

KARNATAKA EXCISE LICENCES (GENERAL CONDITIONS) RULES, 1967

CONTENTS

1. Title, extent and commencement
2. Application
3. Definitions
4. Commencement of business
- 4A. Closure of shops on certain occasions
5. Restriction in respect of location of shops
6. Sign Boards, etc
7. Entrance and Exit
8. Mixture Prohibited
9. Employment of Women and Certain others prohibited
10. Liquor not to be sold to certain persons, etc
- 10A. All shops shall remain closed on Gandhi Jayanthi Day
- 10B. Prohibition of sale of liquor during election and counting days etc
11. Certain Acts not permitted
12. Intimation to Police Officers
13. Customers not to be allowed to stay at night
14. Sales only for cash
15. Payment of Rent, etc
- 15A. Waiver of interest
16. Suspension of licence
17. Transfer of lease not permitted
- 17A. Transfer in the event of death
- 17B. Transfer of licence in other cases
18. Authorised persons only to be in-charge
19. Report of breach
20. Licensee not to be interested in Excise Officer
21. Inspection
22. Conviction entails cancellation of all licences
23. Shifting of shops
24. Licensee not entitled to compensation

KARNATAKA EXCISE LICENCES (GENERAL CONDITIONS) RULES, 1967

In exercise of the powers conferred by Section 71 of the Karnataka Excise Act, 1965 (Karnataka Act 21 of 1966), the Government of Karnataka hereby makes the following rules, the draft of the same having been previously published, as required by sub-section (1) of

Section 71 of the said Act, in Notification GSR No. 434 in Part IV, Section 2C(i) of the Karnataka Gazette, Extraordinary, dated 30th September, 1967, namely:-

1. Title, extent and commencement :-

These Rules may be called the Karnataka Excise Licences (General Conditions) Rules, 1967.

(2) They shall extend to all the areas of State of Karnataka, where the Karnataka Excise Act, 1965, is in force.

(3) They shall come into force at once.

2. Application :-

These rules shall apply to all licences issued under the Karnataka Excise Act, 1965 for sale of liquors and every such licence shall be deemed to include the conditions prescribed by these rules as general conditions.

3. Definitions :-

¹ [In these rules unless the context otherwise requires

(1) "Educational Institution" means a Pre-Primary, Primary or Secondary School owned or managed or recognised by any local authority, State or Central Government or any College affiliated to or established or managed by any University established by law.

(2) "Licensee" means a person to whom a licence to sell Liquor is granted.

(3) "Religious Institution" means a temple, mutt, mosque, church, synagogue, agiary or other place of public religious worship which is as the case may be, established or managed or owned by a public trust, the Religious and Charitable Endowments Commissioner or a Society registered under the Societies Registration Act or Wakf Board Act.

(4) "Shop" means the licenced premises where liquor is sold].

1. Rule 3 substituted by GSR 16, dated 6-2-1990, w.e.f. 6-2-1990.

4. Commencement of business :-

Licensee shall commence his business on the 1st July or such date as may be notified by the Excise Commissioner and shall keep open on every day during such hours as may be fixed by the Excise Commissioner.

Explanation Any shop shall be deemed to be open when in the case of liquor shop so much of stock is always kept in the shop so as to meet the requirements for a week and in case of toddy shops to the extent of daily requirements.

4A. Closure of shops on certain occasions :-

¹ [A licensee may after information to the concerned Sub-Inspector of Excise, Close the shop on the following occasions, namely.

(a) "on the day of a marriage in his family; or

(b) on the day of the occurrence of a death or accident in his family.]

1. Rule 4-A inserted by GSR 99, dated 30-3-1985, w.e.f. 10-4-1985

5. Restriction in respect of location of shops :-

¹[(1) No licence for sale of liquor shall be granted to a liquor shop or premises selected within a distance of 100 metres from any religious or educational institution or Hospital or any Office of the State Government or Central Government or Local Authorities or in a residential locality, where the inhabitants are predominantly belonging to Scheduled Castes or Scheduled Tribes or within a distance of 220 metres from the middle of the State Highways or National Highways. ²[Provided that where a shop is sanctioned to a village the population of which is less than two thousand five hundred, such shop shall be located outside the residential locality of the village.] ³[Explanation. ⁴[(I) For the purpose of this rule "National Highway" or "State Highway" shall not include such parts of the National Highway or State Highway as are situated within the limits of a Municipal Corporation, City or Town Municipal Council, or such other authority having a population of twenty thousand or more.]

⁵[(2) For the purpose of this rule, the expression "Hospital" means any Government Hospital, Primary Health Centre or Primary Health

(3) For the purpose of this rule the expression "Office of the State Government or Central Government or Local Authority" means and includes any State or Central Government Office headed by Group 'A' or 'B' grade officers and the main Administrative Offices of Local Bodies like City Corporation, City Municipal Council, Town Municipal Council, Town Panchayat, Zilla Panchayat, Taluk panchayat and

Grama Panchayat and such other offices of the State Government, Central Government or Local Authorities as may be specified by the Government from time to time.]

(2) The Deputy Commissioner of Excise shall after making such enquiry as he deems fit approve the premises of liquor shop so selected and thereafter the description of the premises of liquor shop shall be entered in the Licence to be issued:

Provided that the Deputy Commissioner of Excise may, with the prior approval of the Excise Commissioner and for reasons to be recorded in writing, permit the location of any shop within a distance of 100 metres, but not less than 50 metres from the institutions, hospital, office or locality specified in sub-rule (1) within the City Municipality or City Corporation limits.

6[Provided Further that the Deputy Commissioner of Excise may grant licence to locate any liquor shop in a premises situated within a distance of 220 metres from the middle of a State Highway or a National Highway if such premises is located in a predominantly inhabited area, or extension of a town, village, or area the population of which is more than two thousand five hundred and where a licence to locate shop in such premises was granted or was existing during the period commencing from 1st July, 1992 and ending on ⁷[30th June, 1994.]]

8 [(2-A.) Notwithstanding anything, contained in sub-rules (1) and (2) the Deputy Commissioner of Excise may with a view to secure, convenience, morality, tranquility, decency or safety of the public or for any other reason, reject the application for licence to a liquor shop or premises after recording the reasons therefor.]

(3) For the purpose of this rule while measuring the distance specified in this rule, the distance shall be measured along the nearest path by which the pedestrian ordinarily reaches, adopting the mid-point of the entrance of the shop and the mid-point of the nearest gate of the institution, hospital or office if there is a compound wall and if there is no compound wall, the mid-point of the nearest entrance of the institution or the office.

(4) The Deputy Commissioner may, by order after giving the licence an opportunity of being heard, direct such licence to shift the location of any shop,

(a) With a view to secure the convenience, morality, tranquility,

decency or safety of the public or compliance of the provisions of these rules; or

(b) where after the issue of a licence, any religious institution or educational institution is established or any office of the State Government or Central Government or Local Authorities or a Hospital is opened within the limits specified in this rule; to any other suitable place, within such period, not exceeding three months as he may specify.]

1. Rule 5 substituted by GSR 127, dated 21-6-1993, w.e.f. 21-6-1993.
2. Proviso inserted by GSR 24, dated 6-12-1993, w.e.f. 6-12-1993.
3. Explanation to sub-rule (1) inserted by GSR 119, dated 19-7-1994.
4. Explanation to sub-rule (1) renumbered as Explanation (1) by GSR 156, dated 22-9-1994, w.e.f. 22-9-1994.
5. Explanations (2) and (3) inserted by GSR 156, dated 22-9-1994, w.e.f. 22-9-1994.
6. Further proviso inserted by GSR 119, dated 19-7-1994, w.e.f. 19-7-1994.
7. Read for the words and figures "30th June, 1992." by GSR 132, dated 12-8-1994.
8. Sub-rule (2-A) inserted by GSR 156, dated 22-9-1994, w.e.f. 22-9-1994.

6. Sign Boards, etc :-

Every licensee shall affix a sign board in a conspicuous place of the shop showing the nature of the shop, number of licence and retail price in such language as may be understood by the majority of the residents in the locality.

7. Entrance and Exit :-

There shall be only one and the same entrance and exit for the shop.

8. Mixture Prohibited :-

The licensee shall not mix any material injurious to the health or mix anything to decrease or increase the strength of the liquor or its intoxicating power.

9. Employment of Women and Certain others prohibited :-

- (1) The licensee shall not employ any women ¹ [xxx].
- (2) He shall not employ any person who has been convicted.
- (3) The licensee shall not employ, in any capacity, a person who is

below the age of 18 years or a person who is suffering from any contagious disease.

1. The words "other than his family member" omitted by GSR 171, dated 6-5-1969, w.e.f. 15-5-1969.

10. Liquor not to be sold to certain persons, etc :-

(1) No liquor shall be sold or otherwise given to the following persons, namely.

(a) insane persons;

(b) persons known or believed to be drunk;

(c) persons known or suspected to be about to take part in a riot or disturbance of public peace or any other crime;

(d) Excise Officials, Police Officers, Railway Servants and Motor Bus Chauffeur, on duty, or in uniform;

(e) persons below the age of ¹ [twenty-one years.]

(2) No quantity of liquor shall be allowed to be taken out of the shop except to the extent permitted by the rules under Karnataka Excise Act, 1965.

1. Substituted for the figures and words "18 years" by GSR 223, dated 27-7-1976, w.e.f. 5-8-1976

10A. All shops shall remain closed on Gandhi Jayanthi Day :-

¹ [All shops shall remain closed throughout the second day of October of every year.]

Explanation. For the purpose of this rule "throughout the second day of October of every year" means the period of twenty-four hours

1. Rule 10-A inserted by GSR 282, dated 23-9-1980, w.e.f. 23-9-1980.

10B. Prohibition of sale of liquor during election and counting days etc :-

¹ [In order to comply with the directions of the Election Commission of India for banning sale or supply of liquor and intoxicants during election to the House of the people or State Legislative Assembly the District Magistrate may by notice in writing to the licensee require that any shop in which any liquor is

sold or supplied shall be closed at such times and for such period as the Election Commission may consider necessary for conduct of peaceful, fair and -free elections. The licensee shall not be entitled to any compensation for such closure.]

1. Rule 10-B inserted by GSR 58, dated 17-4-1996, w.e.f. 17-4-1996.

11. Certain Acts not permitted :-

1 [(1) No gambling, dance, gathering, feast or any kind of entertainment or unlawful act shall be permitted in such premises.

(2) The licensee shall sell liquor only in the approved shop and shall not sell in such premises any article other than such article and except to the extent permissible in accordance with the terms of the licence].

1. Rule 11 substituted by GSR 16, dated 6-2-1990, w.e.f. 6-2-1990.

12. Intimation to Police Officers :-

The licensee shall give intimation to the Police Officers of any thief or person suspected to have committed any offence when such person is in his shop.

13. Customers not to be allowed to stay at night :-

The licensee shall not allow any person other than a member of his family or his authorised servant in the shop during nights after the time fixed for closing the shop.

1 [Explanation. For the purposes of this rule 'Family' means the wife, or husband, legitimate children and step children or any other member residing with and wholly dependent on such licensee.]

1. Explanation to Rule 13 added by GSR 171, dated 6-5-1969, w.e.f. 15-5-1969.

14. Sales only for cash :-

No liquor shall be sold except for cash.

15. Payment of Rent, etc :-

1 [(1) The rent payable to Government in respect of the shop or shops shall be credited by the licensee in the Government Taluk or District Treasury wherein the shop or shops is/are situated. Every month's rents shall be credited on or before the tenth of that month or the following working day, if the tenth happens to be a

General Holiday, without interest and on or before twenty-fifth or the following working day if twenty-fifth happens to be a general holiday, with interest at ²[eighteen per cent] per annum. The interest shall be charged from the eleventh day of that month on the outstanding amount as long as it remains undischarged irrespective of the expiry of the lease period or the termination of lease. If the rent for any month is not credited together with interest before the end of the month or before the expiry of the time granted under sub-rule (1-A), the lease shall be determined, and licences shall be cancelled and the right to vend liquor shall be disposed of afresh.]

3[(1-A) the Deputy Commissioner may, on' an application made to him in this behalf, if satisfied for reasons to be recorded in writing that the monthly rent could not be paid before the end of the month due to circumstances beyond the control of the licensee, grant time upto and inclusive of the tenth day of the succeeding month. If such rent together with interest due is not paid within the time so granted, the Deputy Commissioner may, on an application made to him in this behalf and after obtaining adequate security in the form of irrevocable bank guarantee of a Scheduled Bank for an amount equal to the amount of one month's rent together with interest due for the full month, grant further time till the end of such succeeding month.]

4[(1-B) The Excise Commissioner may, by order in writing, grant time for a further period not exceeding fifteen days, if, on application made to him in this behalf through the Deputy Commissioner he is satisfied that the monthly rent could not be paid for reasons beyond the control of the licensee].

5 [(1-C) If the. rent for any month is not paid on or before the date specified in sub-rule (1) or before the expiry of the time granted under sub-rule (1-A) or under sub-rule (1-B), the lease shall be determined and the licence shall be cancelled and the right to vend liquor shall be disposed afresh in such manner as the State Government may direct and such disposal shall be at the risk of the defaulter who shall be liable for all losses that may be sustained by the State Government and the Deputy Commissioners may forfeit the deposits of the defaulter either in full or in part with the approval of the excise Commissioner.]

(2) The lease shall be determined and the licence cancelled in the

case of tappings of the trees without payment of duty thereof on behalf of the licensee and tree tax and tree rent is not remitted immediately, after they are booked for infraction.

(3) The Superintendent of Excise may stop the issue of the allotted liquor or trees for the realisation of rent, tree tax and tree rent.

(4) If the rent, tree tax and tree rent are not credited even in respect of any one -shop or the group of shops of the licensee, the lease shall be determined and the licence cancelled and the group of shops may be put to reaction.

(5) The advance rent deposited by the licensee before the commencement of the lease shall be adjusted towards the rent of the last month of the lease period.

1. Sub-rule (1) substituted by GSR 107, dated 18-3-1970, w.e.f. 9-4-1970.

2. Substituted for the figures and words "6 1/4 per cent" by GSR 143, dated 25-6-1983, w.e.f. 1-7-1983.

3. Sub-rule (1-A) substituted by GSR 432, dated 12-12-1969 and shall be and shall always be deemed to have been substituted w.e.f. 25-11-1969.

4. Sub-rule (1-B) inserted by GSR 50, dated 12-2-1976, w.e.f. 19-2-1976.

5. Sub-rule (1-C) inserted by GSR 250, dated 24-8-1979, w.e.f. 30-8-1979.

15A. Waiver of interest :-

¹ [Notwithstanding anything contained in these rules, the State Government may if it considers necessary so to do, in the interest of expeditious recovery of arrears of excise revenue, waive the interest payable under Rule 15, and may grant such instalments, not exceeding three monthly instalments, as it thinks fit for payment of arrears of principal amount, wherever the defaulters come forward and make payment of the outstanding principal amount:

Provided that this scheme shall come into operation with effect from such date as the State Government may by notification specify in this behalf and expire at the end of 90 days from the date of publication of such notification.]

1. Rule 15-A inserted by Notification No. FD 5 PES 2000, dated 28-4-2000 and shall be deemed to have come into force w.e.f. 1-4-2000.

16. Suspension of licence :-

(1) The licence may be suspended by the Deputy Commissioner when the licensee makes default in payment of the rent, tree tax and tree rent of any shop or group of shops.

(2) When a licence is suspended, the Deputy Commissioner may make alternate arrangements for the sale of liquor. Any loss which the Government may incur in this behalf may be recovered from the licensee and the Deputy Commissioner may forfeit the deposits either in full or in part with the approval of the Excise Commissioner.

17. Transfer of lease not permitted :-

The right of retail vend of liquor shall not be transferred by the licensee except with the previous permission of the Deputy Commissioner.

17A. Transfer in the event of death :-

1 [In the event of death of the licensee or the lessee during the currency of the licence or lease, the Deputy Commissioner may on an application by the legal heirs of the deceased with the previous sanction of the Excise Commissioner, transfer the licence or the lease as the case may be, in their favour.]

1. Rule 17-A inserted by GSR 141, dated 5-5-1977, w.e.f. 12-5-1977.

17B. Transfer of licence in other cases :-

1 [(1) Notwithstanding anything contained in Rule 2, licences issued,

(i) for sale of Indian Liquor (other than arrack) or Foreign Liquor or both, in Form No. CL-1 (Wholesale licence) or CL-2 (retail shop licences) or CL-7 (Hotel and Boarding House Licences) or CL-9 (Refreshment room (Bar) Licence under the Karnataka Excise (Sale of Indian and Foreign Liquors) Rules, 1968; or

(ii) for sale of Beer under the Karnataka Excise (Lease of Right of Retail Vend of Beer) Rules, 1976; The Deputy Commissioner may on an application by the licensee and subject to payment of transfer fee equivalent to the annual licence fee specified in Rule 8 of the Karnataka Excise (Sale of Indian and Foreign Liquors) Rules, 1968 or Rule 5 of the Karnataka Excise (Lease of Right of Retail Vend of Beer, Rules, 1976, as the case may be, and with the prior approval of the Excise Commissioner, transfer such licence in favour

of any person named by such licence, if such person is eligible for grant of a licence under the Karnataka Excise Act, 1965 or the rules made thereunder.

(2) Nothing in this rule shall apply to transfer of licence under Rule 17-A.]

1. Rule 17-B inserted by GSR 64, dated 23-5-1995 and shall be deemed to have come into force w.e.f. 1-4-1995.

18. Authorised persons only to be in-charge :-

¹ [The licensed shop shall not be put in the charge of any person other than the one authorised by the licensee and in respect of whom a now karnama is issued by the Inspector of Excise. A Court-fee stamp of rupees two shall be affixed to each nowkarnama. A certificate from the Health authority to the effect that the persons so authorised are not suffering from any contagious disease, shall be produced by the licensee before the Inspector of Excise once in six months. This provision shall be applicable to employees working in Breweries, Distilleries, Wineries and also toddy tappers working under toddy licensees.

Explanation. For the purpose of this rule Health authority means "any Registered Medical Practitioner.]

1. Rule 18 substituted by GSR 359, dated 3-12-1975, w.e.f. 11-12-1975.

19. Report of breach :-

Every breach of the conditions of the licence or provisions of the Karnataka Excise Act, 1965 by any servant of the licensee or other person shall immediately be reported by the licensee to the Excise Officer and the licensee shall comply with the orders of the Excise Officer in this behalf.

20. Licensee not to be interested in Excise Officer :-

No licensee shall have, any pecuniary transactions with the Officers of the Department of Excise, Police or Revenue.

21. Inspection :-

(1) The following officers shall be authorised to inspect any shop

(a) Any Excise Officer not below the rank of Sub-Inspector of Excise;

(b) Any Revenue Officer not below the rank of Tahsildar;

(c) Any Gazetted Officer of the Medical or Health Department.

(2) The licensee shall produce the receptacles kept for measurements of the liquor at the time of Inspection.

(3) The licensee shall maintain an inspection book and other registers as may be prescribed by the Excise Commissioner and keep a record of all inspection notes and make proper entries. The Inspection Book shall be delivered to the Excise Officer on the termination of the lease period.

22. Conviction entails cancellation of all licences :-

Where a licensee holds more than one licence and he is convicted for breach of conditions of any one of such licences, the other licences also may be cancelled.

23. Shifting of shops :-

¹[Subject to the restrictions specified in Rule 5, the Deputy Commissioner may permit a licensee to shift the location of his shop from one place to another within the limits of a Grama Panchayat or within the ²[Municipal Area] or City Municipal Corporation ³ [on payment of a fee equivalent to twenty-five per cent of the licence fee charged on the licence in respect of such shop.]

1. Rule 23 substituted by Notification No. FD 22 PES 93(ii), dated 9-5-1994, w.e.f. 9-5-1994.

2. Substituted for the words "territorial division of Municipality" by GSR 119, dated 19-7-1994, w.e.f. 19-7-1994.

3. Inserted by Notification No. FD 5 PES 2000, dated 28-4-2000 and shall be deemed to have come into force w.e.f. 1-4-2000.

24. Licensee not entitled to compensation :-

Where a licence is cancelled during the currency of the licence, the licensee shall not be entitled to any compensation of any kind.