

GOVERNMENT OF ODISHA
EXCISE DEPARTMENT

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

**

3/3/15

From

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

To

The Excise Commissioner,
Odisha, Cuttack.

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

Sir,

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

Yours faithfully,

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

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

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

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

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

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

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

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

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

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

Deputy Secretary to Government

2015

DEPARTMENT OF EXCISE, GOVERNMENT OF ODISHA



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

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



1. INTRODUCTION

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

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

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

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

1.1 Salient features of 2015-2016 Excise Policy

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

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

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2. The Excise duty specific rates which is slab based, is converted into equivalent ad valorem rates, with an aim to reduce regressive tax structure of lower rates for products with higher prices. “Specific duty per LPL/BL + ad valorem” structure for the levy of Excise duty in the state will give automatic buoyancy to the Excise duty revenues and will obviate the need for excessive classification according to product attributes since price differences automatically reflect product attributes in most cases. The ad Valorem rate of Excise duty shall be levied upon the landing cost & the new structure would replace the “Landing Cost slab” structure currently used to levy Excise Duty. A uniform ad valorem rate component combined temporarily with a specific component to smoothen the transition process will mitigate the extent of regressivity.
3. There are three major stakeholders in alcoholic beverages sale namely, Supplier (Producers/manufacturers/distilleries/bottling unit/breweries), Wholesaler & Retailer (OFF/ON Shops). The policy rationalizes the returns available to these different participants.
4. MGQ structure for OFF Shops has been rationalized
5. Conversion of BEER Parlour to IMFL ON Restaurants/Hotels

1.2 Structure of Excise Policy 2015-2016

The Excise policy document has been molded into three parts.

Part A: Lists all the fees (Excise license fee/application fee/registration fee/penalty) covering production, wholesale and retail trade in alcoholic beverages.

Part B: Lists all the variables dealing with the Excise duties and administered profit margins and prices.

Part C: Lists all the regulatory measures

The Government after extensive study, detailed analysis & careful consideration has decided to adopt the below mentioned Excise policy for year 2015-2016.

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2. PART A

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

S. No	FEE Type (non-refundable)	Amount (₹)
1	Application fee for grant of License (Brewery/Winery/Distillery/Bottling Unit)	1,00,000
2	Application fee for Renewal of licence (Brewery/Winery/Distillery/ Bottling Unit)	40,000
3	Application fee in respect of licenses for trading of molasses	27,000
4	Application fee in respect of licenses for Units using molasses for purposes other than trading	14,000
5	Application fee for Label registration (BEER per brand for Civil/Defence)	25,000
6	Application Fee for Label registration (IMFL/Wine/FMFL per brand pack size for Civil/Defence)	20,000
7	Application fee in respect of new 'ON' Shops	60,000
8	Application fee in respect of renewal of licenses of 'ON' Shops	60,000
9	Application Fee wrt. New/renewal of Military Canteen Licenses	8,000
10	Application fee wrt. New/renewal of Bhang, Tari, Pochwai shops	1,200
11	Application Fee for new Out Still shops	35,000
12	Application fee for renewal of Out Still Shop	30,000
13	Application Fee for New IMFL Off shop license (Participation in E-Auction)	60,000
14	Application fee for New license of Country Spirit shops (Participation in E-Auction)	30,000
15	Application fee for renewal of IMFL OFF shops (Settled through E-Auction)	60,000
16	Application fee for renewal of Country Spirit shops (Settled through E-Auction)	30,000
17	Composite Label registration fee per annum for military canteens (₹)	12,000
18	User registration fee for military canteens (₹)	6,000
19	Label Registration Fee of C.S. in Glass Bottles (₹ Per annum)	20,000
20	User charge per shop (IMFL/CS/OS) (₹ Per annum)	7,500
21	Composite Label Registration fee for retail licensees (₹ Per shop per annum) IMFL/BEER	15,000
22	Composite Label Registration fee for retail licensees (₹ Per shop per annum)- Foreign Made Foreign Liquor	7,500
23	Separate Label registration fee for export of IMFL/Beer (per item/brand)	15,000
24	Application fee Obtaining NOC/Extension of NOC/permission for establishment of Brewery/Winery/Distillery/Bottling etc. Units	45,000
25	Penalty on a country spirit supplier if it fails to make timely delivery of CS supply	10,00,000
26	Penalty with fine for non-supply of cash memo to the consumers on demand.	15,000
27	Penalty on Supplier/Retailer for supplying/selling liquor without affixture EAL	1,00,000

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2.2 Licence Fee - IMFL, Wine & Country Spirit- for Production, and Compounding & Blending

S.No	Production Capacity (in LPL)(non-refundable)	Category-wise amount (₹ Lakh)
1	<u>Distilleries</u>	
1.1	Up to 10,00,000	22
1.2	10,00,001 to 30,00,000	42
1.3	30,00,001 to 60,00,000	62
1.4	60,00,001 to 90,00,000	82
1.5	90,00,001 to 120,00,000	92
1.6	120,00,001 and above	100
2	<u>Bottling Units (Compounding and Blending)</u>	
2.1	Up to 10,00,000	22
2.2	10,00,001 to 30,00,000	42
2.3	30,00,001 to 60,00,000	62
2.4	60,00,001 to 90,00,000	82
2.5	90,00,001 to 120,00,000	92
2.6	120,00,001 and above	100
3	Annual Licence fee for E.N.A. columns	8.5
4	Annual Licence fee for Wine producing units	2.5
5	License Fee for supply and manufacture of C.S. (M/s ACSI)	33

2.3 Breweries- Licence Fee for Beer Production

S. No.	Production Capacity (in Bulk liters))(non-refundable)	Category-wise amount (₹ Lakh)
1	Up to 120,00,000	80
2	120,00,001 to 180,00,000	110
3	180,00,001 to 300,00,000	145
4	300,00,001 to 500,00,000	175
5	500,00,001 to 800,00,000	200
6	800,00,001 and above	220

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

S. No.	Category(non-refundable)	Amount(₹ Lakh)
1	Annual License Fee for Three Star hotels and above	6.5
2	Annual License Fee for Hotels in six major cities - Cuttack, Bhubaneswar, Puri, Sambalpur, Rourkela & Berhampur with Lodging	7.2

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3	Annual License Fee for other urban areas with lodging	6.0
4	Annual License fee for Hotels and restaurant without lodging	9.5
5	"ON" License may be granted to O.T.D.C/I.T.D.C Hotels at half the rates applicable as above for license fee, based on where the said hotels are located. No such concession is allowed for hotels leased to private individuals	50% of above rates
6	<u>Annual License Fees for "on" clubs</u>	
6.1	Annual License Fees for "ON" clubs - Consumption up to 500 LPL per month	3.5
6.2	Annual License Fees for "ON" clubs - Consumption from 501 LPL to 800LPL per month	4.5
6.3	Annual License Fees for "ON" clubs - Consumption above 801 LPL per month	5.5
7	<u>License fee for ON Beer Parlour</u>	
<p>It has been decided to convert all BEER Parlours to IMFL "ON" Shops (Hotel/Restaurants). As a result from 1st April 2015 onwards, all Beer Parlour ON Shops should either convert to IMFL ON Hotel/Restaurant or close their operation. The District Collector shall send the proposal to the Government through the approval of Excise Commissioner for converting Beer Parlours to ON Hotels/Restaurants, subject to fulfillment of required criteria for the same. By 30th September 2015, the conversion process should be completed.</p>		
8	Annual License fee for Bonded Warehouse	9.5
9	In case of distilleries, annual license fees to be paid for storage of spirit per annum	7.0
10	Annual License fee for Model Wine shops attached to Start Hotel & Luxury Hotels/Complex permitting sale of wine & Low Strength Liquor/Beer (5% v/v & Below)	1.2
11	<u>Annual License Fees on Denatured Spirit/Methanol</u>	
11.1	Annual License Fee on D.S-1	0.28
11.2	Annual License Fee on D.S - II	0.22
11.3	Annual License Fee on D.S-III (Carpentry)	0.17
11.4	Annual License Fee on D.S-III (Industrial use)	0.28
12	Annual License fee for Military Canteen (The Superintendent Excise will issue the permits only after obtaining the strength of the unit & norms of supply)	0.12
13	Additional annual Licence fee for export of brands (IMFL/BEER)	1.5
14	Annual license fee for separate for warehouse made for storing of export IMFL/BEER brands	0.72
15	Monthly License fee for branch Out Still Shop	.15
16	Annual License Fee for M&TP Units	As decided by central

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17	Licenses of Bhang, Tari & Pochwai shops shall be renewed for 2015-2016 with 12% increase in existing consideration money with necessary formalities
18	Licenses of Out-Still shops operating in 21 districts shall be renewed for 2015-2016 with 12% increase in existing consideration money with necessary formalities
19	License fee/Consideration Money for IMFL OFF Shops & Country Spirit Shops is to be determined through e-auction process

2.5 Bottling and other fees levied on a per unit basis

S. No	Category (non-refundable)	Category-wise amount (₹)
1	<u>IMFL (₹ Per LPL)</u>	
1.1	Bottling Fee - Own Brand	10.0
1.2	Bottling Fee - Other than own brand	15.0
1.3	Bottling fee for exports of IMFL	3.0
1.4	<u>Label registration Fee on all IMFL brands (Including FMFL & Wine) received at wholesale depots (January to December of preceding year) Per Label Per Annum for Civil & Defense</u>	
	a. Up to 2000 Cases Per annum	₹ 20,000
	b. From 2001 Cases to 5000 Cases Per annum	₹ 40,000
	c. From 5001 Cases to 10000 Cases Per annum	₹ 60,000
	d. From 10001 Cases to 20000 Cases Per annum	₹ 72,000
	e. From 20001 Cases to 40000 Cases Per annum	₹ 95,000
	f. From 40001 Cases to 70000 Cases Per annum	₹ 1,44,000
	g. From 70001 Cases to 100000 Cases Per annum	₹ 1,92,000
	h. From 100001 Cases & above	₹ 2,64,000
2	<u>Beer (₹ Per BL)</u>	
2.1	Bottling Fee - Own Brand	9.0
2.2	Bottling Fee - Other than own brand	10.0
2.3	Bottling fee for exports of BEER	3.0
2.4	<u>Label registration Fee on all BEER brands received at wholesale depots (January to December of preceding year) Per Label Per Annum for Civil & Defense</u>	
	a. Up to 2000 Cases Per annum	₹ 20,000
	b. From 2001 Cases to 5000 Cases Per annum	₹ 40,000
	c. From 5001 Cases to 10000 Cases Per annum	₹ 60,000
	d. From 10001 Cases to 20000 Cases Per annum	₹ 72,000
	e. From 20001 Cases to 40000 Cases Per annum	₹ 95,000
	f. From 40001 Cases to 70000 Cases Per annum	₹ 1,44,000
	g. From 70001 Cases to 100000 Cases Per annum	₹ 1,92,000
	h. From 100001 Cases & above	₹ 2,64,000
3	Bottling fee of C.S. in Glass bottles (₹ Per Glass bottle)	0.33
4	EAL fee for each bottle/pouch of IMFL/ BEER/ CS (₹)	0.9

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2.6 Import, Export, Transport and Vend Fees

S. No	Category(non-refundable)	Category-wise amount (₹)
1	Import Fee on RS/ENA procured from Outside the state (Per BL)*	7.0
2	Import fee on Ethanol/Power spirit for blending in Petrol (Per BL)	0.35
3	Export Fee on Rectified Spirit/ENA (Per BL)	4.8
4	Transport Fee on Rectified Spirit/ENA for preparation of IMFL/CS (Per BL) (Procured from Inside the state)*	6.0
5	Transport Fee on Rectified Spirit/ENA for purposes other than preparation of IMFL/CS (Per BL)	8.0
6	Import/Export & Transport PASS Fee on FL, CS & Beer transported	100.0
7	Import, Export & Transport Fee Denatured Spirit for (Per BL)	7.0
8	Import, Export & Transport Fee for Methanol for industrial use (Per BL)	4.8
9	Export Fee on Beer (Per BL)	3.0
10	Import Fee on Beer (Per BL)	15.0
11	Vend Fee-Wine imported into India from outside the country (Per LPL))	25.0
12	Vend Fee-Beer imported into India from outside the country (Per BL)	30.0
13	Export Fee on IMFL (Per LPL)	3.0
14	Import Fee on IMFL Per LPL	30
15	Vend Fee on foreign liquor imported into India from outside the country (not bottled in India) Per LPL	250 Per LPL + 40% of wholesale Landing Cost

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

2.7 Licence Fee for Lifting and Use of Molasses

S. No	Category: Units using Molasses for purposes indicated below(non-refundable)	Amount (₹)
1	For other than distilleries, i.e. industrial uses	1,40,000
2	Cattle feed	26,000
3	Gudakhu and similar small scale purposes	40,000
4	Trading for industrial purposes	7,00,000
5	Storage, possession and sale by sugar industry	1,00,000

2.8 Utilization Fee for Molasses

S. No	Category(non-refundable)	Category-wise amount (₹ per tonne)
1	For distillery	175

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2	For industrial and other purposes	200
3	Import fee (procured from outside the state)**	100
4	Export fee	68
5	Transport fee (procured from inside the state)**	27
6	Grains of any kind used for production of spirit & ENA	235

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

2.9 Mohua Flower Storage

S. No	Storage in quintals(non-refundable)	Category wise amount (₹ per quintal)
1	Upto 500 quintals	6,600
2	501 to 1000	13,200
3	1001 to 2001	26,400
4	2001 to 5000	52,400
5	More than 5000	66,000

2.10 Mohua Flower: Utilization, Export, Import and Transportation

S. No.	Category(non-refundable)	Category wise amount (₹.per quintal)
1	Utilization fee per quintal of Mohua Flower	430
2	Mohua export fee	135
3	Mohua transportation fee(procured from inside the state)*	20
4	Mohua transportation fee outside state	14
5	Mohua import fee(procured from outside the state)*	20

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

2.11 Wholesale License fee:

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

2.12 Depot License fee for Wholesale trade

S. No	Category (non-refundable)	Amount (₹.Lakhs Per annum)
1	Wholesale Depots with IMFL & BEER storage facility only	15
2	Wholesale Depots with IMFL, BEER & Country Spirit	25

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3. PART B

3.1 EXCISE DUTY

Excise duties on various products will be as mentioned below for the year 2015-2016

3.1.1 BEER

S. No	Category of BEER	Strength	Excise Duty = Specific Component*BL + Ad Valorem*LC	
			Specific component (₹ Per BL)	Ad valorem Component (₹ as % on Landing Cost)
1	Beer Made in India	Up to 5% v/v	30	40%
		Above 5% v/v	30	40%
2	Draught Beer	Up to 5% v/v	30	40%
		Above 5% v/v	30	40%
3	Diet Beer	Up to 5% v/v	30	40%
		Above 5% v/v	30	40%
4	Canned Beer	Up to 5% v/v	30	40%
		Above 5% v/v	30	40%
5	Breezer/Low Alcoholic Beverages	Up to 5% v/v	30	40%
		Above 5% v/v	30	40%

3.1.2 IMFL (Including FMFL & WINE) - CIVIL

S. No	Category of IMFL	Strength	Excise Duty=Specific Component*LPL + Ad Valorem*LC	
			Specific component (₹ Per LPL)	Ad valorem Component (₹ as % on Landing Cost)
1	India made Whisky, Gin, Rum, Brandy & Vodka	75°	250	40%
2	Whisky, Gin, Rum, Brandy & Vodka imported in bulk & Bottled in India	70°- 80°	250	40%
3	Wine Imported in Bulk & bottled in India	12°-36°	150	40%
4	India Made Wine	75° & below	50	40%



3.1.3 IMFL - Supplies to Troops and Military Bodies

S. No	Category of IMFL	Strength	Excise Duty=Specific Component*LPL + Ad Valorem*LC	
			Specific component (₹ Per LPL)	Ad valorem Component (₹ as % on Landing Cost)
1	India made Whisky, Gin, Brandy & Vodka	75°	130	40%
2	India made Rum	75°	100	40%
3	India Made Wine	75° & below	25	40%

3.1.4 Excise Duty on Others

S. No	Category of IMFL	Strength	Excise Duty=Specific Component*LPL/BL+Ad Valorem*LC	
			Specific component (₹ Per BL/LPL)	Ad valorem Component (₹ as % on Landing Cost)
1	Country Spirit		10	25%
2	Bhang		400(Per kg)	Nil
3	DS Supplied to agencies other than Government Organization within the state		7	Nil
4	Liquor Cordial imported in bulk & bottled in India	60°	250	Nil

3.2 Additional rounding-off License Fee

In order to make MRP convenient for cash transactions at retail shops, it has been decided to make liquor prices in the state rounded off to next ₹ 5. As a result, Excise Department would charge an additional rounding-off License fee, only if required, in order to make sure the liquor prices are rounded off to next ₹ 5. This additional license fee shall be a part of MRP build-up & would be included in wholesale issue price at which lifting from wholesaledepot is made. Wholesaler would periodically transfer this amount to Excise Department.

3.3 Margins

- The Offer Price of all IMFL (FMFL& Wine included) suppliers should be reduced by 10% of current value. The offer price after deduction should not be increased for the financial year or next Price fixation Committee meeting.

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- b. The Offer Price of all BEER suppliers should be reduced by 20% of current value. The offer price after deduction should not be increased for the financial year or next Price fixation Committee meeting.
- c. MRP fixed for a brand would not change during a financial year.
- d. Wholesaler & Retailer margin would be as follows:

ITEMS	Wholesale margin (% of Landing Cost)	Retailer's Margin (% of Wholesale Issue Price + VAT)
BEER (All Brands)	0.1%	20%
IMFL (ALL Brands)	0.1%	18%
FMFL (All Brands)	0.1%	15%

4. PART C

4.1 MGQ ON RETAIL SHOPS

The Below mentioned new MGQ structure would preside over the current MGQ structure. Consideration money for OFF Shops as mentioned above would be determined through e-auction process.

4.1.1 MGQ OF IMFL OFF SHOPS & CS OFF SHOPS SETTLED THROUGH E-AUCTION

<u>IMFL "OFF" Shop</u>		
Area Type	BEER MGQ – BL per ₹1000 CM	IMFL MGQ – LPL per ₹1000 CM
URBAN	36	24
RURAL	30	20
<u>CS "OFF" Shop</u>		
Area Type	CS MGQ – LPL per ₹ 1000 CM	
ANY	60	

4.1.2 MGQ OF ON SHOPS, CLUBS & HOTELS

The MGQ of all "ON" shop remains same as fixed in 2014-2015.



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

4.2 Other Regulatory guidelines

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

4.2.1 LICENCE FEE FOR WHOLESALE DEPOTS

- (a) All the Depots established by the Wholesaler will pay an amount as specified in PART B, per annum towards annual Depot license fee for storage of IMFL/Beer. The Collector of concerned districts will issue depot licenses.
- (b) In addition to the above, Wholesaler will pay separate license fee as specified in PART B, per annum towards annual Depot license fee for storage of C.S where Country Spirit is prevailed.
- (c) Additionally Wholesaler Should :
 1. Add Godown space
 2. Implement Computerization
 3. Logistic management through OMEGA-II
 4. Ensure lifting of assortment of brands by retailers

4.2.2 IMFL 'ON' SHOPS AND BEER PARLOURS

- a) "It has been decided to convert all BEER Parlours to IMFL "ON" Shops (Hotel/Restaurants). As a result from 1st April 2015 onwards, all Beer Parlour ON Shops should either convert to IMFL ON Restaurant or should close their operation."
- b) New "ON" License for Star Hotels with or without Lodging accommodation and duly financed by banks and other recognized agencies may be allowed with above mentioned license fee.
- c) The License fee of "ON" shops may be realized in two equal instalments.

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New licenses to ON Clubs may be granted on fulfillment of the following conditions:

- i. The Clubs must be registered club under the Societies Registration Act /any other law for the time being in force.
- ii. The Club must have at least 50 permanent members.
- iii. The Club must be having facility of outdoor games like Tennis and Badminton etc. and at least Indoor games of two or more.
- iv. There must be adequate facilities for food and drinks.

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

The 'ON' shops location violating the policy dated 18.01.14 will be reviewed and submitted before 30th June 2015 by Excise Commissioner.

4.2.3 LICENSE FEE FOR M & T.P. UNITS

The existing license fee and policy will continue for 2015-16 by way of renewal of licenses or as may be decided by the Central Government.

4.2.4 BHANG/TARI/POCHWAI SHOPS

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

4.2.5 COUNTRY SPIRIT SHOPS

- a) In case any existing Country Spirit shop remains unsettled the Collector may take immediate steps for settlement by e-Auction.

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- b) Unsettled Country Spirit shops in the relevant districts may be given to Aska Co-Operative Sugar Industries Ltd (OSIC), Odisha Tourism Development Corporation (OTDC) and other State Government Undertakings and Co-operative organization at the reserve price fixed by the Govt., if the same is not settled by the prescribed process during the year. However they will operate these shops under their own management. They will not be allowed to sub-lease these shops under any circumstances.
- c) Country Spirit of 40 Degree UP strength of 200 MI be supplied and sold in glass or pet bottles.
- d) ASCI shall ensure at least 300 Full Truck Load supply (1200 cases) of Country spirit to Wholesale depots for sale to retailers. Failure to supply the same would attract penalty as specified in PART A.
- e) The pet bottle must be conform to Food Grade Plastic Specified in rule 49 (5) (v) of the prevention of Food Adulteration Rules, 1955.
- f) Before supplying the Country Spirit in Glass Bottles, the manufacturer will have to get the labels registered and the label registration fee as specified above per annum per label will be changed.
- g) In each district where Country Sprit is prevalent, a committee for prevention of illicit liquor should be formed with Collector as Chairman, Superintendent of Police as the Vigilance Officer and the Superintendent of Excise as the Convener- Cum-Secretary. The committee will review from time to time regarding the functioning of the Country Spirit shops and formulate strategies to prevent illicit distillation liquor and detect the sources of spurious and non-duty paid liquor.

4.2.6 OUT-STILL SHOPS

- a) The license of all existing Out Still Shops operating in 21 districts namely, Sambalpur, Bargarh, Jharsuguda, Deogarh, Sundergarh, Bolangir, Sonapur, Kalahandi, Nuapada, Boudh, Koraput, Rayagada, Malkangiri, Nabarangpur, Angul, Keonjhar, Mayurbhanj, Ganjam, Behampur, Gajapati and Dhenkanal shall be renewed for a period of One Year w.e.f April 2015 to March 2016 with 12% increase over and above the existing consideration money and while renewing VAT clearance may be called for. For the

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year 2016-2017 & onwards, all Out Still shops in the state will be settled through e-auction process. E-auction for the year 2016-2017 would be conducted in January 2016.

- b) In case of any existing O.S systems remaining unsettled, the Collector may take immediate steps to settlement of the same in prescribed manner.
- c) The Collectors may allow up to (15) fifteen branch shops to be operated by each Exclusive Privilege License holder with a monthly license fee of ₹15000 per branch shop.
- d) Any shop once settled and starts functioning shall not be shifted ordinarily within a given financial year.
- e) In the notice inviting applications for settlement of O.S shops through lottery, the MGQ shall be 1.5 Qtl. Of Mohua Flower per 1000 rupees of consideration money. Any shortfall in MGQ lifting would attract penalty in form of complete payment of utilization fee of this shortfall quantity.
- f) Additional guidelines for OS Shop would require them to include :
1. Name of the shop in the product
 2. Date/Month/Year of manufacturing of liquor
 3. Net content
 4. Code number along with Identification mark of the shop approved by the Superintendent of Excise.
 5. All OS shops must ensure cleanliness and hygiene in their compound.
 6. No OS shop should use Gur in place of Mohua. Use of Gur or any substitute is strictly prohibited. The EPHs found to be using any substance in place of Mohua for making OS shall be held guilty of violation of legal provisions and shall invite penalty.

4.2.7 IMFL OFF SHOPS

In case the shop remains unsettled, the same would be settled by way of re-e-Auction. Those shops which remain unsettled may also be allowed to run by other Government agencies and Co-operative organizations

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with the license fee as decided by the Govt. Any shop once settled and starts functioning shall not be shifted ordinarily within a given financial year.

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

1. Rate list
2. Opening /Closing Time
3. Age group which is not allowed to buy
4. Toll free no. of complaint to Excise officials
5. Ask for cash memo
6. No payment above MRP

4.2.8 ENA BASED CHEAP LIQUOR

Extra Neutral Alcohol (ENA) based cheap liquor will be introduced in the state during the year 2015-16. The Excise duty fee structure and other guidelines for introduction of ENA based cheap liquor will be prescribed separately. Excise commissioner should submit a report to Government by June 30th 2015 on details of the same.

4.2.9 MAXIMUM RETAIL PRICE

Maximum Retail Price (MRP) will be displayed on each bottle of IMFL, Beer and Country Spirit and sold accordingly. The vendors should issue Cash Memo on demand, to the consumers, failing which the vendors shall be penalized with fine specified in PART A. All IMFL "OFF" shops are required to display a Rate Card, which lists MRP fixed for the year 2015-2016.

- a) The MRP shall be decided on the principle of landing cost + all taxes /duties/ Other Fees + Wholesale Margin + Retailer Margin.
- b) Any modification request on Offer Price of the brands will be decided by the Price Fixation Committee.

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- c) The Offer Price/Landing Cost/MRP of Labels once fixed by Price Fixation Committee cannot be increased for the financial year.

4.2.10 FOREIGN MADE FOREIGN LIQUOR/IMPORTED WINE/BEER

- a. Importers or authorized representatives of foreign distilleries/company will register themselves with Wholesaler under intimation to Excise Commissioner Odisha.
- b. They will be required to pay necessary registration fees to wholesaler as may be specified.
- c. 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.
- d. Authorized vendors will lift the material from Wholesale Depots. They will maintain a separate account of the sale and proceed of these products.
- e. 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.
- f. All the rules and procedures applicable to IMFL will also be applicable to foreign made foreign liquor.

4.2.11 MODEL WINE SHOP

It is proposed to allow Model Wine Shops attached to Star Hotel & in Luxury Hotels/Shopping Malls & Complexes with License Fee as specified. Shops would be permitted to sell wine and Low Strength liquor/Beer below 5% V/V in order to boost up sale of wine and Low Strength drinks in the State compared to hard drinks.

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4.2.12 EXCISE ADHESIVE LABEL FEE/HOLOGRAM APPROVED BY GOVT

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

4.2.13 EXCISE POLICY FOR TRIBAL AREA

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

4.2.14 DELEGATION TO COLLECTORS TO GRANT LICENCE

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

The Collector of the Districts will also issue license for Bhang, Tari & Pochwai shops where the consideration money achieved is equal or more than the reserve price.

In case of the unsettled IMFL Off, Country Spirit, Out Still, Bhang, Tari & Pochwai shops, the Collectors may record the reasons for non- settlement of these shops and furnish such proposals to Govt. through the Excise Commissioner for appropriate orders for settlement of these shops.

4.2.15 IMPORT AND TIE-UP OF IMFL

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

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- b) IMFL having proof strength up to 85 degree may be allowed for import and manufacture. A provision for higher duty for IMFL up to 85 degree proof strength shall be made and for the purpose additional duty of 10 % over and above the prescribed Excise duty shall be levied/charged.
- c) Any unit may be allowed to enter tie up arrangement with the manufacturing units in Odisha.
- d) In addition to glass bottles, introduction of IMFL in PET bottles may be accepted in capacity of 1000ml, 750ml, 375ml, 180ml, 90ml subject to confirmation of CFTRI and ISI standards,. Further it shall be stored by Wholesaler, up to one year only, beyond which it shall be taken back by the manufacturer/supplier.

The strength of IMFL in PET Bottles shall not be Exceed 42.8% (V/V). PET bottles must confirm to Food Grade Plastic specified in Rule 49 (5) (v) of the Prevention of Food Adulteration Rules, 1955.

4.2.16 USER CHARGES

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

4.2.17 LABEL REGISTRATION.

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

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4.2.18 ADVANCED CONSIDERATION MONEY

Advanced consideration money 4 (four) months for the existing Out-Still/Tari/Pochwai and Bhang licensees shall be collected by 31.03.2015 who will apply for renewal of their license. No license shall be issued if the above is not complied with.

In addition to above advanced consideration money, each licensee has to pay interest free security deposit equivalent to one time of monthly consideration money in case of renewal of their license for the year 2015-2016.

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

4.2.19 EXCLUSIVE PRIVILEGE (E.P) AREA

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

4.2.20 EXPORT POLICY OF IMFL/BEER

The export policy of IMFL/BEER may continue for 2015-16 with the same terms and conditions as approved by the State Govt. with revision from time to time, subject to the following:

- a) There shall be separate label registration for export items with the legend "Not for sale in Odisha" the label registration fee shall be extras specified per item/brand.
- b) A separate provision for warehouse to be made for storage of export brands and products on payment of warehouse charge as specified.

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- c) For export brands the manufacturer will have to pay the additional license fee as specified.
- d) The export fee shall be as specified of Beer and the bottling fee shall be as specified of Beer only.
- e) It has been decided to ensure that Breweries in Odisha should utilize their capacity to the full and the surplus produce may be allowed to be exported. Accordingly, the Excise Commissioner will be proposing an export policy.
- f) The export policy for export of surplus beer and IMFL by the manufacturers in the State would be approved by Government.

4.2.21 LOCATION OF LIQUOR SHOPS

1. IMFL/FL/C.S./O.S shops should be shifted to 50 meter away from the highways. Highways mean National High Highway and State High way and shall not include the part of the national Highway or State Highway which passes within the concentrated developed area of the Municipal Corporation, Municipality or NAC or the Urban Local Bodies. On the outskirts of a city even it falls within the Municipal limits but it is not concentrated developed area, the 50 meter rule will apply. No such shops will be allowed on Government land. In future no new shops should be recommended along National Highway.
2. Whenever a bye pass is constructed, the portion of old National Highway which is replaced by the bye pass may not be considered as national Highway so far as the excise shops are concerned i.e. it be treated as a city road.
3. In order to implement the 50 meter rule for shifting the E.P. Holders may not be allowed 3 months' time for relocation.
4. The Excise Commissioner to also review the position regarding 'ON' shops and submit a report to Government.

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4.3 Other Excise objectives & enforcement guidelines

- a. New Distilleries, Breweries, Winery and Bottling units will be encouraged.
- b. Before the grant of renewal of license for Exclusive Privilege, the provisions of section 22 and 26- A of the Bihar and Odisha Excise Act, 1915 will be complied with in relation to public notice and approval of the Gram Panchayat respectively.
- c. No person shall have a right of renewal of license or exclusive privilege but such renewal shall be subject to the fulfillment of terms and conditions and the provisions of law to the satisfaction of the competent authorities under the Act.
- d. With a view to benefitting farmers of the state, the Excise duty on Beer with at least 75% Sorghum content will be given 25% concession.
- e. At the time of renewal, the Collector will consider and recommend the change of location of shops where serious objections have been received after due enquiry.
- f. New Excise shops will be opened on the basis of need and to cover vacuum areas as assessed and recommended by the Collectors.
- g. The Excise Commissioner/ all Collectors/ all Excise Deputy Commissioners Should take up regular checks and raid to detect illicit distillation or manufacturing of spurious liquors and collection of Excise revenue and action should be taken against the offenders under Excise law.
- h. The Excise Commissioner should explore more innovative proposals during the year to bring in more revenue.
- i. The Excise Commissioner should submit an Excise Revenue & Performance Report to Excise Secretary at the end of each Quarter. Grievances & recommendations of all stakeholders related to New Excise Policy should be incorporated in the first Excise report, which should be submitted at the end of July 2015.

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- j. Each district should submit a monthly Excise Revenue & Performance Report to Excise commissioner at the end of each month.
- k. The Excise Department should enhance the intelligence system in place, in order to prohibit illicit sale of liquor & other malpractices.
- l. All vehicles leaving Wholesale depots, should be verified by concerned Excise person on its arrival at specified retail shop.
- m. Appropriate budget to be allocated towards critical enforcement related activities.
- n. **The Multi Dis. Squads** (MDS) have been formed in each district and one MDS specifically for the Commissionerate (BBSR-CTC). Each MDS will submit a detailed report to E.C. Odisha by end of every quarter briefly stating the enforcement work done during the quarter.
- o. The district collector shall submit a report with details on the enforcement activities undertaken by the squad at the end of each month to the Excise commissioner & the Government. The Excise commissioner shall take review on the activities of district MDS& shall submit quarterly report to the Government.
- p. Retailers should ensure availability of all liquor brands in the shop, with stock quantity as per sales. Taking market demand into consideration, as far as possible, retail shall ensure lifting all brands for making available wide choice of liquor brands to the consumers.
- q. **Identification and destruction of illicit cannabis cultivation**

The State Government through excise/Policy has launched a special drive for last 2 years, The Excise Department and District Administration will take following steps during the year:

1. Identify the ICC areas through ORSAC or NCB with satellite imaging

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2. Publicize provision of Sec. 46/47 of NDPS Act 1985.
 3. Resolution by Panchayati Raj Institutions against ICC
 4. Information by Revenue/Forest Departments on ICC within the jurisdiction of DFOs.
- r. Superintendent Excise, Khurda should ensure timely & accurate accounting of Excise Adhesive Labels (EAL). A monthly report on the same should be sent to Excise Commissioner's office. A quarterly report on EAL accounting should be submitted to Excise Secretary by Excise department.
- s. The rule prohibiting engagement of women & children to encourage sale of liquor must be followed strictly. Any EP holder found involved in same shall face punitive action up to cancellation of license.
- t. **PROHIBITION:**
The Health & FW department and Excise Department will chalk out a programme to highlight evils of drinking, tobacco, gutkha, drug etc. and submit a plan by end of June 2015 to Govt. It will be funded by C. S. R. from Wholesaler.

THANK YOU

D. J. Khan
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