

2016-2017

ODISHA STATE BEVERAGES CORPORATION LIMITED



LIQUOR SOURCING POLICY: 2016-2017



LIQUOR SOURCING POLICY 2016-2017

ODISHA STATE BEVERAGES CORPORATION LIMITED

(A Government of Odisha Undertaking)

Notification No.

Dated:

LIQUOR SOURCING POLICY, 2016-17

1. INTRODUCTION

The Bihar and Orissa Excise Act, 1915 was amended by insertion of Section 20-A by the Odisha Act 9 of 2000. Under Section 20-A, the right to carry on wholesale trade and distribution of foreign liquor and country liquor in the State vested in the State Government or an agency of the State Government or a Corporation established and incorporated under the Companies Act, 1956 and wholly owned and controlled by the State Government for the purpose. Thus, the “ODISHA STATE BEVERAGES CORPORATION LTD.” has been incorporated under the Companies Act, 1956 on the 6th day of November 2000, with the corporate objectives of efficient and effective distribution, import and export of F.L., Beer and C.S. with growth having social responsibility while adhering to legal and financial propriety. The name of the Corporation has been changed to “Odisha State Beverages Corporation Ltd” from “Orissa State Beverages Corporation Ltd.” consequent upon change of the name of the State from “Orissa” to “Odisha”.

The State Government, vide Excise Department Notification No. 514/Ex Dated 30th January 2001, appointed the 1st day of February 2001 as the date on and from which the right to carry on the importing, exporting and the wholesale trade and



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distribution of foreign liquor in the State solely vest in the Odisha State Beverages Corporation Limited, in short OSBC or the “Corporation”.

The main purpose with which the Corporation has come into being is (1) to provide transparency in distribution and supply system of IMFL/FMFL/Beer/CS (2) to exercise control over quality of the same and (3) to sell the same to the licensed retail vendors who then sell it to the consumers at their designated retail outlets in the State and, further, to garner revenue to the State exchequer.

2. PREAMBLE

The Corporation is the sole wholesaler for all kinds of IMFL / Beer including Foreign Made Foreign Liquor and Country Spirit in the State of Odisha. The liquor sourcing policy of the Corporation lays down the provisions that govern the wholesale trade of the above liquor products. The terms and conditions of purchase, sale, import, export and transport of such liquor are prescribed in the policy. The suppliers, who have already been registered or who intend to be registered to carry on their transactions with OSBC, are to adhere to the procedure prescribed in the liquor sourcing policy.

3. DEFINITION

In this Policy, unless there is anything repugnant to the subject or context, the following shall mean as defined hereunder:

3.1 Corporation: Odisha State Beverages Corporation Ltd or, in short, OSBC having its registered office at 2nd Floor, Fortune Towers, Chandrasekharpur, Bhubaneswar-751023.



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3.2 Supplier/Seller: Person, Firm or Company or Corporation duly registered with the Odisha State Beverages Corporation Limited those who offer to sell their products i.e. IMFL/ FMFL/ BEER/ CS to the Corporation.

3.3 Brands: Different types of Whisky, Brandy, Rum, Gin, Vodka, Wine, Beer and Country Spirit manufactured and sold to the Corporation by the registered suppliers under different names / labels which are duly approved by the Excise Commissioner of Odisha.

3.4 Offer Price: Price at which the Supplier/Seller offers to sell its IMFL/FMFL/Beer products to the Corporation is the F.O.R. destination price that includes expenses of the Supplier/Seller towards package, freight, insurance, EAL fee, bottling fee etc. and taxes, if any, other than State Excise Duty, Import Fee & Entry Tax. Upon approval by Price Fixation Committee of the Corporation constituted by the Government, this becomes the Offer Price for the Corporation.

3.5 Landing Cost: Includes Offer Price, Import Fee (as per Government Policy in the relevant year) & Entry Tax.

3.6 Purchase Price: This is the total Purchase Price for the Corporation, which is excise duty added to landing cost.

3.7 Sales Price: The price at which OSBC sells IMFL/FMFL/Beer/Country Spirit to the licenced retailers excluding VAT and TCS. Thus, Sales Price is the Purchase Price+ OSBC's Profit + Additional Rounding off License fee (as per Government Policy in the relevant year).



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3.8 Case: Package containing 09 numbers of bottles of 1000 ml. each **OR** 12 numbers of bottles of 750 ml. each (quarts) **OR** 24 numbers of bottles of 375 ml. each (pints) **OR** 48 numbers of bottles of 180 ml. each (nips) **OR** 96 numbers of bottles of 90 ml. each in case of IMFL **and** 12 numbers of bottles of 650 ml. each **OR** 24 numbers of bottles of 330 ml. each **OR** 24 canes of 500 ml. each in case of Beer **and** 25 numbers of bottles of 200 ml. each in case of Country Spirit or any other package as and when duly approved and introduced.

3.9 Foreign Liquor: As notified by the State Government under Section 4 of the Bihar and Orissa Excise Act, 1915 to be “Foreign Liquor.”

3.10 Retailer: Person or Firm or Company/Military or Para Military concern to whom the Excise Department has given licence to sell IMFL / FMFL / Beer / Country Spirit at their respective designated retail outlets to the end consumers.

3.11 Import: Act of bringing IMFL/FMFL/Beer/Country Spirit into the State otherwise than across a customs frontier as defined by the Central Government.

3.12 Export: Act of taking IMFL/FMFL/Beer/Country Spirit out of the State otherwise than across a customs frontier as defined by the Central Government.

3.13 Transport: Act of moving IMFL/FMFL/Beer/Country Spirit from one place to another within the State.

3.14 The following, as defined by the State Government, for the purpose of the Act, in Excise Department Notification No. 424/ Ex, Dated 1.4.1970 under Section 4 of the



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Bihar and Orissa Excise Act, 1915, shall be deemed to be **Country Liquor**, **Foreign Liquor** and **Country Spirit**.

3.14.1 Country Liquor:

- (i) Plain spirit which has been made in India from materials recognized in Odisha as bases for country spirit, namely rice, gur, treacle or molasses, and on which duty has not been paid at the rate fixed for importation of spirit into India.
- (ii) tari or toddy, and
- (iii) all fermented liquors made from mohua, rice, millet or other grains according to indigenous processes.

3.14.2 Foreign Liquor

- (i) Beer and spirit, wines and liquors which have been imported into India and were liable, on such importation, to duty under the Indian Tariff Act or the Customs Act.
- (ii) Beer which has been brewed in India, or imported into India in a condensed form and afterwards converted into potable beer and on which duty has been imposed at the rate fixed for the importation of beer into India,
- (iii) Rectified spirit which has been made in India and on which duty has been imposed at the rate fixed for importation of spirit into India,
- (iv) Spirit which has been made in India and has been sophisticated or compounded so as to resemble in colour and flavour of whisky, brandy, gin, rum or liquor,
- (v) Spirit which has been made in India from some special bases (such as malt or toddy) not recognized in Odisha as bases for country spirit, and on which duty has been imposed at the rate fixed for the importation of spirit into India,



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- (vi) Wines and liquors which have been made in India and on which duty has been imposed at the rate fixed for the importation of wines or liquors into India,
- (vii) De-natured spirit, and
- (viii) Perfumed spirit and spirit used in drugs, medicines or chemicals, whether manufactured in India or imported from foreign countries.

3.14.3 Country spirit

Means plain spirit which has been made from the base “molasses” and authorized to be supplied under license issued by the Excise Department.

4. SUBMISSION OF INITIAL DOCUMENTS FOR REGISTRATION

4.1 Suppliers desirous of registering their names for selling / supplying liquor (IMFL/FMFL/Beer) to the Corporation are required to submit the following documents:

- 4.1.1 Memorandum of Association and Article of Association of the Company duly attested by the Notary.
- 4.1.2 Copy of the Resolution of the Board of Directors duly certified by the Notary.
- 4.1.3 Copy of the Registration Certificate of the Central Sales Tax/VAT.
- 4.1.4 Copy of the Label Registration Certificate as issued by the Excise Commissioner, Odisha for the specific brand in favour of the supplier seeking registration with the Corporation.
- 4.1.5 Set of labels approved by the Excise Commissioner, Odisha.
- 4.1.6 Copy of the License to Manufacture.
- 4.1.7 Copy of licence of Brewery/ Distillery/ Bottling Units.
- 4.1.8 Identity and Residential proof.
- 4.1.9 Original Power of Attorney / Original Authorization letter furnished by the supplier company to deal with the Corporation.



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- 4.1.10** Security deposit of ₹ 5, 00,000/- (Rupees Five Lakh) only interest free in shape of Demand Draft drawn in favour of OSBC Ltd. payable at Bhubaneswar, which is refundable.
- 4.1.11** Registration fee of ₹ 50,000 (Rupees Fifty Thousand) only per year which is non-refundable.
- 4.1.12** Sales Tax Registration No., VAT / TIN No. & PAN / TAN No. (copies thereof)
- 4.1.13** Form No. 32 (Particulars of appointment of Directors) under the Companies Act, 1956.
- 4.1.14** An undertaking in the form of affidavit to the effect that in the event of any taxes, statutory duty/duties either leviable but not levied or to be levied in future by any statutory authority, including the State Government shall be honoured for payment by the suppliers/sellers.
- 4.1.15** Any other documents/information as may be required by the Corporation from time to time.

4.2 Registration fee: The Corporation will deal with only those suppliers who have got their names registered as its bonafide suppliers. Each supplier has to deposit a non-refundable sum of ₹ 50,000 (Rupees fifty thousand) only towards registration fee per annum in shape of a/c payee Demand Draft drawn from any Nationalized Bank in favour of OSBC Ltd. payable at Bhubaneswar after obtaining registration of his brand/brands from the Excise Commissioner, Odisha.

4.3 Security Deposit: Each Supplier has to pay one time refundable security deposit of ₹ 5.00 lakh (Rupees Five Lakh) only in shape of a/c payee Demand Draft from any Nationalized Bank in favour of OSBC Ltd. payable at Bhubaneswar, which shall not carry any interest.



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5. DECLARATION AND REVISION OF OFFER PRICE

- 5.1** The prices offered by the supplier/seller, after their approval by the Price Fixation Committee constituted by the Govt. in Excise Department shall be valid till revision. However, the request for revision of offer price shall be entertained only for the next financial year. The decision of the Price Fixation Committee with respect to change in offer price of the different products shall be binding on the suppliers.
- 5.2** The suppliers are to submit their Offer Price to the Corporation and the Corporation will fix Sales Price for the retail vendors taking into consideration the Entry Tax, State Excise Duty, Import Fee, profit of the Corporation & Rounding off License Fee. Sales Tax/VAT and any other applicable taxes will be imposed on the Sales Price. The Corporation will remit Entry Tax, State Excise Duty, Sales Tax/VAT, rounding off License Fee and other applicable taxes to the respective appropriate authorities.
- 5.3** Post Offer Price fixation by Price fixation Committee, the suppliers are not allowed to change their offer prices during a financial year. No request in this regard would be entertained.
- 5.4** The suppliers are required to declare the prices for their brands prevailing in the neighboring States of Odisha through affidavits. They shall also submit fresh declaration with regard to any change in the prices of brands in the neighboring States, as and when the same takes place, in the form of affidavit.
- 5.5** The prices quoted should be F.O.R. destination price that includes expenses of the Supplier/Seller towards package, freight, insurance, EAL fee, bottling fee etc. and taxes, if any, other than State Excise Duty, Import Fee and Entry Tax. The supplier has to incur the entire expenditure till the consignment is received at the destination i.e. at the designated depot of the Corporation or any other location within Odisha as specified in the Import Pass/Transport Pass and unloaded and stacked in the godown.



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5.6 The supplier shall submit offer price only for the brands which have valid label registration obtained from the Excise Commissioner, Odisha as on the date of submission of offer price which shall remain valid during the entire period of agreement. He shall give a declaration of the list of brands of liquor which will be manufactured by him and the brand(s) which he will not manufacture clearly indicating the name of the manufacturer who will manufacture the said brand(s) for him by virtue of licence issued by the Excise Commissioner, Odisha to manufacture the same for the supplier.

5.7 If a supplier does not manufacture his brand but gets it manufactured for him by another unit/company, he shall clearly specify that a valid agreement between the licensed manufacturer of the said brand of liquor and the supplier exists for manufacture of the said brands by the manufacturer and for its supply by the supplier to the Corporation. The supplier will only raise the invoice. In case the manufacturer, who is not the supplier, supplies the said brands of liquor from his factory premise to the Corporation and raises the invoice, the invoice shall clearly specify that the same is raised for and on behalf of the supplier only and the supplier shall countersign the said invoices under his seal and signature. The payment for all supply shall be made to the supplier only and not to the manufacturer. The Corporation will in no way be responsible or be a party to any dispute arising inter-se between the supplier and the manufacturer, legal or commercial in connection with payment/non-payment/outstanding payment etc., nor the Corporation will be liable to make any payment to the manufacturer under any circumstances. The Corporation will not entertain any claim from the manufacturer. On the other hand, the supplier shall indemnify the Corporation for any loss that the Corporation will have to incur on account of such dispute.



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- 5.8** The supplier shall submit offer price for his products on competitive basis keeping in view the existing prices of brands in similar segments. The supplier shall state the offer prices of brands in similar segments available in the market comparing the same to that of his brand.
- 5.9** The offer price quoted shall be uniform all over the State irrespective of the location of the Corporation's depots.
- 5.10** The offer price quoted has to be rounded off to the nearest rupee.
- 5.11** The Government of Odisha constituted in April, 2003, a Price Fixation Committee consisting of five members including CMD/MD of OSBC as the member-convenor to determine the purchase price and sales price of different brands of IMFL / FMFL / Beer / CS supplied to the Corporation by the suppliers with reference to the landing cost in the neighboring States. The MRP of the brands is also taken into consideration while deciding the purchase price.

The procedure adopted for calculation of sales price on the offer price is as under:



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Procedure adopted for calculation of OSBC's Sale Price to Retailer and MRP:

Offer Price	A	Offer price submitted by the supplier when accepted by the Corporation becomes the approved Offer price for the Corporation.
Import Fee	B	Import Fee on the stock imported from outside the State as per the Excise Policy for the year.
Entry Tax	C	1% of (A+B+E)
Landing Cost	D	A+B+C
State Excise Duty	E	As Notified by the Government under the Excise Policy of the State for the year.
Purchase Price	F	D + E
Profit	G	OSBC profit as fixed from time to time by the Board of Directors of OSBC. {See Para 30.2}
Additional Rounding Off License Fee	H	Additional rounding off license fee for rounding off the MRP to nearest rupee 5. This amount is to be paid to the State Government
Sale Price	I	F + G + H
VAT	J	As per Government Notification. Now it is @ 35% of (I). (20% for C.S)
Total	K	I+J
TCS	L	@ 1 % of K as per provisions u/s 27 C of the I.T. Act.
Amount payable by Retailer	M	K+L (i.e. the total invoice amount raised on the retailer)
MRP per Case	N	K + retailer's margin as per the rate fixed by the Government from time to time.
MRP per Bottle	O	N divided by the number of bottles in the Case



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6. PROCEDURE FOR SUPPLY

6.1 In respect of the supplies made to the Corporation, it is the supplier who will be the 'consigner' and it is the Corporation who will be the 'consignee'. Unloading or loading, as the case may be, of the goods at the depots shall be done by the supplier and the charges of unloading/loading shall be borne by him. In respect of the supplies - both inside and outside the State of Odisha - the consignments strictly as per the purchase order issued by the Corporation have to be dispatched only under the cover of valid transport pass and import permits respectively issued in the name of M/s. Odisha State Beverages Corporation Ltd. by the competent authority as decided by the Government. Import of IMFL/FMFL/Beer into the State from outside the State of Odisha involves remittance of the statutory levies to the Government of Odisha at the prevailing rates.

6.2 For safe and smooth unloading and loading at different depots, the Corporation will select agencies and finalise the labour rates. The suppliers and retailers paying their charges shall utilize services of such agencies for unloading and loading as the case may be. It will be the responsibility of the suppliers/retailers for safe unloading, proper stacking and loading of the liquor at the depots.

6.3 Before the Import Permit is delivered, the suppliers from both inside and outside Odisha have to pay in advance the import fee and the excise duty at Government prescribed rate as temporary security to OSBC to obtain the import pass or transport pass as the case may be for transportation of the liquors to its designated depots. The Corporation will settle the advanced amount, paid as temporary security towards the import fee and excise duty, with the regular invoice amount after the sales are affected, either in whole or in parts. Any amount, if held to be due towards fee/duty/tax or towards past transactions will be recovered from the supplier or adjusted from the payments to be made to the supplier.



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6.4 In respect of stocks of IMFL/FMFL/Beer imported from outside the State and procured from within the State, all the bottles are invariably to be affixed with Paper/Polyester-based Hologram called Excise Adhesive Labels (EAL) supplied by the Excise Commissioner, Odisha, failing which the Supplier shall be liable to pay penalty as per Excise Policy to the Government.

7. PACKING

7.1 Supplier shall ensure adequate and proper packing of the goods to prevent any loss, damage or deterioration of the contents during transit, loading, unloading and stacking.

7.2 Any loss on account of damage and breakage of the goods supplied to the Corporation due to defective and improper packing and also due to the manufacturing defects shall be borne by the supplier and adjusted from the account of the supplier and the Corporation shall not be responsible.

8. DISPATCH NOTE

8.1 Within 24 hours of dispatch of the consignment, the Supplier i.e. the Consigner shall transmit the following particulars to the concerned OSBC depot i.e. the Consignee.

- i. No. & Date of Import / Transport Pass and the description of the quantity dispatched
- ii. No. & Date Export Pass and description of quantity dispatched.
- iii. Mode of dispatch indicating the vehicle registration number and type of vehicle.



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9. DELIVERY SCHEDULE

- 9.1** The supplies should be made in strict conformity to the delivery schedule as indicated on the purchase order and body of import permits or transport passes as the case may be. The stocks should be delivered on the working days and during the working hours of the depots. The addresses of the location mentioned may undergo change and the Corporation may open additional depots and include the same in the list.
- 9.2** The Corporation will not receive stocks at the depots during holidays. In case the consignments arrive at the depots on a holiday, the suppliers shall have to wait till the next working day for unloading. If no space is available in the concerned godown when the consignment arrives, the supplier shall wait till availability of the same for unloading of the stock. The responsibility for safe custody of the stock till acceptance of the consignment at concerned depot shall be that of the supplier.
- 9.3** The Supplier shall attach the original Invoice with a duplicate copy of the same to his dispatch note to the destination depot and simultaneously send a triplicate Invoice copy to the Corporation Head Office.
- 9.4** Transshipment of consignment en-route (movement of stock from one container or vehicle to another during transit for further transport) is not permissible.
- 9.5** The Corporation reserves the right to order any quantity for any depot.



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10. RESPONSIBILITY OF SUPPLIER

The responsibility for all legal and financial implication arising out of the delay in dispatch of the consignment or delay in reaching the destination depot or deviation from the terms and conditions of the import permits/transport passes issued by the competent authority shall rest on the supplier. Accordingly, the supplier shall ensure the following at his risk and responsibility:

10.1 The consignment shall be dispatched from the Bottling unit/ Distillery/ Brewery sufficiently in advance before the expiry of the import permit/transport pass issued by the Competent Authority.

10.2 The consignment should reach the destination depot and delivery affected before the expiry of the validity of the import permit/ transport pass.

10.3 The consignment should travel exactly along the route prescribed in the import permit/transport pass and there shall be no deviation there from. The Corporation shall not be held responsible for any action that may be taken by the Excise authorities for any violation of the terms and conditions of the import permit/transport pass or other relevant rules. The entire responsibility shall rest with the supplier in this regard. The Corporation shall not be responsible for any consequences on account of the default of the supplier in this regard. Further, the Corporation Shall take no responsibility for delays in the arrival of the shipment & delays in unloading the stock at the destination depot as a result of complications arising out of the deviations mentioned above. The Corporation shall not be responsible to refund the advance paid towards import fee or excise duty on consignments, which are ordered to be confiscated by the Excise Commissioner or Government of Odisha or any other Competent Authority as a consequence of deviation from the terms and conditions of the import permit/transport pass.



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10.4 In case the Supplier is not in a position to dispatch the goods sufficiently in advance of the expiry of the import permit/transport pass, he shall report the matter to the General Manager (Operation) of OSBC so as to reach him at least four days before the expiry of the import permit/transport pass, along with the pass in original and certificate of non-utilization issued by the Excise Supervisory Officer in charge of the Bottling Unit/Distillery/Brewery, explaining the reasons of non-execution. The Corporation may thereupon seek extension of the validity, as may be required, subject to such further terms/payments as specified hereunder and depending upon the circumstances of each case. Request for extension of the validity of pass received later than the period specified above will be summarily rejected and the Corporation will not be held liable to refund the amount advanced by the supplier towards the import permit/transport pass, in case such amounts are forfeited by the Excise Commissioner/ Government of Odisha under the Rules. It shall be the complete responsibility of the supplier to ensure due compliance of all laws, rules & regulations and instructions including, in particular, the provisions of BIHAR AND ORISSA EXCISE ACT, 1915 or the Excise Law in force and rules made there under. The Supplier shall indemnify the Corporation against all losses and inconvenience caused to the Corporation in the context of any violation of laws, rules and regulations and instructions or accident caused to the goods in transit.

10.5 The supplier shall make adequate arrangements for transport and delivery of consignment at the designated depots. In the event of any accident en-route, the supplier should immediately lodge a complaint at the police station having jurisdiction. Simultaneously, the consignee shall be informed of the accident immediately by the quickest mode of communication. The supplier shall procure all relevant documents in proof of the accident in case revalidation of passes and any other legal formalities are to be complied with.



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- 10.6** It shall be the responsibility of the supplier to get the brand approved from the Commissioner Excise and ensure its validity throughout the period of the agreement. The supplier will obtain the label registration from the Excise Commissioner, Odisha as per the prescribed rules of the Government.
- 10.7** Since the validity of the label approval expires on 31st March next, it shall be ensured by the supplier to obtain fresh label registration and produce the same at the Corporation Head Office on or before 25th March in order to enable the Corporation to continue sale of the concerned brands to the retailers after 31st March without interruption.
- 10.8** The Supplier shall remain liable to furnish standard information as may be required by the Corporation from time to time, failing which it shall be treated as non-submission of the information, against which the Corporation shall be at liberty to take suitable action.

11. STOCK PROCUREMENT NORMS

- 11.1** The Corporation will be under no obligation to procure any specified minimum quantities of any brand of IMFL/FMFL/Beer during the period of currency of the contract. The quantity to be procured from time to time shall depend upon the demand for the product. Further, the Corporation shall not be under any legal compulsion to procure all or any particular brand or brands supplied by a particular supplier simply because they have signed the Agreement and have made an offer. It is the duty and responsibility of the suppliers to assist the Corporation to market its products.



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11.2 The Corporation will ordinarily deliver Import permits/ transport passes to the Supplier basing on the actual sales during the previous month by adopting the following formula:

11.2.1 1.5 times of sales in the previous month (-) Closing Stocks (-) pending orders.

11.2.2 In respect of stocks to be imported from the Distilleries / Breweries situated outside the State, twice the sales will be taken into account instead of 1.5 times with the rest of the formula remaining the same.

11.3 In respect of brands with low volume of sales, the Corporation will consider the eligibility depot-wise/size-wise to meet requirements. The supplier should, on the request of the Corporation, shift the stocks from one depot to another at its own cost and risk. The closing stocks of any brand at any depot shall not normally exceed the quantity anticipated to be sold in 15 days.

12. TERMS OF PAYMENT

12.1 Stocks received in good and perfect condition shall alone be accepted. The cost of breakages in transit/unloading/storage shall be borne by the supplier. Stocks, which are found defective in packing or in quality or in any other aspects during verification at the time of delivery, shall be rejected summarily and these rejected stocks shall be disposed of as per the rules laid down by the Corporation.

12.2 Payments shall be made to the extent of sale only. The procedure normally adhered to for release of the payments to the suppliers is as under:



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(a) In case of a new supplier :

1. Purchase price (Items Sold)
2. Less Entry Tax (Only of Outside Items)
- (A) Payable to the supplier (1-2)**
3. Less Cash discount (as applicable)
4. Less Other deductions (Stock Holding charges, revalidation charges, applicable taxes etc.), if any
- (B) Net amount payable to supplier {A-(3+4)}**

(b) In case of an existing supplier :

5. Less Payments taken
6. Less Deposit towards Advance Excise Duty
7. **Final amount payable to the supplier i.e. {B – (5+6)}.**

12.3 The suppliers shall extend help to the Corporation in the sales made by it to the licensed retailers.

12.4 Payments will be made to the supplier normally after the **45th** day from the date of sale of the stocks. Payment shall be restricted to the actual quantities sold duly withholding an amount equivalent to the value of actual or estimated unsold stocks as on the date of preferring the claim.

12.5 The goods shall be dispatched on the same day as on the day of raising of the Invoice (as evidenced by the Excise Import/Transport Pass etc.)



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12.6 The Corporation may make payments to the supplier earlier than 45th day of sales to the retailers availing the following cash rebates:

12.6.1 1.50 percent for payment made within 15 days from the date of sale of the stock.

12.6.2 1.00 percent for payments made between the 16th and 30th day from the date of sale of the stock.

12.6.3 0.50 percent for payments made between 31st and 45th day from the date of sale of the stock.

12.7 The supplier shall raise the Invoice strictly as per the description of the goods specified in the purchase order of the Corporation and as per the offer price last accepted by the Price Fixation Committee.

12.8 If the stocks are not liquidated within 120 days, the Corporation shall charge ₹ 1/ (Rupees one) only per case per day on those stocks which do not get disposed of / sold within 120 days till it is due for destruction as per approved norm/order of the Corporation.

12.9 The Corporation will take steps for destruction of the stocks of IMFL which are more than 3 (three) years old and FMFL which is more than 5 (five) years old from the date of their manufacture by following the approved procedure. The said stocks shall not be returned to the suppliers nor any compensation will be payable to him for the quantity destroyed. Further, the supplier shall bear the cost of such destruction.



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- 12.10** Beer which is more than 6 months old from the date of manufacture will be destroyed at the liberty of the Corporation after obtaining the permission from the Excise Commissioner. The expenditure to be incurred for destruction of beer shall be borne by the supplier.
- 12.11** In case a registered supplier is found to be not doing business with OSBC for more than a year, the Corporation shall be at liberty to delist such supplier from its suppliers' list and forfeit the security deposit made by him with the Corporation after issue of three letters and a show cause notice. Evidence of dispatch issued by the postal authorities or courier service agencies to the effect shall be an admissible evidence for taking the final decision on delisting a supplier and forfeiting his security deposit.

13. QUALITY AND CONDITIONS OF SUPPLY

- 13.1** The suppliers shall ensure that the Foreign Liquor / Beer supplied against the import permits/ transport passes, delivered by the Corporation shall, in particular, conform to the following requirements.
- 13.1.1** Beer when supplied shall be within 60 days of manufacture when sourced from within the State and 75 days when sourced from outside the State and 150 days when sourced from across the customs Border of India. The supplier who violates this condition shall be imposed penalty as considered fit by the Managing Director.
- 13.1.2** Foreign Liquor shall be supplied in new bottles as far as practicable.
- 13.1.3** Bottles used for bottling of foreign Liquor and beer shall be sealed with caps of reputed manufacturers.



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- 13.1.4** All the Foreign Liquor and Beer shall be clear and transparent liquids free from sediments and other particles.
- 13.1.5** All Foreign Liquor and Beer shall be free from harmful ingredients.
- 13.1.6 Maturity:** All Foreign Liquor and Beer shall be free from added colouring material except caramel. Rum without colouring material shall be called White Rum & Gin shall be clear and free from added colour and shall not develop any turbidity on being diluted with water.
- 13.1.7 Aroma and Taste:** All kinds of Foreign Liquor and Beer shall possess their characteristic aroma, flavour and taste.
- 13.1.8** Liquor brands of Rum and Whisky, when labeled as 'Matured', shall be blend of spirits matured for not less than 3 months in suitable containers.
- 13.1.9** The brands of whisky, rum, gin, brandy, vodka, table wine, fortified wine, beer etc. shall conform to the specification of the Bureau of Indian Standards as per the latest revision and, in case of imported brands, to the standards specified in the country of origin or accepted international standards.
- 13.1.10 Pasteurization:** Bottled or canned Beer shall be effectively pasteurized. The quantity of the Foreign Liquor and Beer shall not fall below the standards specified by the Bureau of standards, Govt. of India. The Chemical Examination Certificate shall be sent to the Corporation always with dispatch of each batch and consignment. The Examiner/Authority recognized in the State of Odisha shall duly authenticate such chemical examination certificate. The Corporation also reserves the right to periodically subject the supplies to chemical examination for verification of standards. If it is found during such examination



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that the stock supplied do not conform to the prescribed standards, the Corporation will not be liable to make any payment to the supplier in respect of such stocks. Further, the supplier shall comply with the orders passed by the competent authority. In respect of supplies, which are found to be below the prescribed standards, the supplier shall indemnify the Corporation from all loss or damages sustained by the Corporation. For the Foreign Liquor not conforming to the standards, the supplier alone is responsible for all consequences due to subsequent supply of the goods by the Corporation to the retailers and others under the laws of Odisha. The Corporation reserves the rights not to place any procurement order with such supplier.

13.1.11 The Supplier shall make all necessary and required arrangements for prevention of large scale breakage / damage during transit by incorporating suitable terms in their contract with the transporter.

13.1.12 The warehouse losses due to breakages and other reasons will be wholly borne by the supplier who will participate in joint verification at least once in every quarter.

13.1.13 The action taken on 12.8, 12.9 & 12.10 and 13.1.11 & 13.1.12 by the Branch Manager and the Suppliers shall be reported to the Corporate Office on quarterly basis for necessary action.



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14. WITHDRAWAL OF THE OFFER

If the offer is withdrawn within one year of the contract, the Corporation shall be at liberty to cancel the contract, forfeit the security deposit and also recover from the supplier any loss incurred on account of breach of contract on the part of the supplier.

15. GENERAL

15.1.1 The Corporation shall not be responsible for any postal delays.

15.1.2 The contract is ordinarily not assignable by either party.

15.1.3 Furnishing of incorrect information shall entitle the Corporation for forfeiture of the security deposit and blacklist the supplier.

16. NON - WAIVER

Failure of the Corporation to insist upon strict performance of any of the terms and conditions thereof or failure or delay to exercise any rights or remedies provided herein or by law or the acceptance of or payments for any goods, shall not release the supplier from any of the warranties or obligations of the contract and shall not be deemed to be a waiver of any rights of Corporation.

17. PREJUDICIAL CONDUCT:

If during the currency of the contract, the supplier or any of his representatives, workers or agents are found indulging in any activity, which directly or indirectly is prejudicial to the interest of the Corporation or the Odisha State Government or found guilty of:



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- 17.1.1** Offering illegal gratification of any kind including a bribe, reward or advantage etc. pecuniary or otherwise to any officer or employee of the Corporation.
- 17.1.2** Indulging in any malpractice such as forgery, falsification or fabrication of any documents, bills, vouchers, delivery challans etc. or introduction of any liability in connection with the supply of foreign liquor and beer, which amounts to an offence punishable under Indian Penal Code (IPC) or any other Enactment.

The Corporation, without prejudice to others' legal rights, shall have the right to terminate the contract forthwith, ban the supplier for some years or permanently, forfeit the security deposit and such other amounts as may be lying with the Corporation besides initiating several other actions as deemed appropriate. All losses that may be incurred by the Corporation in this regard shall be recoverable from the supplier.

18. RIGHTS OF THE CORPORATION VIS-À-VIS DUTIES OF THE SUPPLIER

- 18.1** The Corporation reserves the right to terminate the rate contract with one month notice without assigning any reason thereto.
- 18.2** The supplier should abide by the provisions of Bihar and Orissa Excise Act, 1915 or the Excise Law in force and Rules made there under and in force from time to time and any other relevant Enactments including, *inter alia*, the Standards of Weights & Measures Act, 1976 (Enf) Act 1986, Packaged Commodities Regulations, 1975 etc. The supplier is solely and individually responsible for all the consequences arising out of the violations in this regard. Any legal complications arising out of failure to comply with various rules shall be the sole responsibility of the supplier. Any losses/damages suffered by the Corporation due to lapses on the part of the supplier for not complying with any of the rules shall be made good by the supplier.



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19. FORUM FOR LEGAL PROCEEDINGS

Any suit or other legal proceedings arising from or relating to the contract shall be within the jurisdiction of Bhubaneswar.

20. INSPECTION

The Corporation or its authorized representative shall have the right to inspect, test and expedite supply or get inspected, tested and expedited the supply of goods at works of the supplier or at any other place as decided by the Corporation.

21. PHYSICAL VERIFICATION OF STOCK

The Corporation will conduct verification of stocks lying in its various godowns annually by a firm of Chartered Accountants and will facilitate verification by the Superintendent of Excise which is conducted quarterly or whenever required.

22. INTERNAL AUDIT

The internal audit of Head office of Corporation will be entrusted to a firm of chartered accountants. The scope, *inter alia*, includes pre-audit of all transactions and preparation of compliance reports to the Managing Director and Chairman.



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23. INSURANCE COVERAGE

All the beverages stocks of IMFL/FMFL/CS/Beer lying in its depots are to be covered by insurance on yearly basis by the Corporation and the Corporation will bear the Premium amount.

24. SOFTWARE DEVELOPMENT AND ACCOUNTS: MIS PACKAGE

MIS for management of accounts, supply chain management, inventory management and payment etc. with online system & real time data shall be such as decided by the Corporation which shall be binding on the suppliers.

25. REPRESENTATIVE OF THE SUPPLIER

The Corporation would allow collection of O.E.S. and other documents only by the authorized representative of the suppliers as submitted by them at the time of Registration of the Company.

26. PAYMENT OF EXCISE DUTY / IMPORT FEE/ VEND FEE/ EXCISE PERMIT

26.1 The Superintendent of Excise, Khurda at Bhubaneswar has been authorized in Government of Odisha, Excise Department Notification No. 7848/Ex, Dated 29.12.2000 to grant passes required under Section 12 (1) of the Bihar and Orissa Excise Act, 1915 in favour of the licence granted (to OSBC) under Section 20-A of the said Act in respect of all districts of the State.



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- 26.2** The Superintendent of Excise, Khurda will issue a pass as per provisions of Rule 5(2) of the Odisha Excise Rules, 1965, on the application of the intending importer/transporter (the Corporation) on pre-payment of Excise Duty prescribed.
- 26.3** In case of import from outside the State, the prescribed import fee shall have also to be deposited before issue of pass. That apart, the prescribed pass fee is also required to be deposited with Superintendent Excise before the pass is granted.
- 26.4** Newly registered supplier, after approval of the offer price of the registered products, will request OSBC to indent Import pass/Transport permit against which the supplier has to deposit the required Excise duty and import fee with OSBC wherever it is applicable in advance as a temporary security.
- 26.5** The existing supplier will request the Corporation to indent Import Pass/Transport Permit against which the Supplier may deposit in advance or request for adjustment from his sale proceeds account the required Excise Duty and Import Fee wherever applicable, with the Corporation.
- 26.6** For advance deposit of duty / import fee, the supplier will give the amount in shape of Bank Draft in favour of the Corporation.
- 26.7** For adjustment of the duty/import fee from the sale proceeds, the Supplier will apply to the Corporation Head Office for the same.
- 26.8** Then the Corporation will make online deposit of the amount towards duty/ import fee on the Govt. of Odisha Treasury Portal.
- 26.9** The Superintendent of Excise, Khurda at Bhubaneswar will then issue the permit in favour of the Corporation who in turn will hand over the same to the Supplier along with a Purchase Order for supply of the products to the Corporation's depots.



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26.10 Then the supplier will send the permits to the concerned Brewery or Distillery for dispatch of stocks to the concerned depot of the Corporation. The pass entitles the suppliers to dispatch the consignments of permitted quantity to the depots of Corporation. The Corporation (i.e. the depots) makes over one copy of Goods Receipt Note (GRN) to the Supplier and forwards one copy to the Head Office showing actual quantity of stocks received and stored properly at different go-downs against the total quantity dispatched along with a copy of the Invoice received from the supplier. Similarly, the Corporation permits inter depot transfer of stock through trade-off permit/pass obtained from the Excise Authorities.

26.11 In case of genuine loss or misplacement of the original pass, the Superintendent of Excise, Khurda at Bhubaneswar may grant a duplicate pass against payment of the applicable fees in each case.

27. Excise Adhesive Label

Affixture of paper/polyester based Hologram Excise Adhesive Labels on each bottle of IMFL/FMFL/Beer/CS with effect from 1.4.2008 has been made compulsory. Non-affixing of paper/polyester based Hologram Excise Adhesive Labels by any Company will invite penalty as per Excise Policy. Excise Adhesive Label Fee is changed by the Govt. from time to time at its discretion which will be binding on the supplier.

28. WORKING PROCEDURE AT DEPOT LEVEL

28.1 The Head Office of the Corporation is located at 2nd Floor, Fortune Towers, Chandrasekharpur, Bhubaneswar-751023. It now transacts through Nine depots



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located at Khurdha, Nirgundi (Cuttack), Balasore, Sambalpur, Rayagada, Berhampur, Angul, Chandikhol & Bolangir. All the depots are functioning in the rented houses. Each Depot is headed by a Branch Manager who is posted by the Government in Excise Department on deputation to the Corporation. He is assisted by other staff at depot level deployed by the Corporation from time to time. The working procedure at Depot level is explained hereunder.

28.2 Import permit is issued by the Excise Superintendent of Khurda in the name of the Corporation. After the same is obtained, the OSBC will send the same to the supplier along with the formal purchase order. The supplier then dispatches the stock as per purchase order with relevant documents to the designated depot for delivery. The consignment carrying truck will carry the following documents such as:-

1. Import/transport permit
2. Transporter copy
3. Chemical analysis report of the stock issued by the SDTL Govt. of Odisha
4. Invoice
5. Excise Verification Certificate (EVC)
6. Way bill of stock for carrying from outside Odisha, and others as may be required from time to time

28.3 After the stock arrives at the Depot, the Depot-in-charge verifies the currency date of the Excise Permit, Chemical analysis report, Inter-State way bill and other documents. When satisfied that the documents are in order, the Depot-in-charge allows the truck to be unloaded. After unloading, GRN (Goods Receipt Note) is prepared and the same is sent to computer section for reflecting the stock in the system data base on the same day for generating sale invoices against the retailers.



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- 28.4** After the GRN is prepared at the Depot level, the Branch Manager of the depot will send the Invoice in original, a copy of the transport/Import pass along, a copy of the manual GRNs and a computer generated GRN Statement containing particulars of all the GRNs made during the day to the Corporation Head Office at the end of the day.
- 28.5** Those retailers who have valid Excise licenses for the year are alone entitled to purchase the stock as per availability of brands in the godown, after submitting the requisite amount in shape of demand draft or banker's cheque or banker's pay order only in the name of the Corporation. A money receipt is given to the retailer as token of the acceptance of the aforesaid payment instruments.
- 28.6** After deposit of the payment instrument or against the balance amount showing in the retailer's account at the depot, an invoice in quadruplicate is raised in the name of the retail-licensee reflecting the amount deposited and details of the goods to be sold against the payment made in the above manner. The invoice with signature of the Branch Manager of the concerned Depot is collected by the retailer and then the same is presented at the godown for lifting the invoiced stock on the same day. The person in charge of the godown delivers the stock as per the sales invoice issued by the Corporation on the same day.
- 28.7** After loading of the sold stock on the vehicle of the concerned retailer, the Excise Officer-in-charge posted to the respective Depot issues the Excise Transport permit and hands over the Excise permit to the licensee-retailer on the same day to carry the stock to his/its designated place with the invoice, on the same day.
- 28.8** After all the formalities are over, the gate pass is prepared. The security personnel will verify the gate-pass at the exit point before allowing the retailers to go out with stock, Excise permit and other documents.



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28.9 The purchaser (the Corporation) will select agencies for different depots and fix charges for loading and unloading. The sellers shall at their risk and on paying the charges so fixed to the said agencies shall unload their products and stack them properly in the depots. Unloading of the goods at the depots shall be the responsibility of the supplier (seller) and unloading charges shall be borne by him. The Retailers shall at their own risk load their purchased materials from the depots of the Corporation engaging the said agencies by paying labour charges as fixed.

29. ROLE OF AN EXCISE OFFICER-IN-CHARGE POSTED TO OSBC DEPOT

29.1 Excise Officers of the rank of Inspector /Sub-Inspector of Excise shall be posted exclusively to the Depots by the Excise Commissioner. They will receive the pass fee from the retailers in cash and deposit the same with the Superintendent of Excise of the District where the Depot is located along with the duplicate copy of F.L.16 (Transport Pass) when a book is completely exhausted. The Superintendent of Excise will grant a money receipt to the OIC after receiving the cash and deposit the same under appropriate Head of Account. The Excise Officer posted to Depot shall not remain/ proceed on leave without prior sanction of the Superintendent Excise concerned. The Superintendent of Excise concerned will post an officer to the Depot for the days of leave applied for by the OIC.

29.2 While the Depot Manager is accountable for the entire works /activities in the Corporation Depot to which he is posted, the Excise Officer-in-charge posted to such Depot is required to play the following role.

29.2.1 He will receive requisition from the concerned Depot Manager of OSBC regarding issue of quantity of IMFL/FMFL/ Beer/CS and ensure that proper duty and EAL fee/pass fee on the transport pass has been realized.



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- 29.2.2** After being satisfied, the transport pass shall be issued. He will also ensure that requisite quantities of stock of IMFL/FMFL/Beer/CS have been released by the Depot Manager.
- 29.2.3** He will ensure that stock so released carried on it the EAL issued by the Excise Commissioner.
- 29.2.4** Before releasing the stock by the Depot Manager, he will ensure that proper care has been taken to mention the Batch No. and date of manufacture of each consignment. Such IMFL/FMFL/ Beer/ CS which do not carry the Batch No. and date of manufacture shall not be released.
- 29.2.5** The OIC will send duplicate copy of the Transport pass of IMFL/FMFL/Beer/CS to the concerned District Excise Office on the next day of issue so that the Excise Superintendent can keep a track of lifting of MGQ (Minimum Guaranteed Quota) by each licensee of his District.
- 29.2.6** The concerned licensee shall pay the consideration money (i.e. the licence fee) to the Supdt. Of Excise in due time and show the copy of challan in support of credit of the consideration money, failing which no IMFL/FMFL/Beer/CS passes shall be issued. Such matter shall be reported to the Superintendent of Excise concerned/ Excise Commissioner.
- 29.2.7** For facilitating proper supply, the OIC of the following depots shall issue IMFL/FMFL/Beer/CS stock to the retail licensees of the District mentioned against each.



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<u>SL. No.</u>	<u>Name of the Depot</u>	<u>Districts attached to the Depot</u>
1.	Khurda	Khurda, Puri, Nayagarh
2.	Nirgundi (Cuttack)	Cuttack, Jagatsinghpur, Kendrapara
3.	Berhampur (Ganjam)	Ganjam, Kandhamal, part of Gajapati
4.	Balasore	Balasore, Bhadrak, Mayurbhanj, Keonjhar
5.	Sambalpur	Sambalpur, Deogarh, Baragarh, Jharasguda, Sundargarh, part of Boudh, Nuapada, Sonepur
6.	Rayagada	Rayagada, Malkangiri, Koraput, Nabarangpur, Kalahandi, part of Gajapati
7.	Angul	Angul, Dhenkanal, part of Boudh
8.	Chandikhol	Jajpur
9.	Balangir	Balangir, Nuapada

(N.B. – The number / name of depots may change depending upon the requirements from time to time)

29.3 In no case, there will be issue of IMFL/FMFL/Beer/CS stock by a particular Depot to the District other than the District assigned to them. The supply to other District can only be made from a Depot, if a brand of IMFL/FMFL/Beer/CS is not available as per requisition of the licensee and on a certificate by the Depot Manager that the requisitioned stocks are not available in the assigned Depot and the Depot Manager has taken all precautions to procure the stock from other Depot within a period of two days of the requisition.

30. PROFIT MARGIN OF THE OSBC AND MARGIN OF THE RETAILER LOADED IN MRP



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30.1 The Maximum Retail Price (MRP) which is required to be printed on the label of IMFL/Beer bottles is worked out by adding VAT and retailer's margin on the Sale Price of the Corporation. The procedure for determining the Sale Price has been provided at Para 5.11.

30.2 The Board of Directors of the Corporation will fix its Profit margin from time to time. The present approved margin structure is as mentioned below:

OSBC Margin = 1.0% of Landing Cost (All Items)

30.3 The retailer's margin is determined as per prevailing Excise Policy of the State Govt.

31. REVIEW OF ACTION TAKEN REPORT

The Branch Managers, the Suppliers and the Auditors shall take actions as required under various paragraphs wherever action points are there and furnish on quarterly basis the action taken reports to the Corporate Office of which review will be made and further instruction issued to be followed by all concerned.

32. This "Liquor Sourcing Policy 2016-17" supersedes the "Liquor Sourcing Policy 2015-16" with a few incorporations made in it which are based on the decisions of the Board of Directors taken from time to time since 01 April 2015 and will come into force with effect from 01 April 2016.

Place: Bhubaneswar,
29 March 2016.

Managing Director



LIQUOR SOURCING POLICY 2016-2017

Memo No.

Dt.

Copy submitted to the Principal Secretary to Government, Excise Department for favour of information with a request to kindly order for uploading of the Liquor Sourcing Policy 2016-17 in the official website of the Department for general information of the public.

Managing Director

Memo No.

Dt.

Copy forwarded to the Excise Commissioner, Odisha for kind information and necessary action.

Managing Director

Memo No.

Dt.

Copy forwarded to the OSD to Chief Secretary, Odisha for kind information of the Chief Secretary.

Managing Director

Memo No.

Dt.

Copy forwarded to the Private Secretary to Additional Chief Secretary to Government, Finance Department for kind information of the Additional Chief Secretary.

Managing Director

Memo No.

Dt.

Copy forwarded to General Manager (Admn.)/Chief Manager (Finance)/ Asst. Managers/Junior Managers/Superintendents of Head Office and Branch Managers of all depots of OSBC Ltd.

Managing Director