

**¹THE
KARNATAKA
EXCISE (DISTILLERY AND WAREHOUSE)
(SECOND AMENDMENT) RULES, 2026.**

NOTIFICATION-I

No. FD 11 PES 2025, Bengaluru, dated 28-07-2026

Whereas the draft of the following rules further to amend the Karnataka Excise (Distillery and Warehouse) Rules, 1967, was published as required by sub-section (1) of Section 71 of the Karnataka Excise Act, 1965 (Karnataka Act 21 of 1966) in Notification No. FD 11 PES 2025, dated 08-05-2026 in Part IV-A of the Karnataka Gazette (Extraordinary) No. 362 dated 08-05-2026 inviting objections and suggestions from all persons likely to be affected within Seven days from the date of its publication in the official Gazette.

And, whereas the said Gazette was made available to the public on 8th May, 2026.

And, whereas objections and suggestions received in respect of the said draft have been perused by the State Government.

Now, therefore, 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, namely.—

1. Title and commencement.—(1) These Rules may be called the **Karnataka Excise (Distillery and Warehouse) (Second Amendment) Rules, 2026.**

(2) They shall come into force from the date of their final publication in the official Gazette.

2. Amendment of Rule 2.—In the Karnataka Excise (Distillery and Warehouse) Rules, 1967 (hereinafter referred

1. Published in the Karnataka Gazette, Part IV-A, Extraordinary No. 568, dated 28-07-2026.

to as the ‘said rules’), in Rule 2, after clause (d), the following shall be *inserted*, namely.—

“(dd) **“Distillery Factory Out-let”** means a place which is separated from the manufacturing area but situated within the Distillery licensed premises preferably away from the main Entrance/Exit gate, where the licensee is permitted to serve food and may allow a visitor to taste Liquor manufactured in such manufacturing unit and may also sell such Liquor to the visitors in sealed bottles or other sealed packaging containers of not less than 375 ml size but not exceeding a maximum quantity prescribed for respective categories of liquor under Rule 21 of the Karnataka Excise (Possession, Transport, Import and Export of Intoxicants) Rules, 1967.”.

3. Insertion of new Rule 4-E.—In the said rules, after Rule 4-D, the following rule shall be *inserted*, namely.—

“**4-E. Licence for Distillery Factory Out-let.**—(1) Any holder of Distillery Licence who is desirous of establishing a Distillery Factory Out-let in the manufacturing Unit shall make an application to the Excise Commissioner in Form 2-B through the Deputy Commissioner of Excise along with a challan for having credited the fee specified in sub-rule (3). The application shall be accompanied with full description of area designated for Distillery Factory Out-let showing plan, seating arrangement, refreshment room and separate toilet with running water facilities for men and women but separated from manufacturing area. The Excise Commissioner, after making such inquiry as he thinks necessary with regard to the particulars stated in the application may grant licence in Form 2-C to establish Distillery Factory Out-let, subject to these rules and the conditions specified in the licence.

(2) The licence granted or issued under these rules shall take effect from the date specified in the licence and shall be valid for a period of 5 (five) Excise years including the year of grant or issuance, subject to annual

payment at the rate equal to the licence fee and additional licence fee. However, the licence shall lapse or expire on the day when the Distillery licence granted/renewed under Rule 4 and Rule 6 of these rules is lapsed or expired.

(3) The fee for grant or renewal of Distillery Factory Out-let licence shall be rupees Four lakhs per year and an additional licence fee equivalent to fifteen percent of the licence fee.

(4) The Excise Commissioner on an application made by the licensee accompanied by the licence fees prescribed under sub-rule (3) may renew the licence:

Provided that, every such application shall be made at least one month before the expiry of the licence already granted.

(5) The liquor which is used for tasting purpose or sold at the Distillery Factory Out-let in sealed bottles or other sealed packaging containers shall be obtained from Karnataka State Beverages Corporation Limited (KSBCL) in accordance with the Karnataka Excise (Possession, Transport, Import and Export of Intoxicants) Rules, 1967.

(6) The licensee under sub-rule (1) shall maintain correct daily accounts of transactions in Stock Book 1 as prescribed in Form 15.

(7) The licence issued under sub-rule (1) may be transferred only when the Distillery licence is transferred as per Rule 4-B or Rule 4-C of these rules. In case of transfer of licence under Rule 4-C, the licence transfer fee shall be equivalent to twenty-five percent of the annual licence fees specified in sub-rule (3).

(8) The privilege under this licence extends to tasting or sale of liquor to only the visitors who visit the Distillery under the concept of Alcohol tourism. No sale of liquor in wholesale or to the non-visitors are permitted under this licence”.

4. Insertion of new Forms 2-B and 2-C.—In the said Rules, after Form 2-A and the entries relating thereto, the following Forms shall be *inserted*, namely.—

“FORM 2-B

[See Rule 4-E]

**Application for grant of Distillery Factory Out-let
licence**

To,

The Excise Commissioner in Karnataka,
Bengaluru

1.	Name and Address of the Distillery	
2.	Whether individual or firm or Company	
(a)	If a firm, furnish the names and addresses of all partners and copy of the Partnership deed;	
(b)	If a Company, furnish a copy of the Memorandum of Association and Articles of Association together with names and addresses of all the Directors of the Company.	
3.	Details of the fees paid	
4.	Details of the staff of Distillery Factory Out-let	
5.	Details of the premises used as Distillery Factory Out-let as shown in the Blue Print	

DECLARATION

1. I/We hereby declare that the particulars mentioned in the application are correct.
2. I/We am/are not disqualified from submission of application for the reasons mentioned in Rule 6-A of the Karnataka Excise (Distillery and Warehouse) Rules, 1967.
3. I/We have gone through the Karnataka Excise (Distillery and Warehouse) Rules, 1967, relating to

the licence applied for and am/are conversant with the provisions thereof.

4. I/We are hereby undertake to abide by the conditions of the licence and provisions of the Karnataka Excise Act, 1965 and the Rules and regulations made thereunder

Place:

Date: _____ Name and Signature(s) of the Applicant(s)

FORM 2-C

[See Rule 4-E]

Licence to allow Tasting of and to sell Liquor on the premises of Distillery Factory Out-let

LICENCE NO. Dated.....

1.	Name and Address of the Distillery Licence No. of Distillery	
2.	District in which the Distillery is located	
3.	Details of fees paid	

I,the Excise Commissioner in Karnataka under the provisions of Rule 4-E of the Karnataka Excise (Distillery and Warehouse) Rules, 1967, hereby licence you(hereinafter called the "licensee") to run a Distillery Factory Out-let at premises of the Distillery fromto.....subject to the following conditions to be observed by you, the licensee.—

CONDITIONS

1. The licensee shall be bound by the provisions of the Karnataka Excise Act, 1965, Notifications, Rules and Orders made or issued thereunder and the Karnataka Excise (Distillery and Warehouse) Rules, 1967.

2. The licensee shall observe such rules as may be prescribed by the State Government or such instructions and Orders as may be issued by the Excise Commissioner from time to time in regard to the control of sale, possession and issue of Liquor.
3. The licensee shall source the supply of Liquor subject to Rule 4-E of the Karnataka Excise (Distillery and Warehouse) Rules, 1967.
4. The maximum quantity of Liquor that may be sold to a visitor in sealed bottles or other sealed packaging containers of not less than 375 ml size shall not exceed the maximum quantity prescribed for respective categories of liquor under Rule 21 of the Karnataka Excise (Possession, Transport, Import and Export of Intoxicants) Rules, 1967.
5. The licensee shall sell Liquor at the Maximum Retail Price (MRP) indicated on the labels of the bottles as declared under Rule 2-AF of the Karnataka Excise (Excise Duties and Fees) Rules, 1968 and issue bills to the visitors accordingly.
6. The visitor may be allowed to taste Liquor manufactured from the same licensee. However, the quantity of sample of each Liquor shall not exceed 30 ml.
7. Liquor which is used for tasting purpose or sold at the Distillery Factory Out-let in sealed bottles or other packaging containers shall be procured by the licensee against permit from Karnataka State Beverages Corporation Limited (KSBCL) only.
8. The licensee shall ensure metric measures approved by the Department of Legal Metrology.
9. The licence shall not be transferred unless in accordance with Rules.
10. The authorized persons or the vendor as the case may be shall equally with the licence holder be

responsible for breach of any of the conditions of the licence.

11. The licence may be suspended or cancelled in accordance with the provisions of Section 29 of the Act and the licensee and his employee shall be liable for prosecution of breach of any conditions of licence under the provisions of the Act or the Rules and orders passed hereunder.
12. The licence shall continue to be in force till
13. The licensee is bound to maintain correct daily accounts of transactions in the Stock Book-1 in Form 15 and submit the return every month to the Distillery Excise Officer concerned within first week of the following month.
14. The details of the visitors to the Distillery Factory Out-let shall be maintained.
15. The opening and closing hours of the Distillery Factory Out-let shall be from 10.00 am to 7.00 pm.

Excise Commissioner”

5. Insertion of new Form 15.—In the said Rules, after Form 14 and the entries relating thereto, the following Form shall be *inserted*, namely.—

“FORM 15

[See Rule 4-E(5)]

Stock Book-1

**Daily Account Book to be maintained by
the licensee**

Date		Brand Name	Brand Name	Brand Name	Brand Name	Signature of the Licensee/a authorized person	Remarks
		Bottle size in ml	Bottle size in ml	Bottle size in ml	Bottle size in ml		
	Opening balance						
	Receipt						
	Sale						
	Closing Balance						