

Newsletter

CIABC
CONFEDERATION
OF
INDIAN ALCOHOLIC BEVERAGE
COMPANIES



HERE'S WHAT IS HAPPENING IN THE IN THE ALCOBEV INDUSTRY!

Indian Whiskies are gaining Global recognition

Indian whiskies are earning global recognition, with brands like **Indri-Trini** from Haryana winning Whiskey of the Year at the USA Spirits Ratings 2024, and Godawan from Rajasthan securing top honors at the World Whisky Masters and London Spirits Competition.

These achievements highlight the rising prominence of Indian whiskies on the international stage.



Liquor Traders in Andhra Pradesh Face Challenges Over Trade Margins

Liquor traders in Andhra Pradesh are raising concerns about not receiving the promised **20% trade margin** on liquor sales. Many report only a **10% margin**, insufficient to cover operational costs such as rent and wages. Traders are questioning the high taxes and alleged pressures, including bribes for minor violations.

Financial strain has led some to consider protests by halting stock purchases. Additionally, hefty fines for retail price violations and illegal supplies are adding to their difficulties, despite government measures to curb malpractices.



Mandatory CL-5 License for Serving Liquor at upcoming Festive Events

The Excise Department has announced that a **CL-5** license is mandatory for serving liquor at events such as Christmas and New Year parties. This requirement also extends to private functions, including Mehendi ceremonies, where alcohol is served alongside meals.

Dr. Balakrishna, a senior official, reiterated the department's commitment to strictly enforcing excise laws. He also issued a warning that non-compliance could lead to legal action against violators.



Extended Timings for Liquor Sales During Festive Season

The state government has extended liquor sale timings for Christmas and New Year's Eve celebrations. On December 24, 25, and 31:

- Liquor shops can remain open **until 1 AM**.
- Bars, clubs, restaurants, and hotels can operate **until 5 AM**.

This applies to **FLBR-II licensees** (wine and beer shops) and **FL-III/FL-IV licensees** (hotels and clubs) within Pune's police jurisdiction. The extended hours aim to accommodate festive revelers while ensuring compliance with state regulations.



Consumption of country liquor increased by 9%

The state witnessed an **8.8%** rise in country liquor consumption in September compared to the same month last year, reaching **6.78 crore liters**.

This figure also exceeded the Minimum Guaranteed Quantity (MGQ) of **5.78 crore liters** by **17.4%**. Year-to-date consumption saw an **8.6%** increase, totaling **43.21 crore liters**, **24.8%** higher than the MGQ of **34.63 crore liters**.

Notably, districts like Mathura (**122.4%**) and Shahjahanpur (**67.8%**) recorded the highest consumption growth relative to their MGQ.



Demand in Beer & Foreign liquor rises to 30% and 7%

In September, beer consumption in the state saw a **30.2%** increase, with 6.41 crore cans consumed compared to **4.92 crore** cans last year. Cities like Mahoba (**110.1%**) and Kasganj (**85.3%**) led the surge.

Year-to-date consumption rose **10.14%** to **46.02 crore** cans. Foreign liquor consumption grew **7%** in September, reaching 2.09 crore bottles, with year-to-date growth at **3.6%**.

Notable increases were seen in Sonbhadra (**48%**) and Sambhal (**37%**). Only Pilibhit saw a decline in beer consumption.



Ethanol Demand Shapes India's Sugar Export Outlook

India may have a surplus of 1-1.2 million tonnes of sugar for export in the 2024-25 season. However, the government will finalize export decisions only after meeting domestic ethanol production requirements, according to Food Secretary Sanjeev Chopra.

With sugar production projected at 32 million tonnes and domestic consumption at 29 million tonnes, 4 million tonnes are earmarked for ethanol production. After ensuring a reserve stock for domestic needs, India could potentially export the remaining surplus.

Government May Lower Rice Prices for Ethanol Production

To boost ethanol production, the government is considering reducing the reserve sale price of broken rice for grain-based distilleries. Despite allocating **2.3 million tonnes** of rice at **₹28/kg** under the Open Market Sale Scheme, there has been limited demand due to high prices.

Currently, oil companies pay **₹64/litre** for ethanol made from rice. With maize as the preferred feedstock, damaged rice from FCI stocks serves as a temporary alternative.



ED Charges Liquor Firm for Excise Evasion

The Enforcement Directorate (ED) has filed a chargesheet against M/s Cooperative Company Ltd. for evading excise duties, causing a Rs 35 crore loss to the UP government. Investigations revealed the use of fake gate passes, duplicate barcodes, and unreported production of liquor. The proceeds of crime, totaling Rs 34.73 crore, were funneled back into the company's operations. The Special Court (PMLA) in Lucknow accepted the chargesheet, marking a significant step in tackling excise fraud.

Loch Lomond Named 2024 "Distillery of the Year"

Loch Lomond has been honored as the 2024 "Distillery of the Year" at the prestigious International Wine & Spirit Competition (IWSC). This recognition follows a series of accolades, including 16 medals at the San Francisco World Spirits Competition. The IWSC judges praised the brand's exceptional Scotch whisky and innovative practices, such as its on-site cooperage. Notable wins include the Loch Lomond 12 Inchmurrin, awarded the top trophy in the "Scotch Whisky under 15 years" category, and a gold medal for Loch Lomond 12.



Rajasthan's Alcohol Consumption: A Call for Awareness

A recent survey of **6,674** individuals in Rajasthan highlights rising alcohol consumption alongside a concerning lack of awareness about safe drinking practices. Many are unaware of the health impacts and recommended limits, such as the effects of a standard 98 ml glass of wine at 13% alcohol. Experts urge enhanced public education on responsible drinking to mitigate long-term health risks. Promoting moderation and understanding the effects of alcohol are key steps toward fostering healthier consumption habits in the state.



Impact of FTAs on India's Alcoholic Beverage Sector

India's upcoming Free Trade Agreement (FTA) talks with the UK and EU in 2025 could significantly impact the alcoholic beverage (alcobev) industry. While past discussions focused on high import duties—**100% on wines** and **150% on spirits**—upcoming negotiations may shift attention to bulk alcohol, which constitutes over 90% of alcohol imports. This focus could benefit local producers of Indian-made foreign liquor (IMFL) and bottled-in-India (BII) products, especially as demand for premium scotch rises.

Global trends like low or no-alcohol beverages and ready-to-drink cocktails present opportunities in India, though the market remains underdeveloped.

Domestically, whisky dominates with **66% of spirits consumed**, followed by rum and brandy, while Indian single malts and gins show promising growth.

International brands face challenges from strong local competitors with integrated supply chains and advanced logistics. India's fragmented excise policies and retail-heavy sales model (**75-80% physical**) further complicate market entry, while strict advertising regulations limit promotional efforts.

FTAs offer potential for growth, but success will depend on addressing regulatory and market challenges effectively.

UPCOMING EVENT



THE SULAFEST RETURNS IN 2025!

After a five-year hiatus, SulaFest is set to return in February 2025 at Sula Vineyards' Nashik campus, with an expected attendance of 9,000. Known for blending music, wine, and culture, the festival has been a key driver of Sula's brand growth since 2008, attracting 10,000–13,000 attendees in previous editions.

The 14th edition will feature performances by Divine, Ritviz x Karan Kanchan, Oaff and Savera, and When Chai Met Toast. Attendees can enjoy vineyard tours, guided wine tastings, and explore Sula's wine portfolio, creating unforgettable experiences while boosting brand loyalty and sales.