise. The existing supplier would need to pay a one time Annual Composite Label Registration fee for 2018-19 based on total number of cases supplied to OSBC Depots during Jan-Dec 2017; the amount calculated basis the formula provided below. For new suppliers, the structure is also provided below. Once the composite Label Registration Fee is paid for the year, the existing supplier can bring in as many labels, without any additional label registration fee, after getting them duly approved from Excise Commissioner.

Annual Composite Label Registration (ACLR) fee	Fee amount for Existing Suppliers (₹)	Fee amount for New Suppliers (₹)
Foreign Liquor Supplier (FMFL/ IMFL/ Wine)	5 times the total number of cases (all labels included) sold to OSBC by the supplier last year (Jan-Dec), for both civil & defense [ACLR = 5 * No. of cases supplied to OSBC in 2017] OR ₹ 2,000, whichever is higher	₹ 1,000 per annum per label

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Country Liquor Supplier (ACSIL&other ENA Based)	4 times the total number of cases (all labels included) sold to OSBC by the supplier last year (Jan-Dec), for both civil & defense [ACLR = 4*No. of cases supplied to OSBC in 2017] OR ₹ 2,000, whichever is higher	₹ 1,000 per annum per label
Beer Suppliers	3 times the total number of cases (all labels included) sold to OSBC by the supplier last year (Jan-Dec), for both civil & defense [ACLR = 3*No. of cases supplied to OSBC in 2017] OR ₹ 2,000, whichever is higher	₹ 1,000 per annum per label

2.4.2 Bottling Fee

From 1st April 2018 onwards, no **bottling fee** shall be applicable on any of the alcoholic beverage; for ones bottled for supply within the State as well as the ones meant for Exports. This shall lead to appropriate reduction in offer price of Odisha manufactured brands as bottling fee is at present part of offer price submitted/ approved.

2.4.3 Excise Adhesive Label (EAL) Fee

Cost of each EAL supplied from Excise Department will be ₹ 1.00

2.5 Import, Export and Transport Fee

SL	Category (Non-refundable)	Category-wise Amount (₹)
1	Import fee on RS/ENA procured from outside the state (per BL)*	8.5
2	Import fee on Ethanol/Power spirit for blending in Petrol (per BL)	0.5
3	Export fee on Rectified Spirit/ENA (per BL)	9.0
4	Transport fee on Rectified Spirit/ENA for preparation of IMFL/CS (Per BL) (procured within the state)*	7.0
5	Transport fee on Rectified Spirit/ENA for purposes other than preparation of IMFL/CS (per BL)	10.0
6	Import/Export and Transport PASS fee on IMFL, Beer and CS per transport pass	200.0
7	Import, Export and Transport fee Denatured Spirit (per BL)	9.0
8	Import, Export and Transport fee for Methanol for industrial use (per BL)	7.00
9	Export fee on Beer (per BL)	3.0
10	Import Fee on Beer (per BL)	6.0
11	Export Fee on IMFL (per LPL)	3.0
12	Import Fee on IMFL (per LPL)	15.0

*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.

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2.6 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	2,20,000
2	Cattlefeed	40,000
3	Guddakhu and similar small scale purposes	65,000
4	Trading for industrial purposes	11,00,000
5	Storage, possession and sale by sugar industry	1,60,000

2.7 Utilization Fee, transport, import, export for Molasses & Grains

Sl	Category(non-refundable)	Category-wise amount (₹ per-ton)
1	Utilization fee on molasses for Distillery	280
2	Utilization fee on molasses for Industrial and other purposes	320
3	Import fee on molasses (procured from outside the state)**	160
4	Export fee on molasses	110
5	Transport fee on molasses (procured from inside the state)**	45
6	Utilization fee on grains of any kind used for production of spirit & ENA	375

***Import Fee to be paid on the Molasses procured from outside the state, where as transport fee is to be paid only on Molasses procured from within state*

2.8 Mohua Flower Storage fee for OS Manufacturers

Sl	Storage in quintals (non-refundable)	Category-wise amount (₹)
1	Upto 500 quintals	10,500
2	501 to 1000	21,000
3	1001to 2001	42,000
4	2001to 5000	85,000
5	More than 5000	1,00,000

2.9 Mohua Flower Storage fee for Mohua Flower traders

Sl	Storage in quintals (non-refundable)	Category wise amount (₹)
1	Upto 500 quintals	18,000
2	501 to 1000	30,000
3	1001to 2001	60,000
4	2001to 5000	1,00,000
5	More than 5000	1,40,000



2.10 Mohua Flower: Utilization, Export, Import & Transportation for OS Manufacturers

SL	Category (non-refundable)	Category wise amount (₹perquintal)
1	Utilization/ Non utilization fee on Mohua Flower per quintal	700
2	Mohua export fee	200
3	Mohua transportation fee (procured from inside the state)*	35
4	Mohua import fee (procured from outside the state)*	35

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

2.11 Mohua Flower: Export, Import and Transportation for Mohua Flower traders

SL	Category (non-refundable)	Category-wise amount (₹per-quintal)
1	Mohua export fee	700
2	Mohua transportation fee (procured from inside the state)*	45
3	Mohua import fee (procured from outside the state)*	45

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

2.12 Wholesale License fee

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

2.13 Depot License fee for Wholesale trade

SL	Category (non-refundable)	Category-wise amount (₹Lakh per Annum)
1	Wholesale Depots with Foreign Liquor (including IMFL), Wine & BEER storage facility only (without Country Liquor)	20
2	Wholesale Depots with Foreign Liquor (including IMFL), Wine, BEER & Country Liquor storage facility	25

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3. PART- B

3.1 Excise Duty/ Countervailing Duty/ Vend Fee

Excise duties, Countervailing duties (levied on products imported from other States) and Vend Fees (levied on products imported from other Countries) on various products will be as mentioned below for the year 2018-19

3.1.1 Beer- Civil

SL	Category of BEER	Strength	ED/ CVD/ VF = Specific Component*BL+Ad Valorem	
			Specific Component (₹ Per BL)	Ad valorem Component (₹ as % on landing Cost)
1	All types of India made Beer	Up to 5% v/v	35	40%
		Above 5%v/v, but below 8% v/v	50	40%
2	All types of Beer imported from other countries	Up to 5% v/v	15	20%
		Above 5%v/v, but below 8% v/v	25	20%

3.1.2 Ready to Drink Beverages of low alcoholic strength (RTDs) – Civil

SL	Category	Strength	ED/ CVD/ VF = Specific Component*BL + Ad Valorem	
			Specific Component (₹ Per BL)	Ad valorem Component (₹ as % on landing Cost)
1	India made Ready to Drink Low Alcoholic Beverages	Up to 5% v/v	35	40%
2	Ready to Drink Low Alcoholic Beverages imported from other countries	Up to 5% v/v	15	20%
3	India made Ready to Drink Low Alcoholic Beverages	Above 5%v/v, but below 8% v/v	50	40%
4	Ready to Drink Low Alcoholic Beverages imported from other countries	Above 5%v/v, but below 8% v/v	25	20%

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3.1.3 Foreign Liquor (Including IMFL& FMFL) & WINE – CIVIL

SL	Category of Liquor	Strength (UP)	ED/ CVD/ VF = Specific Component*LPL + Ad Valorem	
			Specific Component (₹ Per LPL)	Ad valorem Component (₹ as % on landing Cost)
1	India made whisky, Gin, Rum, Brandy, Vodka & other liqueurs	75°	360	50%
2	Whisky Gin, Rum, Brandy, Vodka & other liqueurs imported in bulk & bottled in India	75° to 80°	360	50%
3	Whisky Gin, Rum, Brandy, Vodka & other liqueurs imported from other countries	75° to 80°	300	40%
4	India Made Wine	12° to 36°	200	40%
5	Wine Imported in bulk and bottled in India	12° to 36°	200	40%
6	Wine Imported from other countries	12° to 36°	100	20%

3.1.4 Excise Duty on CL other than OS i.e. ENA based CL and AKSA 40 (ACSIL)

SL	Category of Liquor	Strength	ED/ CVD/ VF = Specific Component*LPL + Ad Valorem	
			Specific Component (₹ Per LPL)	Ad valorem Component (₹ as % on landing Cost)
1	Country Liquor from ACSIL	40° UP	100	20%
2.	Country Liquor from other suppliers	50° UP	100	50%
3.	Country Liquor from other suppliers	60° UP	90	50%

3.1.5 FMFL/ IMFL/Wine/Beer Supplies to Troops and Military Bodies

Excise duties (or Countervailing duties or vend fee) on FMFL, IMFL, Wine & Beer supplied to troops & military bodies would be levied at **65%** of rate of duties applicable on corresponding/ similar civil products, except for rum. For rum, the applicable defense duty rate would be **55%** of the civil duty rate.

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3.1.6 Excise Duty on Others

Sl	Category of IMFL	Strength	Excise Duty=Specific Component*BL+Ad	
			Specific Component (₹ Per BL)	Ad valorem Component (₹ as % on landing Cost)
1	Bhang		500 (per Kg)	NIL
2	DS supplied to agencies other than Government Organization within the state		9.0	NIL
3	Liquor Cordial imported in bulk and bottled in India	60°	300	NIL

3.2 Additional Rounding off License fee

As was the case in the previous Excise Policy, the liquor MRP 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 that the liquor prices are rounded off to next ₹5. This Additional Rounding off 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

1. The offer price for any brand/pack size (IMFL, FMFL, Beer, Wine and CL (excluding ACSIL products) shall not be changed without the prior approval of the Price Fixation Committee
2. The wholesaler margin would be 1% of the landing cost for all products or as may be decided by the Board of the OSBC from time to time when a change in margin is needed
3. The Retailer margin would be as follows:

Items	Retailers' margin on (Issue Price + VAT)
BEER& RTDs - India made as well as imported from other countries	12%
Country Liquor (from ACSIL& other ENA based)	10%
IMFL& India made Wine - Including imported in bulk bottled in India	12%
Foreign Liquor (FMFL) & Wines imported from other countries	10%



4. PART- C

4.1 MGQ ON RETAIL SHOPS

The MGQ structure has been rationalized in order to facilitate retailers to avoid short fall in lifting. The MGQ for the IMFL "OFF" shops, CL& OS shops are detailed below:

MGQ OF FL-OFF SHOPS & CS SHOPS

FL-OFF SHOP		
Area Type	BEER MGQ-BL per ₹ 100 C. Money	IMFL MGQ-LPL per ₹ 100 C. Money
All Areas	10	7

COUNTRY LIQUOR SHOP	
Area Type	CL MGQ-LPL per ₹ 100 C. Money
All Areas	20

- It should be noted that, MGQ of Beer could be fulfilled by way of lifting Beer as well as RTDs
- It should be noted that, MGQ of IMFL could be fulfilled by way of lifting FMFL/ IMFL/ Wine
- It should be noted that, MGQ of CL could be fulfilled by way of lifting CL from ACSIL (ASKA 40) as well as CL from other ENA based CL manufacturers

4.1.1 MGQ OF ON SHOP, CLUB& HOTEL

MGQ for 'ON' shops/restaurants, without lodging facility will remain same as fixed in 2017-18.

4.1.2 MGQ OF OUT STILL SHOP

OS SHOP	
Area Type	Mohua Flower MGQ (in quintal) per 1000 CM
All Areas	1.25

4.1.3 MGQ FOR MOLASSES

The MGQ for lifting and use of molasses by the distilleries shall be fixed as per the formula as fixed 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 CONDITIONS FOR RENEWAL OF EXISTING FL-OFF AND CL (CS) LICENSES

There will be no increase in number of FL-OFF & CS shops except the Model Premium Foreign Liquor OFF shop recommended at Airports. However in order to protect government revenue and to not allow any area go dry for long, shops which were sanctioned in the past but not operational as on 1.4.2018 due to any reasons whatsoever, would be settled afresh through lottery.

The license of existing FL-OFF & CL (CS) EP holders would be renewed for a period as deemed appropriate by the Government, given that following conditions are met:

- a. **No shop license should be renewed, if the EP holder has entered into the business of manufacturing/bottling of IMFL/ Beer/ Wine/ Country Liquor/ Out Still**
- b. **No license shall be renewed, if the EP holder has sublet the operations to another person. Principle of natural justice should be followed while determining the issue of sublease by the Collector.**

On not meeting the conditions (a) & (b) cited above, the EP holders would be allowed to surrender the licenses and those retail shops could be settled afresh through lottery.

4.2.2 WHOLESALER (OSBC)

- I. Wholesaler should:
 - a. Ensure availability of at least 10% free space in all their depots all the time
 - b. Implement computerization from end to end.
 - c. Initiate destruction on unsalable goods (damaged or any other factor) in the Depot at earliest
 - d. Should aim to open more depots at appropriate locations to minimize the logistics cost of retailers.

It will be the wholesalers' responsibility to implement the above points.

4.2.3 IMFL 'ON' SHOPS AND BEER PARLOR

- I. **No 'ON' license shall be granted in shopping complexes, malls and in rural areas.**

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- II. However, new 'ON' License maybe issued in rural areas only for
 - a. Private hotels having lodging facility for at least 6 rooms,
 - b. Lodging facilities run by Odisha Tourism Development Corporation (OTDC), India Tourism Development Corporation (ITDC), Defense establishments & other similar establishments; and
- III. New 'ON' license may also be granted to star hotels which are parts of shopping malls.
- IV. Beer parlours would be allowed to sell Beer as well as RTDs

4.2.4 BHANG /TARI/POCHWAISHOPS

No license shall be granted for any new Bhang shop

4.2.5 COUNTRY LIQUOR SHOPS

- I. Country Liquor (CL) includes, CL manufactured by Aska Co-Operative Sugar Industries Ltd. (ACSIL) i.e. 'ASKA 40' of strength 40⁰ UP and other ENA based CL of 50⁰ UP/ 60⁰ UP strength
- II. Pack size allowed for CL from ACSIL – 200 ml
Pack Size allowed for CL from other manufacturers – 300 ml & 600 ml
- III. ACSIL will shift base of manufacturing 'ASKA 40' CL from Rectified Spirit (RS) to Extra Neutral Alcohol (ENA) at the earliest preferably before 1.7.2018. They should not place any new order to procure Rectified Spirit & must take all necessary steps to ensure that shifting from RS base to ENA base happens without affecting availability of their product.
- IV. In order to eliminate the scope of adulteration, no liquor except OS liquor shall be sold in container other than glass bottles. Existing ENA based CL manufacturing units would be given a transition time of two months only i.e. till 31.5.2018. Excise Officer-In-Charge (OIC) at the manufacturing unit should ensure that no pet based CL is manufacture/ bottled/ supplied from 01.06.2018 onwards.
- V. As specified, ENA based cheap liquor (terminology used earlier) would be called CL and hence, it would not be issued to any other retail except the Country Liquor Shops (existing CS shops). Existing stocks available with IMFL OFF shops should be exhausted by 31.5.2018.
- VI. As CL shops operate in 9 districts, all Country Liquor products would be sold in these 9 districts only.

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4.2.6 OUT STILL SHOPS

The license of all existing Out Still Shops operating in 21 Excise districts namely, Sambalpur, Bargarh, Jharsuguda, Deogarh, Sundergarh, Bolangir, Sonapur, Kalahandi, Nuapada, Boudh, Koraput, Rayagada, Malkangiri, Nabarangpur, Angul, Keonjhar, Mayurbhanj, Ganjam, Berhampur, Gajapati and Dhenkanal could be renewed for a period as deemed appropriate by Government w.e.f. April 2018 with 20% increase over and above the existing consideration money.

- 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. The collectors may allow up to 10 (ten) branch shops to be operated by each Exclusive Privilege license holder with a monthly license fee of ₹25,000 per branch shop
- VI. Any shop once settled and started operating shall not be shifted ordinarily within a given financial year.
- VII. Any Mohua flower transaction beyond the limits of possession should be accompanied by a transport pass.
- VIII. Additional guidelines for OS Shop would require them to include in the packet.
 - a) Name of the shop
 - b) Date/Month/Year of manufacturing of liquor
 - c) Net content
 - d) Code number along with identification mark of the shop approved by the Superintendent of Excise



- e) All OS shops must ensure cleanliness and hygiene in their compound
 - f) 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 other than Mohua flower for making OS shall be held guilty of violation of legal provisions and the license shall be cancelled forthwith.**
- IX. Collectors shall ensure that random samples of OS liquor are drawn & tested at regular intervals.

4.2.7 IMFL OFF SHOPS

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

- I. Rate list.
- II. Opening /Closing time.
- III. Age group which is not allowed to buy.
- IV. Health warning i.e. "Excess alcohol consumption is injurious to health"

Moreover:

- I. No license shall be granted to a liquor shop having the name of deities / eminent personalities (living on dead) which can hurt the sentiments of the people.
- II. It is also observed that many liquor shops are using the word 'Sarkari' in the name of the shop. No OFF shop should use 'Sarkari/Government' in their name. The license holder may use 'Licensed FL OFF shop' signage.

4.2.8 MAXIMUM RETAIL PRICE

Maximum Retail Price (MRP) will be displayed on each bottle of FMFL, IMFL, Wine, Beer and Country Liquor 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 & CL shops are required to display up to date MRP chart.

- 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

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4.2.9 FOREIGN MADE FOREIGN LIQUOR / IMPORTED WINE / IMPORTED 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 proceeds 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.

4.2.10 MODEL PREMIUM FOREIGN LIQUOR OFF SHOP

It is proposed to allow Model Premium Foreign Liquor OFF Shops only in Airports (Arrival/Departure) as per guidelines issued by Airport Authority of India (AAI). These shops will be permitted to sell Foreign Made Foreign Liquor (FMFL), Premium IMFL (offer Price of case above 4000) and all types of Wine. The annual license fee for the shop is fixed at ₹ 4.0 lakh per annum. The recommendations from AAI would be considered while giving license for these shops in airports. . No MGQ would be imposed on such shops.

4.2.11 MICRO BREWERY

In order to facilitate availability of low strength liquor, 'ON Microbrewery' license may be granted 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 1,000 BL per day. The license fees, duties and other statutory levies are as explained in Part A and Part B.

- 1) The Micro-Brewery shall manufacture Draught Beer for consumption of the Customers within the premises with an installed capacity not exceeding 1,000 Liters/day.
- 2) These can be established in 3 Star and above rated hotels in six major cities i.e. Bhubaneswar, Cuttack, Puri, Rourkela, Sambalpur and Berhampur.



- 3) In case of independent licenses, the license premises must have adequate space, with a functioning restaurant and required parking facilities. NOC from the local statutory authorities including Odisha Pollution Control Board, Fire Officer should be obtained for the purpose.
- 4) The licensee shall arrange to check the quality of raw materials used and the liquor produced in the microbrewery by a certified chemist.
- 5) The beer so produced in the microbrewery shall be released for sell only after the chemist certifies that such beer is fit for human consumption.
- 6) The licensee shall arrange to draw the beer samples once in every week and forward the same to laboratory for analysis.
- 7) The report so obtained shall be displayed in the premises of the microbrewery.
- 8) The alcohol content of the product consumed shall not exceed 8% v/v.
- 9) The PH, temperature and gravities of the Brews up to maturation stage should be recorded and subject to inspection as and when called for by competent authority.
- 10) The premises must be maintained neat and clean with proper ventilation, lighting and should meet all safety and emergency standard.
- 11) The beer dispensing system including glasses and serving table must be maintained to ensure proper hygiene.
- 12) Periodic fumigation by certifying person of the storage facility and as well as the premises to be done regularly and the records maintained there in.
- 13) The rate of Duty shall be on the actual production @ ₹15.00/BL which shall be paid with the license fee periodically as recommended by the Commissioner of Excise.
- 14) All general provisions contained in the prevalent Excise Act & Rules shall be made applicable to establishment of Micro-Breweries.
- 15) The micro-Brewery licensee must have a valid bar license.

4.2.12 DRAUGHT BEER TO BE SOLD FROM KEGS/CASKS

Draught beer may be imported/supplied in Kegs through OSBL in containers of 30/50 BL conforming to FSSAI standards to be sold in Beer parlors, IMFL ON Restaurants in 6 major cities i.e. Bhubaneswar, Cuttack, Rourkela, Sambalpur, Puri & Berhampur by mounting on standardized



vending machines with tamper proof unidirectional flow system duly certified and installed by the concerned Beer supplier. The Beer Parlors proposing to sell such Draught beer must have suitable sitting / lounge facilities. All such Beer shall be sold within 6 months from the date of manufacture.

4.2.13 EXCISE ADHESIVE LABEL FEE APPROVED BY GOVERNMENT

Affixing of Excise Adhesive Label (EAL) supplied by the Excise Department shall be compulsory on FMFL, IMFL, Wine Beer and Country Liquor bottles/cans.

- I. EAL type for FMFL, IMFL and Wine shall be same
- II. EAL type for CL would be separate from above (applicable on ACSIL & other CL manufacturers)
- III. EAL type for Beer & RTDs would be separate from above two types

Non affixture of Excise Adhesive Label by any company will invite penalty as specified in PART A, in addition to legal actions as per law.

Excise administration shall be fully digitized, each EAL shall be tracked from source to point of sale. Excise commissioner would be taking appropriate steps in order to ensure the complete digitization of Excise Directorate & other Excise offices.

4.2.14 ADVANCE CONSIDERATION MONEY FOR FL-OFF/ CL/ OS/ TARI/ POCHWAI/ BHANG SHOP

Advance consideration money of 3 (three) months for the existing IMFL OFF/CL/Out-Still/Tari/ Pochwai and Bhang licensees shall be collected by 31.03.2018 from those EP holders who have applied for renewal of their license. No license shall be issued if this is not complied with.

In addition to above advance consideration money, each licensee has to pay interest free security deposit equivalent to one time monthly consideration money in case of renewal of their license in the year 2018-19.

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



4.2.15 LOCATION OF LIQUOR SHOP

- I. No signage will be used by any licensed permits located along NH/SH, as directed by the Hon'ble Supreme Court on 15.12.2016.
- II. No shop shall be allowed to be shifted before it starts functioning at its original location.
- III. A shop situated in rural area will be allowed to be shifted to another location in the rural areas only. Ordinarily shifting would be confined to the same Gram Panchayat or an adjoining Gram Panchayat. Similar principle shall be followed in case of urban areas / wards. Invariably, public objection shall be invited for the new location before shifting.
- IV. Collectors shall strictly adhere to the provisions of the PESA Act, 1996 and the detailed guideline issued by the Excise Department vide Letter No. 7026, Dt. 7.12.2017 at the time of renewal of existing shops and opening of new liquor shops in Schedule Areas of the State. **No shop in Schedule Area shall be renewed if the Gram Sabha has any objections.**

5. MISCELLANEOUS

- 5.1 Typographical error (s) & inconsistencies in this document, if any shall be clarified by Excise Department /Excise Commissioner in consonance with the Act & the Rules.

—D 28/3/2018
C NIKUNJA (B. DHAL)
Principal Secretary
Excise Department
Govt. of Odisha