

# **EXCISE POLICY**

**2019-20**

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**SRO 128 Dated 25-02-2019**

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**GOVERNMENT OF JAMMU AND KASHMIR  
CIVIL SECRETARIAT—FINANCE DEPARTMENT**

**Notification  
Jammu, 25<sup>th</sup> of February, 2019**

SRO128.-The Excise Policy 2019-20 enunciated as hereunder will come into force on 26<sup>th</sup> of February, 2019 and shall continue to remain in force till 31<sup>st</sup> March, 2020. 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. —

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

**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, JKEL-7A and JKEL-7B (beer bar with micro-brewery).

**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 and W-2.

**Type E License :** For spirits and alcohol inputs and raw materials. This category includes: JKEL-12, JKEL-13, JKEL-14 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. 1958, 'J&K Liquor License and Sale Rules, 1984' and subject to the outcome of various court proceedings pending in this regard.

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 final outcome of writ petitions pending in this regard.

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 Sale Rules 1984'.

Provided further that all type of Bars established in high-end hotels (category A/3 star or above) and in multi-storeyed malls/multiplexes (floor area of more than 15000 sft) including micro-breweries shall have no such restrictions on distance from the existing licensed premises.

3.2.9 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.



3.2.10 The liquor licenses shall be granted to the state subjects of Jammu and Kashmir only. Those already having any type of license under the J&K Excise Act shall not be eligible for having the same type of license. However, any licensee can apply for or have a license of any other type.

3.2.11 The operational sub-vends shall be eligible for regularization after paying a premium of Rs.15.00 lac and regular license fee as notified from time to time, subject to fulfilling all requisite formalities in vogue for grant of a regular license.

3.2.12 Theme based bars and such customized titles, as per the services rendered along with the Bar will also be included in the License JKEL-4. Separate guidelines shall be framed by the Excise Department in this regard.

Provided that the License holder operates the premises in accordance with provisions of relevant Act/Rules and various Court directions in this regard.

3.2.13 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 & Sale Rules, 1984 and circular instructions issued from time to time.

3.2.14 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 & Sale Rules 1984 and circular instructions issued from time to time.

3.2.15 All the business establishments/Licensees coming under the purview of J&K Excise Act and Rules framed there under shall also be governed as per the J&K State Partnership Act 1996 and Rules framed there under as amended 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. A non-refundable sum of Rs. 25.00 Lacs shall be charged for issuance of Letter of Intent (LoI) for setting up Distilleries, Breweries and Bottling Plants.

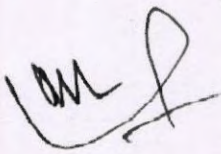
**5. Fixation of Maximum Retail Price.—**

- (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 2019-20.
- (b) Freight charges shall be added to the MRP at the rate of Rs. 5/bottle for Kashmir Division, Poonch and Kishtwar and Rs 10/bottle for Leh and Kargil Districts and Rs 2/bottle for other areas beyond 10 Kms from the source.

**6. 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.

**7. Restriction on import of economy brands to protect the local industry:** There shall be a ban on import of brands having MRP of Rs. 600/- per bottle or below into the State.

**8. 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. However the Excise department will explore the possibility of having the alternate latest technology to ensure zero pilferage.



**9. Revalidation of permits:** The permit issuing authority after charging revalidation fee of Rs. 5000/-, may revalidate a permit which remains unexecuted or becomes time barred.



**10. Renewal of licenses:** The renewal of license will be automatic for a period of 5 years subject to the conditions laid down in Government Order No: 311-FD of 2017 Dated 20-10-2017. However, the licenses issued to the Army/PMF/NP5 shall be renewed every year.

**11. 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 2019-20 shall be approved within two weeks of receipt of application in the respective categories. Label fee at the rate of Rs. 30000/- per label in case of civil and Rs. 20000/- per label in case of CSD shall be charged.

Provided that for BIO liquor and wine, label approval fee shall be Rs.5000/- for each brand.

**12. Packing material:** Liquor shall not be sold in plastic bottles being against the environment protection laws. All kinds of liquor will be sold in glass bottles/pet bottles and tin cans only.

**13. License fee:**

Form of License	Amount
Type A	@Rs8/bottle for IMFL (750 ml) and @ Rs5/bottle (750 ml) JK Special Whisky/Beer/RTD/Cider.
Type B	@Rs8/bottle for IMFL (750 ml) and @ Rs5/bottle (750 ml) JK Special Whisky and Rs 3/ bottle of Beer/RTD/Cider. However, a onetime upfront fee of Rs 7.00 lac for new establishment over and above the annual fee and Rs2.00 lac for new beer bar over and above annual fee shall be levied.
Type C	@Rs8/bottle for IMFL (750 ml) and @ Rs5/bottle (750 ml) JK Special Whisky and Rs 3/ bottle of Beer/RTD/Cider.
Type D	Rs 0.20 lac per annum Rs 1.50 lac per annum in case of Master Canteen Rs4.00 lac per annum in case of CSD Bond
Type E	Rs 0.12 lac per annum
Type F	Rs 6.00 lac per annum.
Miscellaneous*	Rs 0.05 lac per occasion

\*Permit to serve liquor on Social Occasions at private places, Banquet Halls, Party Halls and Restaurants.



Provided that the Bars located in districts Leh and Kargil, and Tourist resorts of Sonamarg, Gulmarg and Pahalgam shall pay half the amount of prescribed license fee subject to review on yearly basis

#### 14. Excise Duty: -CIVIL

##### A. IMFL, JK Special Whisky, Beer and RTD

Kind	Brand	Amount
IMFL	Super Deluxe/Deluxe	Rs 300.00/LPL
IMFL	Premium/Medium	Rs 230.00/LPL
IMFL	Economy	Rs 200.00/LPL
IMFL	Cheap	Rs 180.00/LPL
Country liquor	JK Special Whisky	Rs 200.00/LPL
Wine	All Brands	Rs 110.00/BL
Beer, Cider, RTD Beverages	All Brands	Rs 30.00/BL

Provided that for BIO liquor and wine, the excise duty will be 10% less.

##### B. Rectified Spirit, Alcohol, Denatured Spirit and Molasses

Type	Rate
Rectified Spirit/Alcohol/Denatured Spirit for use in medicinal and toiletry preparations, other than in manufacture of liquor	Rs 10/litre
Molasses	Rs 20 per quintal

#### 15. Import Duty: - CIVIL

KIND	BRAND	Amount
IMFL including foreign liquor	All Brands	Rs 45.00/750 ml
Beer,	All Brands	Rs 40.00/650 ml
Wine, Cider, RTD Beverages	All Brands	Rs 20.00/650 ml

#### 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 liquor manufactured/bottled in Jammu & Kashmir.

**17. Assessment/ Additional Assessment Duty:****A. Assessment Duty on sale of IMFL/BEER/RTD/JK Special Whisky by licensees having 'Type C'.**

KIND	BRAND	AMOUNT
IMFL including foreign liquor (Bottled in Origin)	All Brands	Rs. 35 per 750 ml
JK Special Whisky	All Brands	Rs. 15 per 750 ml
Beer (all types including imported beer), Wine, Cider, RTD Beverages.	All Brands	Rs. 15 per 650 ml

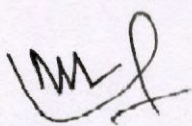
**B. Assessment Duty on sale of IMFL/BEER/RTD/JK Special Whisky by licensees having 'Type B'.**

KIND	BRAND	AMOUNT
IMFL including foreign liquor (Bottled in Origin),	All Brands	Rs. 35 per 750 ml
JK Special Whisky	All Brands	Rs. 15 per 750 ml
Beer (all types including imported beer), Wine, Cider, RTD Beverages.	All Brands	Rs. 15 per 650 ml

**C. Assessment Duty on sale of IMFL/BEER/RTD/JK Special Whisky by licensees having 'Type A'**

Assessment Duty @ Rs. 5.00 per bottle of 750 ml shall be charged for all kinds of IMFL, JK Special Whisky and @ Rs. 5.00 per bottle of 650 ml for 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.



**D. Additional Assessment Duty on sale of IMFL/BEER/RTD/JK Special Whisky by licensees having 'Type B, C and D'.**

KIND	BRAND	AMOUNT
IMFL including foreign liquor (Bottled in Origin)	All Brands	35% of MRP
JK Special Whisky	All Brands	
Beer (all types including imported beer), Wine, Cider, RTD Beverages.	All Brands	

**18. Draught Beer:**

The Draught Beer supplied directly from the Brewery to the bars in kegs as per SRO 240 dated 29.05.2018, the Assessment Duty to be collected by Type-A Licensee, shall be levied at Breweries @ Rs.6.00 per bottle of 650 ml.

**19. Import of Liquor:**

Up to two bottles 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. The import to be declared to the Excise Office at Airport, Railway or road entry points or to the nearest Excise office within 24 hours.

**20. Online services and inventory management system:**

Each Licensee shall be required to procure and install and make necessary provision for IT and non IT infrastructure at his licensed premises as may be required for successful implementation of online services for registration, permits, payment of taxes and duties and inventory management system for production, import, trade/sale of liquor.

**21. Failure to deposit the dues:**

The licensee shall pay simple interest @ 12% per annum in addition to 2% penalties/month as per the J&K Excise Act from the date next following the day on which any payment recoverable from him becomes due to the Government until the date on which such payment is actually made or recovered whatever may be the reason of lapse of time. The



non payment will also attract action as per the provisions of J&K Excise Act and J&K Liquor License and Sale Rules.

**22. Social Responsibility Corpus Fund:-** 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.

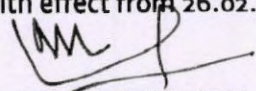
Accordingly, the Department will exhort its stakeholders, in particular liquor license holders in Type A, B, C and F Licenses to contribute a minimum amount as detailed below towards the Corpus Fund established by the Department to be collected on quarterly basis:-

Type A	Rs 1500 per month
Type B	Rs 1000 per month
Type C	Rs 2500 per month
Type F	Rs 3000 per month

The amount shall be assessed and collected on monthly basis and the Department itself will contribute a matching amount and the Corpus so created shall be utilised for the following philanthropic activities:

- Educating the public about the ill-effects and hazards of drug addiction and drunken driving.
- Providing Ambulance service on National Highways and other emergency care equipment to Hospitals in the shape of ventilators, oxygen concentrators etc.
- Providing funds to the Traffic Department for purchase of breath-analysers.
- Rehabilitation of families involved in illicit liquor trade by enabling them to take up alternate means of livelihood and their skill development.

This notification will come into force with effect from 26.02.2019.

  
(NAVIN K. CHOUDHARY) IAS,  
25.2.19  
Principal Secretary to Government,



No. ET/Estt/77/2017

Dated : 25-02-2019

Copy to :—

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

