

URGENT  
ASSEMBLY MATTER

GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI  
OFFICE OF THE COMMISSIONER OF EXCISE, ENTT. AND LUXURY  
TAX L & N BLOCK, VIKAS BHAWAN, I.P. ESTATE, NEW DELHI-110002

F.No.Ex./IMFL/A.Q./2023/ 6773

Dated: 14/12/2023

To,

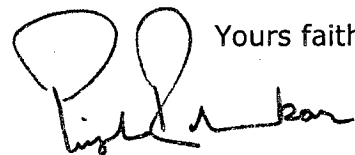
Deputy Secretary (Question Branch)  
Delhi Vidhan Sabha Secretariat,  
Govt. of NCT of Delhi, Old Secretariat,  
Delhi-110054.

**Sub: Reply of Un-Starred Question No.63 for 15.12.2023, raised by  
Sh. Abhay Verma, Hon'ble Member.**

Sir,

Please find enclosed herewith reply of Un-Starred Question No.63  
raised by **Sh. Abhay Verma, Hon'ble Member** alongwith its enclosure for  
taking necessary action at your end.

Encl. As above (100 copies).

  
Yours faithfully,  
Assistant Commissioner (P.Q)

Copy to:- Director DIP, Old Secd., Block-9, Delhi-54.

राष्ट्रीय राजधानी क्षेत्र दिल्ली  
आबकारी, मनोरंजन एवं विलासिता कर विभाग  
एल-ब्लॉक: विकास भवन: आई.पी.एस्टेट, नई दिल्ली-110002

अतारांकित प्रश्न संख्या:-63

दिनांक:- 15.12.2023

प्रश्नकर्ता का नाम: श्री अभय वर्मा  
क्या माननीय वित्तमंत्री यह बताने की कृपा करेंगे कि:

प्रश्न	उत्तर
क) क्या यह सत्य है कि नई आबकारी नीति लागू रहने के दौरान 22.28 करोड़ लीटर शराब बेची गयी जिससे सरकार को 5576.47 करोड़ रुपये का आय प्राप्त हुआ;	यह सत्य है नई आबकारी नीति लागू रहने के दौरान 22.28 करोड़ लीटर शराब बेची गयी जिससे सरकार को 5576.47 करोड़ रुपये का आय प्राप्त हुआ।
ख) यदि हाँ, तो इस दौरान इतनी अधिक शराब बिकने के क्या कारण हैं;	संभवतः उपभोक्तार्यों के रुचि के कारण।
ग) 17 नवम्बर 2022 से 31 अगस्त 2023 तक कितने करोड़ लीटर शराब बेची गई, अगर अधिक बेची गई तो क्यों, अगर कम बेची गई तो क्यों, विस्तार से जानकारी दें;	17 नवम्बर 2022 से 31 अगस्त 2023 तक 16.23 करोड़ लीटर शराब बेची गई।  संभवतः बाजार की ताकतें और उपभोक्तार्यों की मांग के कारण।
घ) नयी आबकारी नीति से वर्तमान आबकारी नीति में कम शराब बेचकर सरकार को अधिक मुनाफा प्राप्त होने के क्या कारण हैं और नयी आबकारी नीति में कौन-कौन सी खामियों थी जिस कारण सरकार ने नयी नीति अचानक वापिस ले ली, विस्तार से बतायें; और	अलग अलग पॉलिसी के वर्षों के समान ब्राण्डों/प्रकारों/आकारों पर लागू अनुमानित उत्पाद शुल्क की तुलना नहीं की जा सकती क्योंकि एमआरपी के समान होने के मामले में भी उनके मूल्य निर्धारण मापदंडों के आधार पर उनका उत्पाद शुल्क अलग हो सकता है।  Cabinet Decision 3091 dated 31.07.2022 के अनुसार नयी आबकारी नीति से पुरानी अबकारी नीति को लाया गया था ; अनुलग्नक - "क" पर सलग्न है।
ड.) नयी शराब नीति के तहत शराब कारोबारियों को किस-किस प्रकार का लाभ सरकार से मिला ?	नई आबकारी नीति की प्रतिलिपि अनुलग्नक - "ख" पर सलग्न है।

हस्ताक्षर

कृष्ण मोहन  
14/12/23

(आबकारी आयुक्त)

GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI  
GENERAL ADMINISTRATION DEPARTMENT  
(CO-ORDINATION BRANCH)  
DELHI SECRETARIAT, I.P. ESTATE, NEW DELHI

39/c

No.F.03/10/GAD/CN/2021/dsgadiii/1589-1598

Dated: 31.07.2022

THROUGH CIRCULATION

CABINET DECISION NO. 3091 DATED 31.07.2022

Subject: - Restoration of Excise Duty Based Regime (Prevalent upto 16<sup>th</sup> November, 2021) and ancillary actions required for the same including amendments in Delhi Excise Rules, 2010 and Schedules of Delhi Value Added Tax Act, 2004 - regarding.

Decision: The Council of Ministers considered the Cabinet Note of Pr. Secretary (Finance) and approved the proposal contained in para- 3.1 to 3.5 of the Cabinet Note.

--Sd--

(Naresh Kumar)

Secretary to the Cabinet

No.F.03/10/GAD/CN/2021/dsgadiii/1589-1598

Dated: 31.07.2022

- 1 Secretary to Lt. Governor, Delhi.
- 2 Addl. Chief Secretary to the Chief Minister, Delhi.
- 3 Secretary to Dy. Chief Minister, Govt. of NCT of Delhi.
- 4 Secretary to Minister, GAD, Govt. of NCT of Delhi.
- 5 Secretary to Minister, Health, Govt. of NCT of Delhi.
- 6 Secretary to Minister, Food and Supply, Govt. of NCT of Delhi.
- 7 Secretary to Minister, Social Welfare, Govt. of NCT of Delhi.
- 8 Secretary to Minister, Transport, Govt. of NCT of Delhi.
- 9 Pr. Secretary (Finance), Govt. of NCT of Delhi, Delhi Secretariat, New Delhi.
- 10 OSD to Chief Secretary, Govt. of NCT of Delhi, Delhi Secretariat, New Delhi.

(Ashish Madhaorao More)

Secretary (GAD)

38/c

**Need for the Proposal:**

2.1 As per the Excise Policy 2021-22, the major component of the excise revenue is in the form of license fee determined through tender, in which a major portion of the excise duty and VAT has been subsumed. Reserve license fee for the purpose of tender arrived at by adding escalation of 10% to the aggregate average revenue in "normal year 2019-20" was Rs. 7039 Crores against which the successful bidders quoted a total tendered license fees of Rs 8911 crores. The total revenue realization for the year 2021-22 was Rs.6720 crores (Excise revenue of Rs. 5445 crores and VAT on liquor of Rs. 1275 crores). During the Q1 of the current Fiscal Rs.1485Crores was realized which is 37.51 % below the budget estimates for current Fiscal 2022-23 (Rs. 2375 crores for Q1 [Total BE Rs.9500 Crores] ).

2.2 The Excise Policy 2021-22 has also become embroiled in numerous court cases, in most of which interim orders have been passed by Hon'ble Courts, leading to blockage of significant government revenue. In particular, in the matter relating to opening of retail vends in non-conforming wards, Hon'ble Court has passed interim orders granting prorata relief on payment of License fees by the L7Z licensees while there has been no corresponding reduction in volume of sales, rather there was an increase in Delhi as a whole. The amount of revenue not realized on account of various court orders upto July,2022 is Rs.1062 crores and there is continuing shortfall of Rs. 84.8 crore every month due to relief given by Hon'ble High Court in non-confirming areas.

2.3 Further, 9 zonal retail licencees have not availed extension during the extension period from April, 2022 and 3 more zonal retail licencees have conveyed their intent to not avail extension beyond July, 2022. Out of the 14 wholesale licencees, 4 wholesale license-holders have so far opted to discontinue their licenses. The revenue decline on account of surrendered zones is estimated to be around Rs.193.95 crores per month. It is pertinent to note that while the exchequer is losing significant revenue due to vacation of zones, there has been no decline

13/C 37/C

of sales of liquor and the slack has only been picked up by the remaining license-holders, which amounts to a windfall gain to them. The data from Excise Department shows that sale of liquor in 1<sup>st</sup> Quarter of current Fiscal 2022-23 has increased by 59.46% in case of whisky to 87.25% in case of wine as compared to the corresponding period of financial year 2019-20 (a normal year) but the same could not be captured as an enhancement to the Government revenue. Further, since there is no clarity about continuation of Excise Policy 2021-22, therefore, there may also be a tendency for some more L7Z license-holders to surrender their licenses which may lead to further reduction in revenue.

2.4 On account of situation as detailed in para 2.3, the total number of shops which are operational at present has been reduced to 468 only as against the targeted number of 849, which is leading to large number of unserved areas and defeating one of the major objectives of Excise Policy, 2021-22. This naturally amounts to windfall gain for the existing license-holders and leading to loss of revenue to the exchequer.

2.5 The provision of discounts on liquor sales has given rise to unhealthy market practices and has also contributed to weeding out of weaker hands. In case the same continues during extension period, there is likelihood of some more vendors surrendering their licenses, which will have adverse impact on government revenues.

2.6 There have also been instances of shortage of particular brands. In particular, premium imported brands have not been available for some time now as the sole wholesalers for such brands has stopped supplies. In the Excise Policy, 2021-22, a particular brand registration is limited to a particular brand by concerned wholesaler, which could lead to monopolistic tendencies.

2.7 In view of paras 2.1 to 2.6, it can be reasonably concluded that continuation of the Excise Policy, 2021-22 any further can be expected to have adverse revenue implications. Apart from perpetuating windfall gain to certain license-holders and causing distortion and

36/C 12/L

destabilization in market practices, which are not healthy for a stable revenue regime. Excise Department has accordingly suggested a switch over to the Policy which was in operation before 17.11.2021 for such period till a long-term suitable excise policy can be framed with measures in place to protect and enhance government revenue.

2.8 The New Excise Policy 2022-23 was approved by the Cabinet vide Decision No. 3081 dated 5<sup>th</sup> May 2022. When it was sent for approval of Competent Authority, certain observations were made by Chief Secretary and thereafter directions were issued by Hon'ble Deputy Chief Minister as follows-

- i. "It has been brought to my notice that 10 zones are vacant for past few months. Very few shops are operating today in Delhi and whole of Delhi is bound to buy liquor from these shops. There is loss of revenue to the Government and the same is going to shops which are operating. Since large area of Delhi is un-served, it could lead to hooch tragedy. These zones should immediately be filled up after the due process.
- ii. Further, the Excise Policy 2021-22, which was extended till 31<sup>st</sup> March 2022 is due to expire. An appropriate proposal be prepared and submitted for the period thereafter. In this regard, directions were already issued on 25.07.2022."

2.9 It is observed that the reduction in number of vends to only 468 is affecting the government revenue adversely and the existing retail vends are enjoying windfall gain at the cost of public exchequer, on various accounts, including on account of non-opening/closure of retail vends and huge increase of sale in liquor. It is strongly emphasized that public interest is paramount and there should not be any loss to the government exchequer at any point of time and private undertaking should not enjoy windfall gains at the cost of public exchequer. It is pointed out that in case the government decides to extend the tenure of existing retail and wholesale licenses, then in remaining zones (which have been surrendered) it would not be

DELHI EXCISE POLICY FOR THE YEAR 2021-22

**1. INTRODUCTION:**

The National Capital Territory of Delhi has 11 districts, 33 sub-divisions, 272 wards, NDMC & Delhi Cantonment Board and 300 villages. Delhi is ranked as the 28<sup>th</sup> most visited city in the world and the first in India, by foreign visitors. The Excise Revenue is an important source of revenue for the State. The current system of excise regime in Delhi is highly cumbersome and the liquor trade is conducted in an archaic manner. The excise revenue, presently generated in Delhi, is at sub-optimal level and there is significant potential for revenue augmentation and also providing a decent standard of customer experience commensurate to the stature of the National Capital.

The prime function of the Excise Department is to regulate, control and monitor possession, import, export, transport, sale and consumption of liquor and other intoxicants. The power of the state to control and regulate the trade in liquor is envisaged under entry 8, List II-State List, of the Seventh Schedule of the Constitution of India. As per entry 51, List II-State List, states are empowered to levy excise duty and also countervailing duty on liquor for human consumption, taking into account economic and social consideration. For such purpose, the statutory powers are discharged under the Delhi Excise Act, 2009. Section 26 of the Act prescribes the nature and components of excise revenue to be levied and recovered under the following heads namely: - a) duty b) license fee c) label registration fee d) import or export fee. The rates of duty and fee are, accordingly, prescribed from time to time, under rules-152 to 154 of the Delhi Excise Rules, 2010.

**2. BACKGROUND:**

In order to reform the liquor trade in Delhi, the Government of NCT of Delhi had constituted an Expert Committee, vide Order dated September 4, 2020 to suggest measures for;

- (i) Augmenting the State Excise Duty Revenue
- (ii) Simplifying the liquor pricing mechanism
- (iii) Checking malpractices and evasion of duty in liquor trade
- (iv) Ensuring equitable access to liquor supply
- (v) To transform the nature of liquor trade commensurate to the changing nature of the National Capital.

The Expert Committee was chaired by the then Excise Commissioner. Deputy Commissioner (Excise) and Additional Commissioner (Trade & Taxes) were the other Members of the Committee.

The Expert Committee submitted its report to the Government on October 13, 2020. The Report of the Expert Committee was placed in the public domain on

December 31, 2020 and comments from stakeholders/general public were invited on the recommendations of the Expert Committee till January 21, 2021. 1181c

The Government received an overwhelming 14,671 comments/ feedback from the stakeholders/general public. The Report of the Expert Committee and the comments received from the stakeholders/general public were placed before the Council of Ministers in the Cabinet Meeting held on February 5, 2021.

The Council of Ministers, Government of NCT of Delhi constituted a Group of Ministers (GoM) for State Excise Reforms vide Cabinet Decision No.2942 dated 05.02.2021 under the Chairmanship of Hon'ble Deputy Chief Minister with Hon'ble Minister (Urban Development) and Hon'ble Minister (Revenue) as Members to examine all aspects of the current system, report of the Expert Committee and the suggestions/feedback/comments received from the stakeholders/general public.

The Council of Ministers vide Cabinet Decision number 2983 dated 22.03.2021 has accepted the report on Delhi Excise Reforms prepared by the Group of Ministers (GoM) chaired by Hon'ble Deputy Chief Minister Sh. Manish Sisodia, Hon'ble Minister of Health & UD Sh. Satyendar Jain and Hon'ble Minister of Law & Revenue Sh. Kailash Gehlot as Members.

The Department has been directed vide Cabinet Decision No.2983 dated 22.03.2021 to implement the report of Group of Ministers (GoM) and accordingly prepare Excise Policy for the year 2021-22, make requisite amendments to the Delhi Excise Act and Delhi Excise Rules, wherever required and take all other steps for implementation of the report of GoM.

The Group of Ministers vide Minutes dated 05.04.2021 recommended and approved additional clarifications/modifications in the Report of the GoM.

In line with the report of the Group of Ministers(GoM) as approved by the Council Of Ministers and the additional clarifications/modifications of the GoM, the Excise Policy for the year 2021-22 has been framed, with the following objectives:

- i) To ensure generation of optimum revenue for the Government, eradicate the sale of spurious liquor/non-duty paid liquor in Delhi and transform the consumer experience.
- ii) To simplify the highly complex, heavily regulated excise regime ensuring ease of doing business in the overall trade.
- iii) To not allow formation of any monopoly or cartel.
- iv) To allow the responsible players in the industry to carry out the trade transparently without resorting to any proxy model.
- v) To ensure equitable access of liquor supply to all the Wards/area of Delhi so that there are no un-served and under-served localities eliminating the problem of spurious/non-duty paid liquor.
- vi) To put in place a simplified duty and pricing mechanism that is periodically reviewed.



- 1171C
- vii) To ensure accountability on part of the licensee in terms of revenue enhancement besides keeping in check the emergence of monopolies and cartels.
  - viii) Promotion of consumer choice. Ensuring availability of popular as well as niche brands so that the customer has a wider choice.
  - ix) Systemic measures to check smuggling and bootlegging, such as adequate spread of retail vends and insignificant or no price differential with the neighbouring States thereby eliminating the arbitrage for smuggling.

### 3. FRAMEWORK FOR GRANT OF WHOLESALE LICENSE IN FORM L-1:

3.1.1 The wholesale license in Form L-1 for supply of Indian and Foreign Liquor shall be granted subject to the following:

- i) The license shall be granted only to high end professional business entities with years of distribution experience comparable to that of global industry standards in supply of Indian and Foreign liquor but excluding Country Liquor. High benchmark and strict parameters to be set for any entity that wish to be a L1 distributor in Delhi. These entities shall have the expertise, experience, ambition and financial wherewithal to set-up large scale distribution operations that should match global quality and industry standards.
- ii) The license shall be granted to private business entities which have distribution experience in liquor trade in any State of India for at least 5 years.
- iii) The entity holding wholesale license in the Form L-1 shall not be a manufacturer/winery/brewery/ bottling plant, anywhere in the country or abroad either directly or through any sister business entities.
- iv) The entity holding wholesale license shall also not hold any retail license directly or indirectly and shall only make supplies to Zonal Licensees/retail vends in the form of L-7Z, L-7V & L-7SP1..
- v) Any manufacturer that wishes to sell its products in Delhi will have to choose one of the licensed L-1 distributor holding wholesale license for supply of Indian and Foreign liquor and also holding bonded warehouse licenses in the form of L-31 as an exclusive distributor, for all its brands.

#### 3.1.2 ELIGIBILITY:

- i) The wholesale license in the Form L-1 shall be granted to a business entity having wholesale Distribution experience in the liquor trade in any State/UT in India for at least 5 years.
- ii) The entity applying for the license in Form L-1 shall have a wholesale liquor distribution turnover of minimum Rs. 150 crore every year for 3 consecutive financial years (in the block of financial years 2017-18, 2018-19, 2019-20 and 2020-21."
- iii) Any entity eligible to execute a contract can apply for the L-1 license. Joint Venture between entities is allowed to apply. In case of Joint

116/c

Venture, at least one of the Joint Venture partner firm should individually have the required experience of 5 years in wholesale distribution of liquor and individually have liquor distribution turnover of minimum Rs.150 crore per annum."

- iv) The turnover and experience of the Joint Venture partners will not be added for the purpose of qualifying the minimum eligibility criteria.
- v) For the purpose of qualifying the eligibility criteria, only the turnover of entire wholesale distribution business consisting of Indian Liquor (excluding Country Liquor) and Foreign Liquor will be counted. To illustrate, in case of applicants from Delhi – the turnover means WSP + excise duty for L-1 & L-1F. For the applicant from other States – equivalent criteria shall be considered.
- vi) For the purpose of meeting the eligibility requirements, wherever manufacturers have wholesale licenses, if an entity is able to submit documentary evidence that it was an agent of the manufacturer and managing their entire wholesale operations, that part of the experience and turnover of the manufacturer which was managed by the applicant agent will be counted to meet the eligibility requirements of the applicant agent.
- vii) No manufacturer or retail license holder will be allowed to apply for wholesale license or vice versa. If wholesalers and manufacturers/retailers are common entities, there is possibility of formation of syndicates leading to overcharging and brand influencing/pushing by entering into exclusivity arrangements with certain brands at the cost of exclusion of others. The retail license holder should not have any manufacturing facilities/distilleries/breweries/wineries anywhere in the country or abroad either directly or through any sister concerns/related entities. For this purpose, sister concerns/related entities shall mean that the entities should not have common proprietor or partners or directors. Majority ownership (51% or more) of the proprietorship or partnership or company should not lie with the same person in all the entities. The entities should not have a holding-subsidiary relationship or are not subsidiaries of the same holding company".
- viii) The license holder in the form of L-1 license shall not own directly or indirectly any of the retail vends.
- ix) There shall be no separate license for distribution and wholesale of foreign liquor and license in the form of L-1F will become redundant. Also, license in Form L-9 shall become redundant.

### 3.1.3 LICENSE FEE:

- i) The annual L-1 license fee for the year 2021-22 shall be Rs.5 crore irrespective of the number of brands.
- ii) A nominal charge of Rs.5000/-will be levied for each bonded warehouse license to be granted in the Form L-31.

#### 3.1.4 REGISTRATION OF BRANDS:

- 115/2
- i) All the brands for sale in the National Capital Territory of Delhi shall have to be registered with the Excise Department of the Government of National Capital Territory of Delhi (hereinafter called "the Excise Department").
  - ii) The registration of brands shall be open throughout the licensing year 2021-22 on payment of brand registration fee of Rs. 1 lakh per brand and Label Registration fee of Rs.5,000/- (Rs. Five thousand) per label. This is in respect of all beer, wine, spirit etc.
  - iii) Registration of brands and labels can be done either directly by the manufacturer or by L-1 licensee on behalf of the manufacturer during the course of the excise year. Further, any manufacturer can also change from one L-1 licensee to any other L-1 licensee after liquidation of entire inventory and giving a minimum of 10 days clear notice to the Excise Department.
  - iv) The registration and approval of the brands shall be subject to fulfilling, besides all other conditions of the Delhi Excise Act, 2009 and the Rules made there under, the following conditions: -
    - a. It shall be a product of a manufacturing unit (including a bottling unit) duly licensed by the respective Government.
    - b. It shall be made from neutral alcohol (double distilled), extra neutral alcohol, etc. Each and every consignment of Indian Liquor imported into Delhi is accompanied by a certificate of quality report duly certified by both the Technical head of the unit and the Excise authority attached to the unit confirming that the products are as per BIS standard and produced out of ENA.
    - c. Only such Indian Liquor brands, as have their Trade Mark registered, shall be allowed registration in Delhi. However, the brands with registered trademark licensed to the applicant under a valid agreement made in accordance with the Trade Mark Act, 1999 will be permitted.
    - d. The brands with Foreign Trade Mark Registration Certificates (TMCs) will be allowed registration in the Licensing year 2021-22 provided they have applied for registration to the Trade Mark Registration Authority of India before the submission of application for registration of the particular brands, subject to the condition that no brand shall be allowed to be registered in Delhi having identical or deceptively similar Trade Mark which is already registered in the name of a different proprietor in respect of the same goods or description of goods. This will however be subject to the verification of authenticity of Foreign Trade Mark Registration Certificate (TMC) by the concerned Issuing Authority.
    - e. Trade Mark Registration Certificate is not required for brands of Wine and Beer.

v) The eligibility criteria for registration of brands of various categories of liquor is as under:

- a) The Whisky brands shall be divided into five categories so far as the eligibility for Licensing/registering various brands is concerned. These categories are as follows: -

CATEGORY I (Economy Brands of Whisky) (Brands with retail price up to Rs.140/-per quarts):

These brands shall be allowed registration in Delhi only if the brand has sold a minimum of 80,000 (Eighty Thousand) cases in any of the two preceding financial years i.e., 2019-20 or 2020-21, excluding Delhi. The brands shall also qualify for registration, if the above minimum requirement of cases sold is fulfilled at any time during the financial year 2021-22.

CATEGORY II (Brands with retail price between Rs.141/- and 250/- per quarts):

These brands shall be allowed registration in the National Capital Territory of Delhi only if the brands have sold a minimum of 1,20,000 (One lac twenty thousand) cases all over India, including the National Capital Territory of Delhi in any of the two preceding financial years i.e., 2019-20 or 2020-21. The brands shall also qualify for registration, if the above minimum requirement of cases sold is fulfilled at any time during the financial year 2021-22.

CATEGORY III (Brands with retail price between Rs.251/- and Rs. 400/-per quarts):

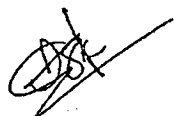
These brands shall be allowed registration in the National Capital Territory of Delhi only if the brands have sold a minimum of 60,000 (Sixty Thousand) cases all over India, including the National Capital Territory of Delhi in any of the two preceding financial years i.e., 2019-20 or 2020-21. The brands shall also qualify for registration, if the above minimum requirement of cases sold is fulfilled at any time during the financial year 2021-22.

CATEGORY IV (Brands with retail price from Rs.401/- per quarts and above):

No sale figures will be required in this category.

CATEGORY V

An international whisky brand being bottled in India and with retail price up to Rs.600/- per quarts shall be registered only if it has sold over 5,00,000 (Five lac) cases worldwide in any of the two preceding financial year i.e., 2019-20 or 2020-21. The brands shall



1131C

also qualify for registration, if the above minimum requirement of cases sold is fulfilled at any time during the financial year 2021-22.

The above eligibility conditions will apply to new brands as well as to the existing brands at the time of the registration for the licensing year 2021-22.

- b) The Rum brands shall be divided into three categories so far as the eligibility for Licensing / registering various brands is concerned. These categories are as follows: -

**CATEGORY I (ECONOMY RUM BRANDS):**

A Rum brand with retail price up to Rs.120/- per quarts shall be registered only if it has sold 50,000 (Fifty Thousand) cases all over India, including the National Capital Territory of Delhi in any of the two preceding financial years i.e., 2019-2020 or 2020-2021. The brands shall also qualify for registration, if the above minimum requirement of cases sold is fulfilled at any time during the financial year 2021-22.

**CATEGORY II**

A Rum brand with the retail price between Rs. 121/- and Rs. 250/- per quarts shall be registered only if it has sold 60,000 (sixty thousand) cases all over India, including the National Capital Territory of Delhi in any of the two preceding financial years i.e., 2019-2020 or 2020-2021. The brands shall also qualify for registration, if the above minimum requirement of cases sold is fulfilled at any time during the financial year 2021-22.

**CATEGORY III**

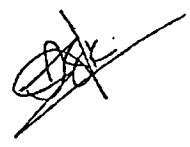
For Rum brands with the retail price above Rs. 250/- per quarts, no sale limit has been prescribed.

The above eligibility conditions will apply to new brands as well as to the existing brands at the time of the registration for the licensing year 2021-22.

- c) The Beer brands shall be divided into five categories so far as the eligibility for Licensing / registering various brands is concerned. These categories are as follows: -

**CATEGORY I**

A Beer brand with above 5 per cent alcoholic strength & MRP up to Rs.100/- per quarts shall be registered only if it has sold 3,50,000 (Three lakh fifty thousand) cases all over India, including the National Capital Territory of Delhi in any of the two preceding



112/c  
financial years i.e., 2019-2020 or 2020-2021. The brands shall also qualify for registration, if the above minimum requirement of cases sold is fulfilled any time during the financial year 2021-22.

#### CATEGORY II

A Beer brand up to 5 per cent alcoholic strength & MRP up to Rs.100/- per quarts shall be registered only if it has sold 1,50,000 (One lac fifty thousand) cases all over India, including the National Capital Territory of Delhi in any of the two preceding financial years i.e., 2019-2020 or 2020-2021. The brands shall also qualify for registration, if the above minimum requirement of cases sold is fulfilled any time during the financial year 2021-22.

#### CATEGORY III

For Beer brands with alcoholic strength above or below 5% (both) with Maximum Retail Price (MRP) of above Rs.100/- per quarts bottle (650 ML), no sale limit has been prescribed.

#### CATEGORY IV

For Diet Beer brands, no sale limit has been prescribed. Diet Beer should have alcoholic strength below 5% and caloric value less than 31 g per 100 ml.

#### CATEGORY V

An international Beer brand (including mild beer) shall be registered only if it has sold over 5,00,000 (Five lac) cases worldwide in any of the two preceding financial years i.e., 2019-2020 or 2020-2021. The above eligibility conditions will apply to brands for future registration as well as to the existing brands at the time of registration for the licensing year 2021-22.

- d) For Gin/ Brandy/ Vodka/ /wine/ Liqueur/Alcopop/ Mixed Alcoholic Beverages with alcoholic strength of less than 8% and other liquors, no sale limit has been prescribed.
- e) Indian Liquor Brands (Whisky and rum only) having retail price up to Rs.140/- declared, as economy brand will also be sold through L-7Z/L-7V vends. The existing L-14 license shall become redundant. Economy brands will be sold only in two categories (75 degree and 60 degree) of retail price up to Rs.140/-. L-1 licensee will be allowed to lower ex-distillery/wholesale price so as to bring their brands at par with the economy brands. However, once a brand has been declared as economy brand, it shall continue to be so, during the currency of the licensing year and the licensee shall not be

permitted to opt out of this category once he has exercised his option.

### 3.1.5 INFORMATION REGARDING OTHER RELATED LICENSES:

- i) The license in the Form L-1 shall only be granted for wholesale distribution of Indian liquor and foreign liquor, except country liquor.
- ii) Holders of L-1 licenses will be permitted, under Rule 66(1) of the Delhi Excise Rules 2010 to sell Indian Liquor and Foreign liquor including beer only to vends having license in form L-7Z & L-7SP1 liquor licenses granted by the statutory authorities and cannot sell directly to any other permit/license holder.
- iii) The Excise Department and the Government shall be under no obligation to grant any particular number of L-7Z & L-7SP1 liquor licenses. The holder of L-1 licenses shall not be entitled to any compensation or relief on the ground that a particular number of L-7Z & L-7SP1 liquor licenses was not granted.
- iv) Each L-1 license holders will need to have a separate bonded warehouse license in the form of L-31. The Licensee shall be responsible for any act of omission or commission done by the business entity or by the person appointed by the business entity as authorized representative/executive/ manager / agent or attorney for carrying out day to day business affairs. The person so appointed once shall not be changed during the currency of the license without the prior intimation to the Deputy Commissioner Excise, Government of NCT of Delhi (hereinafter called "the Deputy Commissioner").

### 3.1.6 OTHER CONDITIONS OF LICENCE:

- i) License in Form L-1 for the licensing period shall be *inter alia* subject to the general conditions as contained in Rules 34, 35, 36, 37, 38, 39, 50, 51, 53, 61, 62, 63 and 66(1) of the Delhi Excise Rules, 2010, and orders/instructions issued there under, from time to time, and any law in force in the National Capital Territory of Delhi relating to liquor and bonded warehouses.
- ii) These terms and conditions, unless repugnant to the express provisions of the Delhi Excise Act, 2009, and the Rules made there under, shall be in addition to the said Act and the Rules which are deemed to be incorporated in these Terms & Conditions as if they are expressly set out herein. Applicants are advised to access, read and understand the same before applying.
- iii) The Wholesale price (WSP) for the brands of the Indian Liquor and foreign whisky/ Beer/ Wine/ Rum/ Gin/ Vodka/ Liqueur/ Alcopop/ Mixed Alcoholic Beverage which qualify for the registration for the year 2021-22 will be fixed by the Commissioner under the Delhi Excise Rules, 2010.

- 110/c
- iv) The licensee shall keep at least one week's stock in his bonded warehouse at all times, of all the brands approved for sale in the National Capital Territory of Delhi, so that uninterrupted supply to the retail vends in the form of L-7Z, L-7V & L-7SP1 can be maintained throughout the licensing year. In case, the licensee fails to maintain the required stock, action under section 16, 17 and other relevant sections of the Delhi Excise Act, 2009, shall be taken against him.
  - v) All the licensee will be bound by the provisions of Delhi Value Added Tax (VAT) Act, 2004.
  - vi) The Deputy Commissioner (Excise) and the licensee shall monitor demand supply patterns, assure normalization of supplies to retail vends in the form of L-7Z, L-7V & L-7SP1 and shall prevent supply of spurious and adulterated liquor by manufacturers, vend owners and wholesale distributors.
  - vii) Each Licensee should set-up a Government approved mechanism/ laboratory at its bonded warehouses granted in the form of L-31 to check the presence of spurious liquor in each batch of liquor received from the manufacturers. The L1 license holder will have the right and responsibility to systematically check the product being sent to them for spurious liquor and will have to inform the Excise Department in case any spurious liquor is found in their supplies. Excise Department will separately issue SOP in this regard.
  - viii) Breach of terms and conditions may result in non-issue of import/transport permits and suspension/cancellation of L-1 license.

### 3.1.7 DECLARATION OF EDP:

- i) The EDP will be declared on the basic premise of lowest EDP/Ex-Brewery/Ex-Winery Price (EWP) Price net of all duties/fees, discounts/commission of whatsoever nature allowed in respect of any market in India, excluding NCT of Delhi and CSD.
- ii) For this purpose, the minimum ex-distillery price (EDP)/ Ex-Brewery Price (EBP)/ Ex-Winery Price (EWP) during the period of 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021 will be the basis for the fixation of the pricing.
- iii) It shall be incumbent upon the supplier to pass on the benefit of lowering of EDP/EBP/EWP in any of the States post approval in Delhi, within 7 days to the Excise Commissioner of Delhi, to enable him to re-fix the WSP.

### 3.1.8 FIXATION OF WHOLESALE PRICE:

Price for final WSP/ Price to Retailer will be fixed by the Excise Commissioner as under:

#### (a) For IMFL:

Sl. No.	Price Parameter	Rate of Calculation
1	EDP (per case)	Determined
2	Export Pass Fees (per case)	As per Exporting State Rule
3	Import Pass Fees	₹50 per case



109/c

4	Freight Charges	□300 + □30 per km for 600 cases
5	Handling Charges (per case)	□10
6	Insurance Charges (per case)	@0.3% on #1
7	Landed Price	=(1+2+3+4+5+6)
8	Profit Margin for L-1	12% of #7
9	WSP	=(7+8)
10	Excise Duty	As per Rule 152
11	VAT	Applicable VAT Rate x (9+10)
12	Price to Retailer	=(9+10+11)

**(b) For Foreign Liquor(FL):**

Sl. No.	Price Parameter	Rate of Calculation
1	Cost, Insurance & Freight (per unit)	Determined
2	Customs Duty (per unit)	As per the Customs Act 1962 & Rules
3	Import fee (per quart)	Rs.50/-
4	Profit Margin (per unit for manufacturer)	Determined by Licensee
5	EDP (deemed)	=(1+2+3+4)
6	Profit margin for L1	12% of 5
7	WSP (per unit)	=(5+6)
8	Excise Duty (per unit)	As per Rule 152
9	VAT	Applicable Rate x (7+8)
10	Price to Retailer	=(7+8+9)

**3.1.9 LOGISTICS AND INFRASTRUCTURE:**

For implementation of the Excise Supply Chain Information Management System (ESCIMS), the standard operating procedures for barcoding shall be made available to all the licensees of the Department of Excise, Entertainment and Luxury Tax of NCT of Delhi, who shall be required to procure, install and make necessary provisions for IT and non IT infrastructure at his licensed premises as may be required for successful implementation of the Excise Supply Chain Information Management System. The Licensee shall adhere to all instructions/orders of the Department regarding supply of consignment to the retail vends of liquor. This includes instructions/orders regarding bar Coding. Further, Excise Adhesive Labels (EALs) manufactured by SPMCIL shall be implemented in a timely manner as and when directed by the Department. The new labels that would be introduced will have high end security features which cannot be cloned and duplicated, thereby extenuating the chances of duty evasion.

**3.1.10** The grant of L-1 (wholesale) license shall be subject to the acceptance of these terms and conditions as a whole and the licensee should adhere to all

provisions of the Delhi Excise Act, 2009, the Delhi Excise Rules, 2010 and instructions issued there under. 108)

**3.1.11** An officer to be designated as Deputy Commissioner (Wholesale Operations). The officer shall have the following responsibilities:-

- i) To prevent unfair trade practices; to monitor operations and ensure overall supervision of wholesale dealers
- ii) To constantly monitor demand supply patterns, assure normalization of supplies. DC will have authority to take necessary steps to ensure that the supply to retail vend from wholesale are smooth.
- iii) To prevent supply of spurious and adulterated liquor by manufacturers, vend owners and wholesale distributors.
- iv) To ensure equitable distribution of stock among all vends by wholesalers.
- v) To ensure no wholesale licensee encourage brand pushing.
- vi) To conduct surprise checks on distributors bonded warehouse.
- vii) To ensure CCTV system implementation at all distributor bonded warehouse with a live feed being centrally provided to the DC office.
- viii) To ensure no branding violations are encouraged by wholesalers.
- ix) To ensure track and trace under ESCIMS.

**3.1.12** The license will be cancelled in case any of the above conditions is violated with a permanent ban on distributing liquor in Delhi and the entire license fees will be forfeited. The Commissioner/Deputy Commissioner reserves the right to cancel or suspend any L-1 license as per provisions of section 17 of Delhi Excise Act, 2009.

**3.1.13** The Government reserves the right for a mid-term review of manner of levying duties / fees and amount of duties / fee etc. to be paid / payable in case any amendment is made to the Act, Rule or Law related to liquor & bonded warehouse in Delhi during the period of license. Accordingly the changes if any shall be binding on all the L-1 licensees.

**3.1.14** Sustainable and eco friendly alternative packaging material like Aseptic carton packs e.g. tetra packs may be allowed/encouraged. Excise department will work with industry to monitor the quality standards for the same.

**3.1.15** The detailed terms and conditions for the grant of wholesale licenses in Form L-1 is annexed.

#### **4. FRAMEWORK FOR GRANT OF RETAIL LICENSE IN FORM OF L-7Z, L-7V & L-7SP1 IN DELHI:**

**4.1.1.** The priority of the Government is to promote consumer choice and availability of popular as well as niche brands so that the customer has a wide choice, besides taking systemic measures to check smuggling and bootlegging and ensure that there is adequate spread of retail vends in Delhi. The process of granting of the license will be such as to ensure equitable coverage so that there is no instance of un-served and underserved areas in Delhi including Non-Conforming Areas. The objective is to ensure equitable access of liquor supply to all the Wards/areas of Delhi eliminating

107/L  
the possibility for spurious/non-duty paid liquor. It is also important to ensure accountability on part of the licensee in terms of revenue enhancement besides keeping in check the emergence of monopolies and cartels.

In view of the above, the framework for grant of retail licenses shall be as under:

- i) The number of retail liquor vends will be 849, including five super premium retail vends.
- ii) There shall be no Government owned liquor vends for IMFL/FL and licenses in the form of L-6, L-6FG & L-6FE will become redundant.
- iii) Delhi shall be distributed into 32 pre-defined zones. There shall be a new license in the form of L-7Z to be granted to each zone operator/allottee through e-tender and bidding. This method of zoning and e-tendering shall ensure that each zone operator contributes significant revenue in the form of highest bid per zone.
- iv) The revenue collection shall be substantially subsumed into the license fee of Retail vends in form of L-7Z and the license fee of each L-7Z shall be paid monthly in equal installments from the date of commencement till the end of the fiscal year as per Rule 48 with The Delhi Excise Rules, 2010.
- v) A new license category L-7V shall be granted to each zone operator/allottee holding license in the form of L-7Z enabling the licensee to operate specified number of retail liquor vends in the zone.
- vi) Allotment of 32 L-7Z licenses and 844 L-7V retail vends licenses shall be made through e-tender process with the reserve price for license fees as the base for bidding.
- vii) The vends in the airport zone will be allowed to operate for 24 hours and will be further permitted to have shop in shop concept for exclusive display of various brands.
- viii) There shall be a new category of retail vend license in Form L-7SP1-Super Premium License, which shall be 5 in number and shall be premium, international quality retail vends and shall offer high-end walk-in experiences for consumers. These 5 Super Premium licenses (L-7SP1) will be tendered separately in one group to one entity to be opened anywhere in the city except the Airport Zone.
- ix) The reserve license fee for Super Premium (L-7SP1) vends shall be two and a half times of the Average reserve license fees of a L-7V vend in Delhi.
- x) Average reserve license fees of a vend in Delhi = Sum total of reserve price of all zones/ total number of vends (849 vends)

#### 4.1.2 ELIGIBILITY TO HOLD A LICENSE:

- i) No manufacturer or wholesale license holder will be allowed to bid for zonal license of retail vend or vice versa. If retailers and manufacturers/wholesalers are common entities, there is possibility of formation of syndicates leading to overcharging and brand influencing/pushing by entering into exclusivity arrangements with certain brands at the cost of exclusion of others. The retail license

106/C

holder should not have any manufacturing facilities/distilleries/breweries/wineries anywhere in the country or abroad either directly or through any sister concerns/related entities. For this purpose, sister concerns/related entities shall mean that the entities should not have common proprietor or partners or directors. Majority ownership (51% or more) of the proprietorship or partnership or company should not lie with the same person in all the entities. The entities should not have a holding-subsidary relationship or are not subsidiaries of the same holding company.

- ii) Any private legal entity or individual who has proof of filing Income Tax Returns for the last three assessment years is eligible to participate in the bid.
- iii) The entity to participate in the tender for zonal license of retail vend should have net worth of at least Rs.6 crore, if the entity intends to participate in tender for one zone and net worth of at least Rs.12 crore, if the entity intends to participate in tender for more than one zone.
- iv) No entity will be allocated more than two zones in order to ensure that there is no market capture and cartelization.
- v) The carpet area of the retail vend holding license in form L-7V should not be less than 500 sq. feet (An exception with the approval of the Government could be made only for vends in non-conforming areas) and not more than 2000 Sq Feet.

#### 4.1.3 LICENSE FEE:

- i) Each zone holding L-7Z license shall have a reserve license fee on the basis of the following formula: -

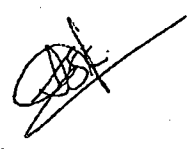
1.	Existing License fee	=Rs. 8 lakhs multiplied by number of vends in the zone (For Airport vends the fees would be calculated Rs. 16 lakhs per vend)
2.	Excise Duty	=2019-20 Excise Duty of the all the existing vends excluding Country liquor (L-8) vends in the proposed zone
3.	Average VAT	=2019-20 (VAT on wholesale i.e. 1871 crore + VAT on retail i.e. 130 crore) to be apportioned pro-rata to the vends in that zone
4.	Excise Duty on HCR including Additional Excise duty on HCR	=2019-20 Total Excise duty on HCR (including additional excise duty) to be apportioned pro-rata to the vends in that zone (Rs. 195.20 crores +Rs. 21.12 crores= Rs. 216.32 crores)
5.	Excise duty on Buffer stock lying in BWH (Diff. b/w IP receiving & TP receiving)	=2019-20 Excise duty on Buffer stock lying in BWH (Diff. b/w IP receiving & TP receiving) Rs. 54.08 crore
6.	Total revenue for the zone in 2019-20	=1+2+3+4+5
7.	Add 10% to account for year on year growth	=10% of 6
8.	Total Reserve License fee of the zone	=6+7 (Rounded off to the nearest highest number)

105/c

- ii) The license fees for the first year will only be charged on a pro-rata basis from the scheduled date of commencement of business to the end of the fiscal year 2021-2022. For illustration, if there are 9 operative months left in the fiscal year after the scheduled date of commencement of business, the license fees will be payable only for 9 months calculated on pro-rata basis. The license fee of each zone shall be paid by the licensee in accordance with the provisions of Rule 48, wherein a licensee shall, by the 7th of the month in which he begins his business under his license and thereafter by the 7th of every subsequent month, pay in advance one-twelfth of the annual license fee till the whole fee is paid. The successful bidder shall deposit 25% of the annual license fee as security in accordance with rule 48. The 25% security deposited by the licensee shall be adjusted at close of the year. He may, however, at any time, pay the whole amount due if he so wishes.
- iii) If a licensee defaults in paying the monthly advance license fee, either partially or fully, then he shall be liable to pay, on the sum due, a simple interest at the rate of 12% per annum from the date next following the day on which such payment became due. Further, if the default continues beyond the 15th day of the month, then an additional penalty at the rate of 0.1% per day on the sum due till the date of actual payment shall be levied. Further, if the licensee fails to pay all the dues (including interest and penalty) by the last day of the month then security deposit shall be forfeited and the license shall be cancelled and re-tendered. The licensee will also be blacklisted and prohibited from participating in any other tendering process for a period of two years.
- iv) License fee shall be per zone and there is no method for per vend license fee, as the successful bidder of the zone will have to pay the pro-rata monthly fee for a zone as a whole even if for any reason he chooses to set up less than the prescribed number of vends in his zone.
- v) The license fee may be increased on an annual basis to be determined by the Government every year.

#### 4.1.4 DISTRIBUTION OF RETAIL VENDS IN DELHI:

- i) The 272 wards in 68 Assembly Constituencies are divided into 30 zones. Each zone shall have 9-10 wards and shall be allowed to have a maximum of 27 retail vends (L-7V), having on average 3 retail vends in each ward. However, each zone operator (L-7Z licensee) will have to operate 2 'mandatory vends' in each ward allocated in the zone and the remaining vends will be 'freehold vends' that can be operated anywhere within that zone.
- ii) The New Delhi and Delhi Cantonment Assembly Constituencies do not have Wards and 29 vends shall be allocated for New Delhi and Delhi Cantonment Assembly Constituencies together.
- iii) There shall be 10 retail vends at the Indira Gandhi International Airport.
- iv) The distribution of L-7V retail vends in wards shall be as under:



104/L

#	Zones	Vends s In each Zone	Total Vends	Wards Alloca- ted	Wards in each Zone	Manda- tory Vends in each Ward	Total Manda- tory Vends	Freehold Vends	Mandatory Vends in each Zone	Freehold Vends in each Zone (approx.)
MCD Area	30	27	810	272	9*	2	544	266	18*	9*
NDMC and Cantonment Area	1	29	29	0	0	0	0	0	0	0
Delhi Airport	1	10	10	0	0	0	0	0	0	0
Total	32		849	272						

**\*NOTE:** Due to rounding off, 2 Zones will have 10 Wards each while the other 28 will have 9 wards each. However, each zone will have exactly 27 vends.

(v) Distribution of Municipal Wards in the Zones and the base reserve license fee is annexed.

#### 4.1.5 TENDER PROCESS FOR ALLOTMENT OF THE ZONES:

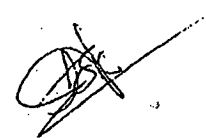
- i) Allotment will be made through e-tender process with the reserve price for license fees as the base.
- ii) A non-refundable participation fee of Rs.10 lakh per bid is prescribed for each valid bid per zone.
- iii) An entity is free to bid for as many zones as it chooses including all the 32 zones.
- iv) The bids will be opened in a pre-determined order, e.g. Zone-1, Zone-2..... Zone-32, to be decided and published by the Government before opening of the bids. As and when any particular entity is declared winning bidder for two zones, the said entity's bids for the remaining zones will be considered invalid and will not be opened.
- v) If any applicant wishes to participate in the bid for only one zone then he shall submit an EMD of Rs.30 crore. If he wants to participate in more than one zone, he shall submit EMD of Rs.60 crore. This EMD will be refunded if the applicant does not win the bid. If the applicant does not accept the license after winning the bid within the stipulated time frame, the EMD amount shall stand forfeited.
- vi) The successful bidder for a zone shall provide a security deposit to match 25% of the winning bid amount within one week of the date of issue of Letter of Offer, after adjusting the initial EMD. If a successful bidder fails to pay the 25% security deposit, the EMD shall stand forfeited. The bidder will also be blacklisted and prohibited from participating in any other bidding process for a period of two years. In case, the security deposit is less than the EMD, then the remaining amount will be adjusted towards the payment of first month license fee.
- vii) The winning bidders for L-7Z license will get a time of 90 days and L-7SP1 Super Premium outlets will get 6 months from the date of issue of L-7Z & L-7SP1 license to commence business in all their shops. This

scheduled date of commencement will be non-negotiable and if any licensee is unable to start operations (partially or fully) by then, they will still be liable to pay the first installment.

- viii) If the licensee is found being engaged in major malpractices, its entire zone license will be cancelled immediately and re-tendered thereafter.
- ix) For airport zone licenses, the H1 bidder shall be issued the L-7Z license only after obtaining No Objection Certificate (NOC) from the Airport Authorities within 30 days. After grant of the license, the Airport Zone Licensee will get a time of 60 days from the date of issue of license to commence business in all their vends. This scheduled date of commencement will be non-negotiable and if any vend is unable to start operations by then, they will have to still pay the first installment. If, for some reason, the H1 bidder fails to obtain NOC from Airport Authorities within 30 days, then the offer will be given to the subsequent bidder (H2, H3 etc. in that order) subject to the condition that the license fee shall be that of H1 rate.

#### 4.1.6 TERMS & CONDITIONS TO BE FOLLOWED BY RETAIL LICENSEE:

- i) The proposed retail vend in the form of L-7V should comply with Rule 51(1) of the Delhi Excise Rules, 2010. The retail vends can be opened in any of the markets, malls, commercial roads/areas, local shopping complexes (LSCs) etc. as long as the standard rules and regulations of opening a new vend in Delhi is followed which includes restrictions on opening vends within a specified distance of schools, religious institutions etc.
- ii) Every vend shall provide a walk-in experience and designed accordingly. To illustrate, customers will not be allowed to crowd outside a vend or in the pavement and buy through the counter. Each customer shall be given access inside the vend and the entire selection and sale process shall be completed within the vend premise. The vend to have closed glass doors.
- iii) Vends will need to be air conditioned and well lit.
- iv) Each vend will have CCTV cameras installed inside and outside the shop and the recording shall be maintained minimum for a period of one month.
- v) Adequate security arrangements shall be provided by the licensee in and around each vend.
- vi) Licensee shall be responsible for law and order and security around their shop. In case the shop causes nuisance for the neighbourhood and complaint is received by the Government, the license of that particular vend will be cancelled. However, there shall be no reduction in the license fee for the zone.
- vii) The retail licenses shall be renewable subject to timely payment of license fee and compliance of all the rules and regulations.
- viii) The licensees will have to ensure compliance of all the terms and conditions of the license including but not limited to:



- 104/1
- a. Timely payment of fees
  - b. Ensuring walk-in retail experience
  - c. No major complaints from the nearby community against the shop.
  - d. Neighborhood should not experience any disturbance due to the vend.
  - e. Maintenance of law and order and good conduct in their vicinity.
  - f. Ensuring no spurious liquor is sold.
  - g. Ensuring no brand pushing to consumers.
  - h. Ensuring consumers have choice of brands in their vend.
  - i. Mandatory purchase of supply from L1 license holders in Delhi etc. and no direct purchase from manufacturers.
  - j. Ensuring no underage person is sold alcohol and an ID check is conducted when necessary.
  - k. Licensee will ensure no dry snacks or cooked food outlet gets opened right outside the shop which encourage people to drink and loiter around the shop itself.
- ix) The compliance of license parameters and maintenance of law and order in the vicinity of his vends shall be an important parameter to decide whether his zonal license should be renewed at the end of year.
  - x) Stringent penal action will be taken against any licensee if any of the conditions are not complied to including but not limited to immediate cancelling of the license of the particular vend. It may also lead to non-renewal of zone license in subsequent years.
  - xi) The detailed terms and conditions for the grant of Retail licenses in Form L-7Z is annexed.

#### 4.1.7 SPECIAL CONDITIONS FOR SUPER PREMIUM VEND- L-7SP1:

- i) The retail vend in the form of L-7SP1 should comply with Rule 51(1) of the Delhi Excise Rules, 2010.
- ii) The winning entity for the e-tender of 5 L-7SP1 licenses shall tie-up with any one or more of the zonal operators (excluding Airport Zone) and convert their existing vends into a super-premium vend by arriving at a mutual agreement with the zone operator holding license in the form of L-7Z.
- iii) Super Premium Vends shall have a minimum carpet area of 2,500 Sq. Ft
- iv) Super Premium Vends will be allowed to sell products only above Rs. 200/- MRP for Beer and above Rs. 1000 Retail price for all other spirits including but not limited to Whiskey, Gin, Vodka, Brandy etc.
- v) Super Premium Vends will need to stock at least 50 imported (BIO) liquor brands including wines (BECRS) etc. brands in the store.
- vi) The Super Premium Vends can dedicate up to 10% of their space to sell ancillary products such as Cigars, liquor chocolates etc., high-end art paintings, high value merchandise such as bottle openers, ice boxes, bar glasses etc.



- 101/c
- vii) The Super Premium Vends can setup a tasting room within the premise which will have to be an enclosed area, not visible from rest of the store. This room can only hold training and tasting sessions.
  - viii) Super Premium Vends are permitted to have shop-in-shop concept for exclusive display of various brands in exclusive shelves, so that the customers can walk-in into the display for their selection of products.
  - ix) Super Premium shops will be allowed to be open till 11 PM, one hour extra from L-7Z/L-7V licensed vends.
  - x) The mechanism for adjusting the license fee of the L-7SP1 licensee against the L-7Z/L-7V shall be that L-7Z / L-7V will continue to pay the total zonal fee and a pro-rata adjustment for the vend tied-up with L-7SP1 will be made against the monthly license fee payable by L-7SP1 licensee. To illustrate, a zone consisting 27 vends is allotted at a zonal license fee of Rs.270 crore per annum and the L-7SP1 consisting of 5 vends is allotted at a license fee of Rs.125 crore; in this case assuming that the L-7SP1 licensee takes all the 5 vends from this particular zone then the zonal licensee will pay annual license fee of Rs.270 crore and the L-7SP1 licensee will pay annual license fee of Rs.75 crore i.e. after taking the pro-rata adjustment of Rs.50 crore.
  - xi) The license fee may be increased on an annual basis as determined by the Government.
  - xii) All the other conditions applicable for L-7V shops would apply unless specifically mentioned as an exception in the above points.

#### 4.1.8 QUALIFICATION CRITERIA FOR L-7SP1

- i) The reserve license fee for Super Premium (L-7SP1) vends shall be two and a half times of the Average reserve license fees of a vend in Delhi. Average reserve license fees of a vend in Delhi = Sum total of reserve price of all zones/ the number of vends excluding the five super premium outlets (849 outlets).
- ii) Allotment will be made through e-tender process with the reserve price as the base license fees. The participation fee of Rs.10,00,000/- shall be levied for participation in the tender process. The EMD for participation in the bid shall be Rs.15 crores.
- iii) Any entity or individual bidding for Super Premium Vends must have experience of operating high-quality liquor vends anywhere in India. At least one of these vends should be a walk-in experience store with 2,500 Sq Ft or above retail area and operational for at least one year.
- iv) Any entity or individual bidding for Super Premium Vends should have experience of retailing of over 50 BIO brands.
- v) Joint Ventures between entities are also eligible to apply. In case of a Joint Venture, at least one of the partner firms of the Joint Venture should have the required experience individually as detailed above.
- vi) The detailed terms and conditions for the grant of Retail licenses in Form L-7SP1 is annexed.

#### 4.1.9 OTHER CONDITIONS OF RETAIL LICENCES

- 150/1
- i) Every license in form of L-7Z, L-7V and L-7SP1 shall be granted subjected to the conditions that the licensee shall comply with the provision of Delhi Excise Act, 2009, the Delhi Excise Rules framed thereunder, terms and conditions of grant of license in form of L-7Z, L-7V and L-7SP1 and orders issued by the Excise Commissioner from time to time.
  - ii) L-7V & L-7SP1 Licensee will be entitled to retail sale of Indian and Foreign liquor and shall procure all categories of liquor only from L-1 licensee.
  - iii) No person to whom license has been granted license in Form L-7Z, L-7V and L-7SP1, shall be entitled to claim renewal thereof and no claim shall lie for damages or otherwise in consequence of any refusal to renew a license on expiry of period for which the same remain in force.
  - iv) Every licensee in Form L-7Z, L-7V and L-7SP1 shall be bound to furnish any/all information in connection to their operations truly and faithfully within the time prescribed by the Excise Department. Any refusal to furnish the information, furnishing of false information or non-compliance of orders will be regarded as breach of Terms and Conditions on which the license is granted.
  - v) In case of a surrender of a retail license by a zone allottee, the security deposit shall be forfeited and the zone will be re-tendered and the said licensee will be prohibited from participating in the bidding process for a period of two years.
  - vi) Shifting of retail vends (L-7V & L-SP1) shall be allowed and no additional fees will be charged for the same. However, the condition of number of mandatory and freehold vends in a ward/zone will need to be maintained.
  - vii) Retail license will be a renewable license to be given by the Excise Department as per the Rules.
  - viii) After the completion of the tendering process, the L-7Z licensees will be given two weeks time to submit their inputs regarding the MRP to the Excise Commissioner. The Excise Commissioner will fix MRP for each product after taking into account the inputs from L-7Z and L-7SP1 licensees and the price of the product in the neighboring States i.e Haryana, Uttar Pradesh, Punjab and Rajasthan. The Excise Commissioner will also provide an opportunity of being heard to each L-7Z and L-7SP1 licensee as prescribed in Rule 54. Similar process will be followed at the time of introduction of new brands during the course of the year. The licensee is free to give concession, rebate or discount on the MRP.
  - ix) HCR segment shall directly purchase only from retail vends (L-7V & L-SP1) and not from L1. Similarly, events, weddings and any other day permit holders such as P-10, P-10A, P-13, P-10E shall buy only from retail vendors (L-7V & L-SP1) and not from L-1.

- 991
- x) In-Shop branding will be allowed but no branding will be allowed outside the shop in any form except the signboard for the shop itself. No branding, standees, banners, installations should be put anywhere outside the shop. The branding will have to be strictly limited INSIDE the shop.

#### 4.1.10 POWER TO SUSPEND/CANCEL LICENSE

- i) The Authority granting license in form of L-7Z, L-7V and L-7SP1 may suspend or cancel the license as provided under Section 17 of the Delhi Excise Act, 2009 in the following circumstances, after giving reasonable opportunity of being heard:-
  - a) If the license is transferred or sublet by the holder thereof without the permission of Licensing Authority;
  - b) If any excise revenue payable by the holder thereof is not duly paid;
  - c) In the event of any breach by the holder of license or by his servant or by any one acting on his behalf, with his express or implied permission, of any of the Terms and Condition of the license;
  - d) If the holder of license or his agent or employee is convicted of an offence punishable under Delhi Excise Act, 2009 or any other law for the time being in force, relevant and connected with Excise matter relating to Excise Revenue or of any cognizable and non bailable offence under any other relevant law;
  - e) If the purpose for which the license was granted, ceases to exist;
  - f) If the license has been obtained through misrepresentation or fraud.
- ii) The Licensing Authority may order forfeiture of part or whole of Security Amount in case of breach of any of the Terms and Conditions of license in form of L-7Z, L-7V and L-7SP1.
- iii) The Terms & Conditions of the Delhi Excise Act, 2009 and Delhi Excise Rules, 2010 and all orders/directions issued there under shall be deemed to form an integral and inseparable part of the Terms and Conditions as if they were expressly set out in the Terms & Conditions for grant of license in form of L-7Z, L-7V and L-7SP1. Applicants are also hereby advised to access, read and understand the same before applying.

#### 4.1.11 POWER FOR FORFEITURE OF SECURITY:

In case of a surrender of a retail license by a zone allottee, the security deposit shall be forfeited and the zone will be re-tendered and the said licensee will also be blacklisted and prohibited for participating in any other bidding process for a period of two years.

98/1

## **4.2 Simplification and Rationalisation of liquor pricing including Excise Duty and VAT:**

**4.2.1.** Since the entire Excise duty and VAT has been subsumed into the reserve license fee for retail vends, it is decided that Excise Duty and VAT shall be charged for better control and accounting by the Departments. Hence Excise Duty and VAT shall be charged at the rate of 1% each. However, the VAT for consumption "on" the premises (HCR sector) shall continue to be levied at the rate of 25%.

**4.2.2** This will minimize the possibilities of siphoning or avoidance of VAT, Excise duty.

## **4.3 Sale through Canteen Stores Department (CSD)**

At present, sale of Indian Liquor and Foreign Liquor through Canteen Stores Department (holders of License in Form L-23/L-23F) is given rebate of 50% of the Excise Duty on Indian Liquor and 25% on Foreign Liquor. Under the New Excise Policy, the Excise Duty is being substantially subsumed into license fee of Retail Vends. It is proposed that the supply of liquor to the defence personnel should continue seamless and in such a manner so that CSD Store are not burdened by such a heavy license fee as is being expected from the regular retail vends. Further, the GoM has recommended that the Excise duty shall be maintained approximately at the current rates and necessary amendment be made in the rules.

At present, the excise duty contribution from Sale through CSD for the year 2020-21 was 91.87 cr. Accordingly, it is proposed that rate of Excise Duty for Indian and Foreign liquor shall be 65% of the Wholesale Price (WSP) on sale through Canteen Stores Department. At this proposed rates, the overall excise revenue from CSD shall remain at approximately the same level as in the previous years. The change in duty will however lead to proportionate lower Excise duty levy in lower segment brands vis-à-vis the premium segment brands with the overall tax revenue remaining approximately the same. The prices of lower segment of liquor will come down due to rationalization of duty structure. However, the prices of premium liquor brands are likely to rise by proposed modification in duty structure.

## **4.4 Microbrewery:**

The retail vend of beer manufactured by a microbrewery is granted license in form of L-11 and is granted for consumption "off" the premises to any independent restaurant as per approved terms and conditions. In regard to microbrewery, following terms and conditions shall also apply:

**4.4.1** Draught beer shall be allowed to be taken away in bottles or 'growlers'.

**4.4.2** Draught beer shall also be allowed to be served at permitted events which have the P-10, P-10E, P-11, P-13 permits. However, wherever draught beer is being served as a take away, clear signage and information will be need to put up about its short shelf life and the bottles will have to mention the expiry date clearly.

**4.4.3** Micro-Brewery shall be allowed to supply to other bars and restaurants who have L-15, L-16, L-17, L-19, L-20, L-21, L-28, L-29 & L-38 licenses.

92/c  
4.4.4 The orders can only be placed by the above license holders through a retail vend (L-7V/L-7SP1) who will procure the product from an L1 distributor.

4.4.5 Each micro-brewery will have to appoint a L-1 distributor for any off-premise sale.

4.4.6 The L-1 distributor and the Micro-Brewery will have the responsibility to reinforce the expiry date and ensure no product outside the expiry date is being sold at the outlets.

4.4.7 Any L-15, L-16, L-17, L-19, L-20, L-21, L-28, L-29 and L-38 license holder found selling draught beer after its expiry date will immediately have his license revoked.

#### **4.5 Timely implementation of the new barcodes:**

The Excise Department has introduced Excise Adhesive Labels with high end security features manufactured by Security Printing and Minting Corporation of India Limited (SPMCIL) to avoid tax evasion and plugging leakages in supply chain and has signed an agreement with SPMCIL.

These EALs have necessary clauses regarding advanced technology and high security features i.e. (anti-counterfeiting special tag printing ink, mark with 3-D features and Online verification of labels with Checko App) used in the printing of EAL, developed by IIT Kanpur. Accordingly:

4.5.1 The Excise Adhesive Labels (EALs) manufactured by SPMCIL shall be implemented in a timely manner.

4.5.2 The new labels have high end security features which cannot be cloned and duplicated, thereby extenuating the chances of duty evasion. Further, till the implementation of the new barcodes, the present system of bar-coding and ordering through ESCIMS will continue.

#### **4.6 Special Inspection Teams:**

The Excise Department is the final authority that has been entrusted with the powers to plug the revenue leakages and protect valuable Government Revenue under the provisions of Delhi Excise Act, 2009, Delhi Excise Rules, 2010 and terms and conditions framed thereunder in. Accordingly:

4.6.1 Special Inspection Teams will be set up to constantly check and examine the conduct and operation of retail vends and warehouses to ensure that none of the licensing terms are being violated. This will be done to maintain the quality standard that is expected of any shop being set up in Delhi.

96/c  
4.6.2 An officer to be appointed as Deputy Commissioner (Wholesale Operations).

4.6.3 Constitution of special teams for sample collection: Teams will be set up to systematically pick up samples from bonded warehouses, retail vends, hotels, clubs and restaurants across all brands and the report of the same will be published on the website. Any L-1 license holder or retail shop owner found in possession spurious liquor will lose their entire license and will be subject to criminal proceedings as per applicable laws. They will be permanently black listed and barred from operating in Delhi and in good faith, the information of the same will be provided to the Excise Department of all other States.

4.6.4 Supply of spurious liquor is a serious public health hazard. To keep this in check the Government of Delhi will setup a state-of-the-art lab which will specialise in detecting spurious and counterfeit liquor. Government will work with the industry to set the safety standards and practices for the same.

**4.7 New License in the form of L-38 for Banquet Halls, Party Places, Farm Houses, Motels, Wedding/Party/Event Venues**

Currently, Banquet Halls, Party Places, Farm Houses, Motels, Wedding/Party/Event Venues are required to avail temporary license in form of P-10, P-10A, P-11 & P-13 for parties and functions organized. Accordingly:

4.7.1 New License in the form of L-38 for Banquet Halls, Party Places, Farm Houses, Motels, Wedding/Party/Event Venues with permission to serve Indian and Foreign liquor in all the parties hosted at their premises on payment of one-time annual fee as per the following slab:-

Sl. No.	Carpet Area of Banquet Halls, Party Places, Farm Houses, Wedding/Party/Event Venues (In Sq.Ft.)	Fee (in Rs.)
a)	Upto 5,000	5,00,000
b)	Above 5,000 and upto 15,000	10,00,000
c)	Above 15,000	15,00,000

4.7.2 No separate P-10 license will be required at any event being conducted at these venues once the yearly license is acquired.

4.7.3 The area will be calculated on the basis of the entire usable carpet area which is leased out for events and gatherings. In case of venues with multiple floors, the carpet area of each floor will be calculated.

4.7.4 The venues which conduct multiple events will have to take this mandatory license in order to serve liquor in their premises.

9512

4.7.5 For in-house party or any function in any Community Centre, the P-10 fee will be applicable at the rate of Rs.10,000/- per event, irrespective of the number of guests.

4.7.6 To serve liquor in Banquet Halls, Party Places, Farm Houses, Motels, Wedding/ Party/Event Venues, the one-time P-10E license fee will be Rs.50,000/- per event, if the said venue does not hold regular license.

## **5. New Policy for Hotels, Clubs and Restaurants (HCR)**

The hospitality industry is a significant contributor to the State's overall economy- from providing employment, generating tax revenues, to being a buyer of goods and services from several other industries and sectors which are dependent and are positively impacted by it. Therefore, it is necessary to create a conducive environment and improve the conditions for smooth operation of business in this industry. Besides, many of the conditions/restrictions related to Excise operations in HCR need to be in sync with the present-day business and social perspectives.

In order to meet the twin goal of increasing Excise Revenue and providing favourable environment and conditions to the licensees of HCR segment, following objectives are taken into consideration:

- i) That, the license fee should be rationalized on the basis of area instead of seat covers.
- ii) That, the age of selling/serving liquor should be in consonance with that of the neighbouring States.
- iii) That, the archaic rules related to not allowing music in independent restaurants and pasting of public notice before grant of HCR licenses should be done away with.
- iv) That, the impractical restrictions relating to storage and serving of liquor should be removed.
- v) That, the requirement of obtaining multiple licenses prior to grant of Bar license may be done away with. Instead, the Fire NOC may be the only mandatory requirement for obtaining the Bar license. This will go a long way towards 'Ease of Doing Business' in the National Capital.
- vi) That, the timings of operation of Bars may be brought at par with the neighbouring cities.
- vii) That, the operational requirements of HCR segment may be relaxed by permitting liquor service in the open spaces viz. terrace/balcony/lower area, additional dispensing counters with nominal fee, easy transfer of license, etc.

### **5.1 Policy initiatives for Ease of Doing Business**

- i) Licensees of HCR shall be allowed to serve any Indian Liquor and Foreign Liquor in any area within the licensed premises, including open spaces viz. terrace / balcony / lower area of licensed premises with the condition that the liquor serving area shall be screened off from the public view.
- ii) The bars in Hotels, Restaurants and Clubs are allowed to operate till 03:00 A.M. except those licensees which have been given license to operate round the clock service of liquor.

- 94/c
- iii) License fee for the HCR segment is rationalized on the basis of size/area of the premises duly endorsed on the license, instead of seat covers. Further, annual 10% automatic increase in license fees is discontinued. Decision on fees escalation will be taken on an annual basis by the Government.
  - iv) The HCR licenses shall be issued with the mandatory requirement of Fire NOC as per the guidelines of Delhi Fire Service.
  - v) Hotel, Clubs and Restaurants shall have to place Purchase Orders with the Retail Licensees only.
  - vi) The licensee will be allowed to serve Indian Liquor, Foreign Liquor, wine or beer either in glasses or in full bottles. However, it shall be the sole responsibility of the licensee to ensure that no customer takes the served bottles out of the licensed premises.
  - vii) The licensee may store Indian Liquor and Foreign Liquor at any place, including refrigerator, within the licensed premises.
  - viii) The licensee may retain two dispensing counters without any additional charge. However, for operating more than two dispensing counters, additional payment @ 5% of the applicable license fee per additional counter shall be charged.
  - ix) The requirement of pasting of public notice before issuance of HCR licenses is now dispensed with.
  - x) The last date of payment of excise renewal fee in respect of HCR licenses will be 15th March instead of end of February.
  - xi) The Terms & Conditions for transfer of License in case of Independent restaurants (L-17 and L-19) shall also be applicable to Hotels & Clubs (L-15, L-16, L-21, L-28 and L-29).
  - xii) The HCR licensees are permitted to play any type of entertainment/performance including music and musical instruments, dancing, or singing by professionals or DJ, Live Bands, and Karaoke on its premises.
  - xiii) There shall be no restriction of shelf life of opened liquor bottle kept in the Bar counter in HCR.
- 5.2 The detailed terms and conditions for the grant of Retail licenses in Form L-15, L-16, L-17, L-19, L-20, L-21, L-28 and L-29 is annexed.

6. The prevailing Country Liquor vends shall continue to operate till the new Country Liquor Policy is framed.

  
(ARAVA GOPI KRISHNA)  
(IAS)  
COMMISSIONER (EXCISE)