

## **“The Madhya Pradesh Heritage Liquor Rules, 2022”.**

No. F-B-1-68-2021-2-V-(01)

Bhopal, the 5<sup>th</sup> January, 2023

Whereas, the State Government is satisfied that the rules should be made in respect of heritage liquor in the State subject to their previous publication;

Therefore, in exercise of the powers conferred by Sub section (3) of Section 62 of the Madhya Pradesh Excise Act, 1915 (No. II of 1915), the State Government hereby publish the draft of said proposed rules for general information and notice is hereby given that any person having any objection/ suggestion in respect of the said rules, may submit them to the office of The Excise Commissioner, Madhya Pradesh, Gwalior (M.P)/ at official email – ec.ecogwl@mp.gov.in, within 30 days from the date of publication of this notice. After the expiry of the said period, the State Government shall consider the said draft rules.

### **DRAFT RULES**

#### **1. Short title, application, and commencement. –**

- (i) These rules shall be called “The Madhya Pradesh Heritage Liquor Rules, 2022”.
- (ii) They shall apply to manufacture, export, transport, compounding, blending, bottling, possession, labelling of bottles, sale and other incidental matters of heritage spirit and heritage liquor.
- (iii) These rules shall come into force from the date of publication in the gazette.

#### **2. Definitions. – In these rules, unless the context otherwise requires, -**

- (i) **“Act”** means the Madhya Pradesh Excise Act, 1915 (No. II of 1915);
- (ii) **“Blending”** means the mixing of Mahua-based heritage spirits of same or different strengths manufactured by the same heritage spirit manufacturing unit. The mixing of any other type of spirit shall not be permitted;
- (iii) **“Compounding”** means the preparation of heritage liquor by the addition of flavoring or caramel/natural coloring agents or both to heritage spirit as approved by the Excise Commissioner;
- (iv) **“Heritage Liquor”** means **bottled** liquor declared as such by the State Government under Section 4 of the Act;
- (v) **“Heritage Liquor Factory Retail Outlet”** means such licensed premises attached with a heritage liquor manufacturing unit where tasting and sale of heritage liquor is allowed as per approved terms and conditions;

- (vi) **“Heritage Liquor Manufacturer”** means a tribal Self Help Group (SHG) licensed to manufacture Heritage Liquor in the notified tribal area of the state;
- (vii) **“Heritage Liquor Manufacturer unit”** means a manufactory in a notified tribal area with a total capacity of not more than 2000 liters where heritage spirit or heritage liquor or both are manufactured using one or more Pot Stills and having a bottling unit in the same premises;
- (viii) **“Heritage Liquor Retail Outlet”** means such licensed premises where retail sale of heritage liquor is allowed as per approved terms and conditions;
- (ix) **“Heritage Spirit”** means plain spirit manufactured by the heritage liquor manufacturing unit having only Mahua flowers as its base and in which no compounding has been done. It shall have the strength & specifications as specified by the Excise Commissioner on the basis of Food Safety and Standards (Alcoholic Beverages) Regulations, 2018 and Indian Standard IS 5287:2005, notified for Pot Still distilled spirit;
- (x) **“Licensing Authority”** means the officer/officers authorized to perform such functions related to licenses laid down in these rules;
- (xi) **“Notified Tribal Area”** means area notified as such by the government with respect to Madhya Pradesh;
- (xii) **“Officer-in-charge”** means an officer of the Excise Department not below the rank of Sub-Inspector, appointed as Officer-in-charge in respect of a heritage liquor manufacturing unit/units;
- (xiii) **“Person”** shall include Self Help Group (SHG);
- (xiv) **“Scheduled Tribe”** means any tribe or tribal community or part of it, or group within such tribe or tribal community specified as Scheduled Tribes with respect to the State of Madhya Pradesh under Article 342 of the Constitution of India;
- (xv) **“Self Help Group”** - means a group of Scheduled Tribe within the notified tribal areas of the state, usually composed of 10-20 members, having at least 50% of its members as women and at least 25% qualified up to 10<sup>th</sup> standard or equivalent, all voluntarily coming together with a single objective. The members of the SHG shall be residents of the Janpad Panchayat of the area in which the Heritage Liquor Manufacturing Unit is situated;
- (xvi) The words and expressions used but not defined in these Rules, shall carry the meaning assigned to them in the Act or relevant rules made thereunder.

**3(1) Grant of license for Heritage Liquor Manufacturing Unit (HLMU) :-**

- (a) A Self Help Group (SHG) intending to construct and work a Heritage Liquor Manufacturing Unit shall submit an application to the Collector of the district in Form **H.L.-A**. The application shall be accompanied with the Detailed Project Report for setting up the Unit.
- (b) Only Self Help Groups (SHGs) as defined in these rules, shall be eligible for applying for license of Heritage Liquor Manufacturing Unit (HLMU).
- (c) The application fees shall be as per **Schedule-A** of these rules.
- (d) The Collector shall, after scrutiny and examination of the proposal by a Committee chaired by him and consisting of the CEO, Zila Panchayat, the Assistant Excise Commission/District Excise Officer, the Executive Engineer (PWD), the Lead Bank Officer of the district and a subject expert, if any, nominated by the Excise Commissioner, if satisfied with the proposed scheme and credentials of the applicant, accord his approval with changes, if any, and communicate it in the form of a "Letter of approval" in Form "**H.L.-B**". The approval shall be valid for One Year from the date of communication, unless especially extended for a period of not more than 6 months, within which period the holder thereof shall complete the construction in all respects, as per the approved DPR submitted under sub-rule (a) and keep the unit ready for commissioning.
- (e) After completion of the construction of the unit as per the approved DPR, the applicant shall obtain the following permissions wherever applicable :-

- 1. FSSAI Registration Certificate
- 2. No Objection Certificate from Pollution Control Board
- 3. Electrical Safety Certificate
- 4. Fire Safety Certificate
- 5. Boiler Safety Certificate
- 6. No objection from the local body

The applicant shall inform the Collector regarding the completion of the work and receipt of the above permissions.

- (f) The Collector shall, upon such intimation, get the unit inspected by a committee consisting of :
  - (i) Chief Executive Officer, Zila Panchayat
  - (ii) Assistant Excise Commissioner/District Excise Officer
  - (iii) Executive Engineer (PWD)
  - (iv) Subject expert nominated by the Excise Commissioner (if any)
- (g) After receiving the satisfactory report of the committee and payment of license fee by the unit, the Collector shall grant the license for the Heritage liquor Manufacturing Unit in form "**H.L.-I**", after which the licensee shall be free to start to start production. One Self Help Group (SHG) shall be entitled to only one such license. The license shall be of a perpetual nature, subject to due

observance of the provisions of the Act and these Rules and conditions of the license.

- (h) The licensee shall not hypothecate, sell, mortgage, transfer, or sub lease his license other than as approved by the Excise Commissioner,
- (i) The licensee may apply to The Collector for the enhancement of manufacturing capacity of the unit after full utilization of original capacity. If the unit is functioning at full capacity, capacity enhancement up to maximum 2000 liters shall mandatorily be given.
- (j) The license fee for the license HL-1 shall be as per Schedule-A of these rules.

### **3(2) Blending, Compounding, Manufacture, Working and Control :-**

- (a) The machinery, equipment etc. installed in the heritage liquor manufacturing unit shall be determined by the Excise Commissioner. The DPR shall be approved by the Collector under the above directions. Any alteration in the building, plant or machinery shall be done by the approval of the Collector after getting consent from the Excise Commissioner.
- (b) All operations relating to the manufacture of Heritage spirit/liquor shall be conducted under the supervision of the officer-in-charge.
- (c) Heritage Liquor manufacturer may use Mahua based Heritage spirits of same or different strength for blending and may use flavouring or caramel/natural coloring agents or both as approved by Excise Commissioner for compounding for manufacturing Heritage Liquor.
- (d) The licensee shall keep an account of the base materials, blending agents, spirit and liquor etc. in the formats prescribed by the Excise Commissioner.
- (e) The heritage spirit/liquor manufactured in the unit shall be subject to chemical analysis. Officer-in-charge of the unit shall not permit the issue of spirit/liquor which found impure/substandard in chemical analysis. On every occasion samples of manufactured spirit/liquor will be taken at the cost of the licensee for sending them for purposes of chemical analysis. If found substandard or unfit for human consumption, it will be redistilled or rejected and destroyed under the orders of the Collector or an officer authorized by him.
- (f) The licensee shall establish his own laboratory within the unit premises. At least the following tests shall have to be done by the licensee in his own laboratory :
  - 1. Humidity % in Mahua Flower
  - 2. Sugar content in Mahua Flower
  - 3. General Appearance (odour/taste and aroma/free from sediments)
- (g) A sample from every batch of produced liquor shall have to be tested in accordance with IS 5287:2005 before it is issued. Initially, the samples from the every batch produced shall be sent to the Excise department's laboratory/FSSAI/BIS approved laboratory for testing. The liquor shall be issued if the test results comply with the requirements prescribed under IS 5287 : 2005.

The following tests shall be conducted under IS 5287:2005 –

- 1. Ethyl alcohol content at 20 deg C, (percent by v?V)
- 2. Residue on evaporation, percent (m/v)
- 3. Volatile acids as acetic acid, (gm/100 L of absolute alcohol)
- 4. Higher alcohols as amyl alcohol, (gm/100 L of absolute alcohol)

5. Methyl alcohol, (gm/100 L of absolute alcohol)
  6. Total esters as ethyl acetate, (gm/100L of absolute alcohol)
  7. Furfural, (gm/100 L of absolute alcohol)
  8. Aldehydes as acetaldehyde, (gm/100 L of absolute alcohol)
- (h) Complete testing as per FSSAI standards may be done on random sampling basis as prescribed by the Excise Commissioner.
  - (i) The licensee shall make arrangements for sanitized and hygienic procurement and storage of Mahua flowers
  - (j) The unit shall be responsible for maintaining such minimum fermentation and distillation efficiency and such minimum recovery of spirit as prescribed by the Excise Commissioner
  - (k) The licensee shall use the heritage spirit manufactured by him for manufacturing and bottling heritage liquor in his own unit only.
  - (l) The Heritage Liquor Manufacturing Unit may age the heritage liquor manufactured by it as per process, standards, terms and conditions decided by the Excise Commissioner.
  - (m) The license fee for the license “H.L.-1-A” shall be as per **Schedule-A** of these rules.

#### **4- Bottling of Heritage Liquor. –**

- (1) The bottling of Heritage Liquor shall be carried out in the licensed Manufacturing Unit premises only.
- (2) All operations relating to the filling of bottles with Heritage Liquor shall be conducted under the supervision of the officer-in-charge.
- (3) For bottled Heritage Liquor, a deviation margin up to **1%(v/V)** from the alcoholic strength mentioned on the label, shall be permitted.
- (4) The licensee shall paste a label, registered with the Excise Commissioner, displaying all the particulars enumerated in sub rule (1) of rule 5, on every bottle.
- (5) Heritage liquor shall be bottled only glass bottles of capacity 750 ml. 375 ml, 180 ml and 90 ml.
- (6) Excise Adhesive Label (EAL/Hologram shall be affixed to every bottle.
- (7) The bottling fees shall be as per **Schedule-A** of these rules.

#### **5-Registration of Labels. –**

- (1) All Heritage Liquor Manufacturing Units shall, for each type of liquor that is manufactured or proposed to be manufactured by them, be required to register their labels with the Excise Commissioner, The label should contain at least the following legends and details which shall be required to be printed in Hindi or English language and pasted on the bottles of Heritage Liquor :
  - (a) The words “Heritage Mahua Liquor” and Madhya Pradesh”.
  - (b) “Pot-Still Distilled”
  - (c) Date, Month and Year of Manufacture
  - (d) Name of the Self -Help Group (SHG)
  - (e) Name and place of Manufactory
  - (f) Batch number

- (g) Name of the Scheduled Tribe area where manufactured
  - (h) Brand name
  - (i) Registration number of label
  - (j) Minimum Selling price
  - (k) Maximum Retail price
  - (l) FSSAI registration No.
  - (m) Alcoholic content in %(v/V)
  - (n) Net Volume in ml
  - (o) For sale in MP/For Export
  - (p) “Consumption of liquor is injurious to health”
  - (q) “Don’t drink and drive”
  - (r) Other information as directed by the Excise Commissioner
- (2) Only such bottles of Heritage Liquor with labels showing legends/details as specified in sub-rule (1), duly registered with the Excise Commissioner may be sold in, transported within or exported from Madhya Pradesh.
- (3) Label registration fee shall be as per **Schedule-A** of these rules.

#### **6.-Transport and Sale of Heritage Liquor –**

- (a) Transport of Heritage Liquor is permitted in Form- **“H.L.-3”** and **“H.L.-4”**.
- (b) Heritage Liquor Manufacturing Units shall be allowed to engage Marketing Partners to design, package, brand, market, distribute and sell the Heritage Liquor. Such Marketing Partners may be registered companies or cooperatives who can enter into agreements with the Heritage Liquor Manufacturing Units on a payment based/revenue sharing model. The terms and conditions of such agreements shall be approved by the Collector subject to the guidelines issued by the Excise Commissioner.
- (c) Heritage Liquor Manufacturing Units may apply for **“H.L.-A” License Factory Retail Outlet (FRO)** for providing tasting and selling facility at unit premises as per terms and conditions of the license.
- (d) License **H.L.-2 Retail Outlet (RO)** shall be issued by the Collector for retail sale of Heritage Liquor through Manufacturing Unit’s own outlet/franchisee outlet/marketing partner’s outlet. Sale of Heritage Liquor shall be permitted at any location except those disallowed by the Government as per policy or as per provisions of the Act.
- (e) Sale of Heritage Liquor shall not be done through regular FL/CL/Composite Liquor shops/Wine shops unless specifically permitted by the State Government.
- (f) The supply and sale of Heritage Liquor to the above mentioned retail outlets shall be done by the Manufacturing Unit/Marketing partner directly.
- (g) The Minimum Selling Price of Heritage Liquor shall be approved by the Excise Commissioner while Maximum Retail Price of heritage liquor shall be decided by Heritage Liquor Manufacturing Unit.

- (h) Sale of Heritage Liquor shall also be permitted from F. L. -2, F.L.-2AA, F. L.-3, F.L.-3A and F.L.-4 bar licenses. Bars may procure the supply of heritage liquor directly from the heritage liquor of units.
- (i) The Excise Commissioner may permit free/on charge storage of Heritage Liquor at Country/Foreign liquor warehouses for onward distribution to permitted Retail Outlets/ Bars.
- (j) The License fee of **H.L.-1-A/ H.L.-2** shall be as per **Schedule-A** of these rules.

**7(1)- Export of Heritage Liquor. –**

- (1) Export of only bottled and labelled Heritage Liquor shall be permitted Export of unbottled Heritage Liquor or Heritage Spirit shall not be permitted.
- (2) Export of only those labels of Heritage Liquor shall be permitted which are registered with the Excise Commissioner under Rule 5 of these rules.
- (3) Licensees having **H.L.-1** license may be permitted to export.
- (4) The exporter shall pay in advance, the prescribed export-fee, if any, as decided by the Government.
- (5) Application for grant of export permit shall be made to the Collector or any other officer specially authorized by the Excise Commissioner. The necessary details, for example, the name, address of the exporter, quantity, description and alcoholic strength of the heritage liquor, the unit where it shall be exported, registration number of label etc. shall be mentioned in the application. The exporter shall also attach to his application a No-Objection-Certificate or an import pass/permit issued by the authorized excise authority of the importing district and the chemical test report for the batch/batches of the liquor being exported.
- (6) On receipt of an application under sub rule (5), the Collector or authorized excise officer shall make necessary enquiries, if the conditions laid down in these rules have been satisfactorily complied with and officer in-charge is of the opinion that there is no objection to the issuance of the export permit, issue the export permit in form **H.L.-5**.

**7(2)- Securing the Verification Report of Export of Heritage Liquor.-**

The exporter shall obtain verification report from the officer in charge of the importing unit and furnish it to the authority who issued the export permit, within 25 days from the expiry of period of permit. If the exporter fails to do so, a fine, as decided by the Excise Commissioner shall be imposed;

Provided that in case the verification report is submitted after the stipulated time period, the imposed fine shall be refunded after due verification, to the exporter. In case the consignment meets with an accident or is seized midway by any authority, and it does not reach the destination, the imposed fine shall not be recovered on submitting documentary evidence for the same;

Provided further that if the heritage liquor is exported to another country, the licensee exporting the liquor shall furnish the documentary evidence that the consignment has left the country.

#### **8. All licensees to obtain Transport Permit. –**

“The licensee shall obtain transport permit in the prescribed form, issued by the authorized officer for transporting Heritage Liquor from/to his licensed premises. The licensee shall follow all the conditions given in the transport permit.

He/she also be bound by the General License Conditions as applicable, provisions of the M.P Excise Act, Rules made thereunder, and instructions issued in this behalf by the Excise Commissioner from time to time.

#### **9. Penalties.**

- (1) Without prejudice to the provisions of the conditions of the licenses issued under these rules, the Licensing authority may impose upon the licensees a penalty not exceeding rupees 5000/- for any breach or contravention of license conditions, or any of these rules, or the relevant clause of General License Conditions, or the provisions of Madhya Pradesh Excise Act, 1915 or rules made thereunder.
- (2) The Licensing authority may suspend or cancel the license under section 31 of the Act and may also blacklist the licensee upon a breach or contravention of any of the license conditions, or the relevant clauses of General License Conditions, or of these rules or of the provisions of the Act or of Rules made thereunder.

#### **10. Miscellaneous. –**

- (1) The licensee may, at any time, surrender his license.
- (2) All processes under these rules shall be carried out through the department's authorized “e-Aabkari” portal.

#### **11. Categories of Licenses/Forms.-**

- (a) **H.L.-A** Application for Heritage Liquor Manufacturing Unit.
- (b) **H.L.-B** Approval Letter for Heritage Liquor Manufacturing Unit.
- (c) **H.L.-1** License for Heritage Liquor Manufacturing Unit (**HLMU**)
- (d) **H.L.-1-A** License for Heritage Liquor Factory Retail Outlet (**FRO**) attached with Heritage Liquor Manufacturing Unit.
- (e) **H.L.-2** License for Heritage Liquor Retail Outlet (**RO**)
- (f) **H.L.-3** Transport Permit to transport bottled Heritage Liquor from Heritage Liquor Manufacturing Unit to FRO/RO/Bars/Other Sale points;



- (g) **H.L.-4** Transport Permit to transport bottled Heritage Liquor from FRO and RO to Bars and Other sale points.
- (h) **H. L. -5** Transport Permit to export Heritage Liquor.

**Schedule-A**

<b>Sr. No</b>	<b>Head</b>	<b>Fee (Rs.)</b>	<b>Remarks</b>
1	Application fee for setting up H.L.M.U. <b>H.L.-A</b>	1000	One time
2	License fee for <b>H.L.-1</b> (H.L.M.U)	5000	One time
3	License fee for <b>H.L.-1 A</b> Factory Retail Outlet (FRO)	1000	Per Annum
4	License fee for <b>H.L.-2</b> Retail Outlet (RO)	5000	Per Annum
5	Bottling fee	Nil	--
6	Label Registration Fee	1000	Per Label
7	Export fee	Nil	--
8	Transportation fee	Nil	Per Transport Permit

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