

EXCISE POLICY
2017-18

SRO-157 dated 30-3-2017

GOVERNMENT OF JAMMU AND KASHMIR
CIVIL SECRETARIAT 66 FINANCE DEPARTMENT

Notification

Jammu, 30th March, 2017.

SRO-157.ô The Excise Policy 2017-18 enunciated as hereunder will come into force on 1st April, 2017 and will continue to remain in force till 31st March, 2018. However, the State Government may revisit and revise the same at any point during the course of the year if the emergent situation warrants so.

1. Policy Objectives.—The Policy has the following underlined objectives :

- i. Simplification of the regulatory structure by rationalizing and reducing the number of taxes, duties and other levies ;
- ii. Import substitution of liquor and alcoholic beverages in the State using tariff barriers ;
- iii. Export incentivization through progressive tax and duty structure ;
- iv. Maximizing revenue realization ;
- v. Bringing about greater social consciousness about the harmful effects of consumption of liquor and alcoholic beverages.

2. Type and Forms of Licenses.ô At present there are twenty five types of licenses. Overtime, the Department intends to move to a regime of having only six types of licenses. Towards this end, in this Policy all the existing types of licenses have been bucketed

into five "sale license" categories and one "manufacture license" category as detailed herein below :

Type A License : For wholesale trade in local liquor. This includes: JKEL-1B, JKEL-1W, JKEL-1 and JKEL-1A.

Type B License : For retail trade in bars with or within an associated facility which includes hotel, restaurant, cinema, banquet hall or club. This category includes : JKEL-3, JKEL-3A, JKEL-4, JKEL-4A, JKEL-4B, JKEL-4C, JKEL-7 and JKEL-7A.

Type C License: For retail trade in shops, vends and stores. This category includes JKEL-2.

Type D license : For vends, bars and clubs with or within an Army, Defence or Security Establishment. This category includes : JKEL-5, JKEL-5A, JKEL-7A, JKEL-7B and W-2.

Type E License : For spirits and alcohol inputs and raw materials. This category includes: JKEL-12, JKEL-13 and JKEL-15.

Type F License : For Bottling Plants, Distilleries and Breweries.

In addition to these, the Department shall continue to issue 'Permits' to serve liquor on social occasions at private places, banquet halls, party halls and restaurants etc.

3. Issuance of Licenses .—

3.1 Wholesale trade

The present Policy for grant of licenses in form JKEL-1, JKEL-1A, JKEL-1B and JKEL-1W shall continue.

3.2 Retail trade

3.2.1 The grant of licenses for operating liquor vends shall be strictly in accordance with the provisions of the J&K Excise Act,

Svt. 1958ø J&K Liquor License and Sales Rules, 1984ø and subject to the conditions laid down in the following judgments :

- (i) Judgment of the Hon'ble Supreme Court dated 15-12-2016, passed in Civil Appeal No(s) 12164-12166 of 2016 (arising out of SLP Co (c) No (s). 14911-14913 of 2013) ; the State of Tamil Nadu represented by Secretary Home & others Versus K. Balu and others.
- (ii) Judgment of the Hon'ble High Court dated 06-02-2017, in the case titled Sandhya Devi V/s State of J&K & others.

3.2.2 The present Policy for the grant of licenses for retail sale of liquor viz; Bar with Hotel (JKEL-3), Bar with Banquet (JKEL-3A), Bar with Restaurant or Cinema Theatre or Dak Bungalow (JKEL-4), (JKEL-4A), (JKEL-4B) & (JKEL-4C), Unit Run Canteen by Army Paramilitary Forces (JKEL-5), Master Canteen (JKEL-5A) and Club (JKEL-7), (JKEL-7A), (JKEL-7B) & (JKEL-7C) etc. shall continue, subject to the fulfillment of the requirements of the orders of Honøble High Court and Hon'ble Supreme Court on the subject.

3.2.3 In order to arrest bootlegging, illicit distillation of liquor and to ensure availability of safe drinks, the Excise Department may grant new licenses in un-served and under-served areas.

3.2.4 For determining un-served and underserved areas, Tehsil will be the basic unit in the rural areas and Municipal ward will be the basic unit in the urban areas.

3.2.5 Upon receipt of demand for granting new license in the un-served and underserved areas as determined above, the Excise Department will grant such license only through e-auction mode subject to other conditions fulfilled by the eligible highest bidder.

3.2.6 The detailed conditions and Modus Operandi for e-auction shall be notified separately by the Excise Department.

3.2.7 Grant of any new license will be for a period of 5 years and the bid would include the premium over and above the annual license fee to be paid by such highest bidder, as determined by the Excise Department from time to time.

3.2.8 New Liquor vends shall be at a minimum distance of 100 meters from the religious places, schools, hospitals, nearest liquor shops and in conformity with the provisions of the J&K Excise Act and Liquor License and Sales Rules 1984.

3.2.9 For the purpose of granting new licenses, all the 61 locations in the case titled Sandhya Devi & Others Vs State of J&K & others, shall be treated as available for granting new licenses except those locations falling within 500 meters of National and State highway as per the directions of Hon'ble Supreme Court. The process of granting new licenses on these locations, as in the case of all new licenses, shall be through e-auction supplemented by Technical & Financial Bid, in accordance with J&K Liquor Licenses and Sales Rules 1984.

3.2.10 In the process of e-auction, if an eligible bidder has bid for more than one location, the license will be given to the highest eligible bidder for only one location of his choice. For other locations in this case, the next highest bidder will be allowed to match the highest bid and license will be given accordingly. If this doesn't materialize such locations will again be put to auction.

3.2.11 The liquor licenses shall be granted to the state subjects of Jammu and Kashmir only. Those already having any manufacturing, bottling, brewery, wholesale or retail license will not be eligible to apply for any new license.

3.2.12 The Department of Excise shall undertake a fresh survey of all existing licenses and conduct forensic audit if required so as to detect any Benami ownership, ownership procured in violation

of the provisions of J&K Excise Act, Liquor License & Sales Rules, 1984 and circular instructions issued from time to time.

3.2.13 The Department will simultaneously institute and implement PAN and Aadhaar seeding of licenses and ensure compliance and functioning strictly in accordance with the provisions of J&K Excise Act, Liquor License & Sales Rules 1984 and circular instructions issued from time to time.

4. Grant of license to Manufacturing/Bottling plant.—The existing Policy for issuance of licenses for Distilleries, Breweries and Bottling Plants in the State as laid down vide Government Order No. 99-F of 2003 dated 07.04.2003, read with Government Order No. 156-F of 2003 dated 22.07.2003, shall continue. 1 per cent of the cost of project shall be charged for issuance of Letter of Intent (LoI) for setting up Distilleries, Breweries and Bottling Plants.

5. Inclusion of different sources of import in one license :— (JKEL-1A)

The licensee holding Type A (JKEL-1A) license shall be allowed to import liquor from any of its own distilleries or the distilleries with which it has a valid agreement to produce or bottle liquor on its behalf, located outside the State, subject to the condition that license fee of Rs. 3.00 lac or as revised from time to time is paid in full for each source.

6. Fixation of Maximum Retail Price.—

- (a) The Maximum Retail Price (MRP) of all types of Liquor including JK Special Whisky and Beer shall continue to be fixed by the Excise Commissioner for the year 2017-18.
- (b) Freight charges shall be added to MRP at the rate of 5 per cent for Kashmir Division, Poonch and Kishtwar Districts of Jammu Division and ten per cent for Leh and Kargil Districts.

7. All liquors to be ENA based. IMFL manufactured locally or imported from outside the State (other than Foreign Liquor Bottled In Origin (BIO), Bottled in India or Malt Whisky) shall be ENA based only. The use of rectified spirit as a base in manufacture/sale of Liquor for consumption in civil market and CSD/PMF shall remain banned.

8. Restriction on import of economy brands to protect the local industry. There shall be a ban on import of brands having MRP of Rs. 300/- per bottle or below into the State.

9. Affixation of security hologram on IMFL, JK Special Whisky, Beer and Ready to Drink (RTD) Beverages.—

In order to check Excise duty evasion, the manufacturers of IMFL, JK Special Whisky, Beer & RTD as well as Importers of IMFL/Wine/Beer etc. shall continue to affix Security Hologram as approved by the Excise Department. However, in order to ensure foolproof security against Excise duty evasion, the process shall be revisited and the enforcement wing shall be further strengthened.

10. Revalidation of permits. The permit issuing authority after charging revalidation fee of Rs. 2000/, may revalidate a permit which remains unexecuted or becomes time barred.

11. Renewal of licenses. The renewal of license will be automatic subject to the following conditions:

- i. The licensee not being a defaulter of any taxes, levies or duties to the Commercial Taxes Department or Excise Department.
- ii. For the above purpose, the Excise Department will refer to the defaulters list maintained by the Commercial Taxes Department on its website as well as its own records.
- iii. Depositing of Annual prescribed fee by the licensee.

12. Approval of Labels.—

As provided under section 16-A of the J&K Excise Act, Samvat 1958, labels for different brands of liquor for the financial year 2017-18 shall be approved within two weeks of receipt of application in the respective categories. Label fee at the rate of Rs. 25000/- per label in case of civil and Rs. 15000/- per label in case of CSD shall be charged.

13. License fee.—

Form of License	Amount
Type A	Rs. 1.50 Lacs Per Annum
Type B	Rs. 3.50 Lacs Per Annum Rs. 1.50 Lacs Per Annum for Beer Bars
Type C	Rs. 4.00 Lacs Per Annum, for Sale upto 25000 bottles of IMFL Rs. 6.00 Lacs Per Annum, for Sale above 25000 bottles of IMFL upto 50000 bottles Rs. 8.00 Lacs Per Annum, for Sale above 50000 bottles of IMFL
Type D	Rs. 0.12 Lacs Per Annum Rs. 1.00 Lac Per Annum in case of Master Canteen Rs. 3.50 Lacs Per Annum in case of CSD Bond
Type E	Rs. 0.12 Lacs Per Annum
Type F	Rs. 6.00 Lacs Per Annum
Miscellaneous. Permit to serve liquor on Social Occasions at private places, Banquet Halls, Party Halls and Restaurants etc.	Rs. 0.12 Lacs Per occasion

14. Excise Duty : Civil**A. IMFL, JK-Special Whisky, Beer and RTD**

Kind (Per Litre)	Brand	Amount
IMFL	Super Deluxe/Deluxe	Rs. 200.00
IMFL	Premium/Medium	Rs. 140.00
IMFL	Economy	Rs. 112.00
Country Liquor	JK Special Whisky	Rs. 112.00
Beer	All Brands	Rs. 20.00
RTD Beverages	All Brands	

B. Rectified Spirit, Alcohol, Denatured Spirit and Molasses

Type	Rate
Rectified Spirit/Alcohol/ Denatured Spirit for use in Medicinal and Toilet Preparations	At rates prescribed under the Medicinal and Toilet Prepara- tions Excise Duties Act, 1955.
Molasses	Rs. 18.00 per Quintal

15. Import Duty : Civil

Kind (Per Litre)	Brand	Amount
IMFL including foreign Liquor	All Brands	Rs. 30.00
Beer/RTD Beverages	All Brands	

16. Tax and Duties on CSD. Excise duty and Import duty on CSD shall be 25% less than that on Civil for all types of Brands.

17. Assessment fee :

A. Assessment Fee on sale of IMFL/BEER/JK Special Whisky by Licensees having 'Type C' License.

Kind	Brand	Amount
IMFL including Foreign liquors (Bottled in origin) 700ML/750ML/1000ML	All Brands	Rs. 30 Per Bottle of 750 ML
Beer all types including Imported Beer, Cider, Sherry and Wine	All Brands	Rs. 13 Per Bottle of 650 ML
RTD Beverages	All Brands	
JK Special Whisky		Rs. 13.00 per Bottle of 750 ML

B. Assessment Fee on sale of IMFL/BEER/RTD/JK Special Whiskey by Licensees having Type B License :

Kind	Brand	Amount
IMFL including Foreign liquors (Bottled in Origin) 700 ML/750 ML/1000 ML	All Brands	Rs. 30 Per Bottle of 750 ML
Beer all types including Imported Beer, Cider, Sherry and Wine including RTD	All Brands	Rs. 12 per Bottle of 650 ML
JK Special Whisky		Rs. 12 per Bottle of 750 ML

C. Assessment Fee on sale of IMFL/BEER/RTD/JK Special Whisky by Licensees having Type A License :

Assessment fee @ Rs. 3.00 per Bottle of 750 ML shall be charged for all kinds of IMFL, JK Special Whisky, Beer and RTD in case of Wholesale Trades i.e. **TYPE A** license holders.

Assessment fee shall be payable on monthly basis in accordance with the prescribed procedure.

18. Duty free import of liquor.—Upto two litres of imported duty free liquor accompanied with proper invoice shall be allowed to be carried into the State of J&K by any bonafide person.

19. Social Responsibility Corpus Fund.ô The long term objective of the State is to eliminate or reduce the consumption of liquor primarily through educating the masses regarding the harmful effects of consumption of liquor.

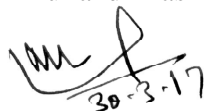
Towards this end, the Department shall spend money on educating people through activities like awareness campaigns, engagement with local youth and communities and drug de-addiction programmes.

Accordingly, the Department will exhort all its stakeholders, in particular all licensees, to contribute a minimum of 2 per cent of their annual profit towards CSR Fund established by the Department.

The Department itself will contribute a matching amount and the corpus so created will be used for education of masses, reduction of instances of drunken driving, de-addiction activities and providing health support by way of providing ambulance services on the National Highway.

This notification shall come in force with immediate effect.

By order of the Government of Jammu and Kashmir.



30-3-17

(NAVIN K. CHOUDHARY), IAS

Commissioner/Secretary to Government,
Finance Department.

No. ET/Estt/2017/77

Dated : 30-03-2017

Copy to :ô

1. Ld. Advocate General, J&K, Jammu.
2. All Financial Commissioners.
3. Principal Secretary to Hon'ble Chief Minister.
4. Principal Resident Commissioner, J&K, 5-Prithvi Raj Road, New Delhi.
5. Principal Secretary to Hon'ble Governor.
6. All Principal Secretaries to Government.
7. Chief Electoral Officer, J&K, Jammu.
8. Principal Accountant General, J&K, Jammu.
9. All Commissioners/Secretaries to Government.
10. Divisional Commissioner Kashmir/Jammu.
11. Registrar General, J&K High Court, Jammu.
12. Excise Commissioner, J&K, Jammu.
13. Commissioner Commercial Taxes, J&K, Jammu.
14. Director Information, J&K, Jammu.
15. All District Development Commissioners.
16. Secretary, J&K Legislative Assembly/Legislative Council.
17. General Manager, Ranbir Government Press for publication in Government Gazette.
18. Private Secretary to Chief Secretary.
19. Private Secretary to Hon'ble Ministers/Hon'ble Ministers of State for information of the Hon'ble Ministers.
20. I/C Website, Finance Department (www.jakfinance.nic.in).
21. I/C Website, General Administration Department (www.jkgad.nic.in).
22. Government order file/Stock file (W2scs).