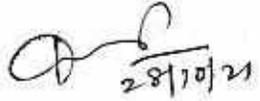


OFFICE OF THE COMMISSIONER OF EXCISE, ENT & LUXURY TAX
GOVERNMENT OF NCT OF DELHI
L-BLOCK VIKAS BHAWAN, IP ESTATE, NEW DELHI-110002

I am directed to convey the order of the Competent Authority for fixation of the MRP for the brands to be registered in the NCT of Delhi for the year 2021-22.

This issues with the prior approval of the Competent Authority.


28/10/21
(Kuljeet Singh)
Section Officer

Uo.No.1/Excise/IMFL/L-7Z/Pt.File1/2021-22/1495

Dated:- 28/10/2021

Copy for necessary action to:-

- ✓ 1. System Analyst to upload the order on the official website of the Department.
2. (Incharge) - M/s TCS to incorporate necessary changes in the ESCIMS portal.
3. PA to Deputy Commissioner – I
4. PA to Deputy Commissioner – II
5. Assistant Commissioner (IMFL)

OFFICE OF THE COMMISSIONER OF EXCISE, ENT & LUXURY TAX
GOVERNMENT OF NCT OF DELHI
L-BLOCK VIKAS BHAWAN, IP ESTATE, NEW DELHI-110002

F.No.1/Excise/IMFL/L-7Z/Pt file1/2021-22/1494

Dated: 28.10.2021

ORDER

Whereas the Council of Ministers vide decision no. 2994 dated 15.04.2021, 3003 dated 21.05.2021 and 3009 dated 23.06.2021 has approved the Excise Policy for the year 2021-22 along with the detailed terms and conditions for the grant of various categories of license.

And whereas the Council of Ministers, vide para 3.1.8 of the Excise Policy has approved the parameters for calculation of WSP and Price to retailer.

And whereas in addition to the above, the Council of Ministers vide cabinet decision no. 3034 dated 15.09.2021 has approved that CST being an indirect tax shall be incorporated in the fixation of WSP and MRP and the cost card of the Indian and Foreign Liquor.

And whereas as per Section 27 (1) of the Delhi Excise Act 2009, excise duty shall be levied and collected on all intoxicants which are produced, manufactured, transported or imported into Delhi at such rates as may be prescribed, not exceeding the rates set forth in the Schedule, not exceeding 400 percent of the WSP.

And whereas the Whole Sale price and the Maximum retail price of liquor is fixed by the Excise Commissioner as per provisions of the Rule 54 of the Delhi Excise Rules 2010 in accordance with the criteria approved by the Government. The retail price so fixed is mandated to be affixed on the approved labels under Rule 69 (4) (d) of the said rules.

And whereas as per the para 4.1.9 (viii) of the Excise Policy 2021-22, it has been approved that *"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 neighbouring 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."*

And whereas after the completion of the tendering process, the inputs from L-7Z licensee regarding MRP fixation were sought vide communications/emails dated 02.09.2021, 23.09.2021 and 01.10.2021. Further, an indicative proforma for giving inputs was also circulated to the retail licensees. The licensees were also called individually for hearing on 11.10.2021, 12.10.2021 & 13.10.2021. The licensees have either sought a flat percentage increase on the existing MRP or have suggested an ad-valorem formula for arriving at the MRP. The inputs given by the licensees have been analyzed.

And whereas the MRP prevailing in Delhi was compared with the neighbouring states of Uttar Pradesh, Rajasthan and Punjab & Haryana. The category wise



comparison of the liquor prices in Delhi viz-a-viz the above said neighbouring states has revealed the following:

(i) It is generally observed that the prices of all categories of liquor except Beer are higher in the state of Rajasthan as compared to Delhi. However, the prices of Beer do not follow any particular trend.

(ii) The MRP of most of the IMFL brands is slightly higher in the state of Uttar Pradesh than Delhi.

(iii) In Haryana, Minimum sale price for all categories of liquor is prescribed.

(iv) The MRP of mixed alcoholic beverages is highest in respect of nine brands in Delhi.

And whereas data for the year 2019-20 (being the data used for fixation of reserve price) was analyzed to understand the dynamics and quantification of the market share, size, volume, tax contribution from Government and private vends. It was observed that the sale volume and average duty contribution, of private vends is higher than the Government vends. Going by the same trend all retail vends being privatized, the market size and volume may increase substantially. However, the exact scenario regarding the market size and volume increase would emerge only after implementation of Excise Policy 2021-22.

And whereas, in the new Excise Policy 2021-22, the Excise duty and VAT have been subsumed in the license fee and a nominal Excise Duty and VAT at the rate of 1% each on WSP, shall be levied to arrive at the landing price to the Retailer. The impact on WSP due to incorporation of various factors like CST @ 2%, profit margin for wholesaler, import pass fee and freight and handling charges, as approved in the Excise policy 2021-22 has been tabulated for a few brands of Whisky (IMFL) as per table below:

Sl.No.	Name of the brand(Quartz)	Current WSP (per unit)	New WSP (per unit)	Difference in WSP (in Rs)	% change
1.	Mc Dowell No.1 Classic Blend Whisky	109	119	10	9%
2.	Officers' Choice Blue Deluxe Grain Whisky	105	115	10	9%
3.	Royal Stag Premier Whisky	142	154	12	8%
4.	All Seasons Connoisseur Collection Reserve Whisky	163	177	14	8.5%
5.	Blenders Pride Rare Pr. Whisky	266	291	25	9%

And whereas it is seen from above that due to revised parameters incorporated in the cost card of Indian and foreign liquor vide new Excise Policy 2021-22, the new WSP to be arrived is likely to increase by approximately 8-9%. A similar impact is expected on other categories of liquor as well.

And whereas under the Excise Policy 2021-22, all the 849 vends will be operated by the private entities. It would be a reasonable assumption that since all vends shall be operated by private business entities in a competitive market environment they would operate at their maximum efficiency and the market size in terms of number of cases sold is likely to show a significant increase as compared to 2019-20.



And whereas equitable distribution of retail vends in NCT of Delhi through opening of 2 mandatory vends in each municipal wards is likely to lead to an increase in the market size and plug the illicit sale of liquor in the NCT of Delhi.

And whereas the capping of Rs 50 as retail margin on sale of IMFL and Rs 100/- on sale of FL has been discontinued and there shall be no cap on the retail margin of IMFL, FL, Beer and Wine and the competitive market forces will keep watch over the sale price to the consumer.

And whereas, rebate/discount/concession on MRP has been allowed in the Excise Policy 2021-22 to bring competitive market forces into effect.

And whereas the Excise Policy for the year 2021-22 is a major effort in liberalizing the liquor trade in Delhi and is targeted towards significantly enhancing the consumer experience. It is important that the consumer should not be burdened with price increase. The changes brought about in the new excise policy will need reasonable time to play out in the market. In the overall interests of consumers of Delhi, to prevent the interstate smuggling, the MRP for 2021-22 should as far as possible be in the same range as prevailing in Delhi. This can be achieved if the currently prevailing amount of Excise Revenue, VAT and retail margin as per the rates for the year 2020-21 is continued at approximately the same level in the year 2021-22. At the same time, the impact of increase in WSP (if any) as per the parameters approved for the year 2021-22 also needs to be factored in while fixing the MRP.

In view of above facts and assumptions, the prevailing price of liquor in the neighbouring states, overall consumer interests, existing MRP in Delhi and after considering all submissions received from various L-7Z licensees, I am of the considered view that:-

FIXATION OF MRP FOR INDIAN LIQUOR (WHISKY, RUM, GIN, VODKA, BRANDY, BEER, WINE, CIDER, ALCOPOP, MIXED ALCOHOLIC BEVERAGES, LIQUEUR)

- A. The EDP for the year 2021-22 in Delhi shall be the lowest across India excluding Delhi and CSD.
- B. WSP for various categories of liquor shall be fixed as per the parameters approved by the Government for the year 2021-22.
- C. The Excise Duty and VAT shall be levied at 1% each on WSP to arrive at Price to Retailer.
- D. The amount of Excise Revenue, VAT and retail margin as per the rates for the year 2020-21 shall be calculated on the EDP (declared for 2021-22) and shall be the Retail Margin for the year 2021-22.
- E. The value of the new Retail Margin as above shall be added to the Price to the Retailer to fix the MRP for the year 2021-22.

FIXATION OF MRP FOR FOREIGN LIQUOR (WHISKY, RUM, GIN, VODKA, BRANDY, BEER, WINE, CIDER, LIQUEUR)

- A. The WSP for the year 2021-22 in Delhi shall be the lowest across India excluding Delhi and CSD.

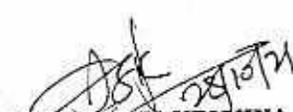


B. The price to retailer shall be calculated as per the parameters approved by the Government.

C. The amount of Excise Revenue, VAT and retail margin as per the rates for the year 2020-21 shall be calculated on the WSP (declared for 2021-22) and shall be the Retail Margin for the year 2021-22.

D. The value of the Retail Margin as above shall be added to the Price to the Retailer to fix the MRP for the year 2021-22.

NOTE:- An indicative calculation of MRP fixation of Indian liquor is enclosed with the order for ease of understanding as Annexure A.


ARAVA GOPI KRISHNA
COMMISSIONER (EXCISE)

Indian Liquor:-

Old Regime		New Regime	
MRP BASIS FOR BRAND X(2020-21)		MRP BASIS FOR BRAND X (2021-22)	
Ex-Distillery Price(per case)	1515	Ex-Distillery Price(per case)	1515
Export Pass Fee(per case)	49.62	Export Pass Fee(per case)	49.62
CST	NA	CST @2%	31.29
Import Pass(per bulk litre)	45.00	Import Pass(per case)	50
Freight charges(per case) For 230km	4.72	Freight charges (300 +30 per km) for 600 cases	12
Handling charges(per case)	1.00	Handling charges(per case)	10
Insurance charges (per case)	4.54	Insurance charges (per case)	4.54
Landed price(per case)	1619.88	Landed price(per case)	1641.12
Profit Margin(per case) for L-1	80.99	Profit Margin(per case) for L-1 @ 12%	196.94
Local transportation charges(per case)	3.00 per case	Local transportation charges(per case)	NA
WSP(per case)	1703.88	WSP (per case)	1869.35
WSP(per unit)	141.99	WSP per unit	155.78
Excise duty(per unit)	204.09	Excise Duty @ 1%	1.56
VAT on (WSP + Total Excise revenue(per unit) (wholesaler)	86.9	WSP per unit + ED	157.34
Retail Margin(Per unit)	28.4	VAT @1%	1.57
VAT on retail Margin (retailer)	7.1	Price to Retailer	158.91
Sale price per unit	376	Retail Margin (amount of Excise revenue, VAT and retail margin as per the rates of year 2020-21)	328.01
Total VAT per unit	94	New MRP	490 (486.92 is rounded off with Rs 3.08 as excise duty in accordance with Rule 54(6) of the Delhi Excise Rules, 2010)
Old MRP per unit	470		
ED on account of rounding off (Per unit)	1.52		
Total excise revenue	205.61		