

A REVIEW

An overview of Indian alcohol industry

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ABSTRACT

India is the third largest global spirits market by volume in the world, just behind China and Russia. In some states, certain alcoholic beverages like wine and beer can be sold in supermarkets that further increase the availability. The Indian alcohol industry is a high-risk industry, on account of the high taxes and innumerable regulations governing it. The Indian liquor industry comprises the Indian Made Foreign Liquor (IMFL), country liquor, foreign Liquor Bottled in Origin (BIO), illicit alcohol, beer and wine segments. The overall IMFL market is increasing at the rate of 9 to 10 per cent annually and growth rate of 11.9 per cent in the last financial year (2011-12). Country liquor produced in local licensed distilleries and is made of cheap raw material, primarily rectified spirits of grains or molasses. The production cost for country liquor is low; the excise duties are also lower than they are for other liquor. Beer has become a popular beverage in the country only over the last two decades and it's growing at a rate of about 17 per cent per year. Imported liquor forms a very small part of alcohol consumption in India and growing at the rate of 25 per cent annually. Illicit alcohol also evades all national and state-level taxes and duties, thus, making it very cheap and affordable. South India dominates the alcohol market in India, with that region accounting for about 60 per cent of total IMFL sales and 45 per cent of total beer sales. The state governments receive a large part of their cash flow from this industry. The state governments should be allowed to make state-specific rules, which should be in conformity with the national legislation.

KEY WORDS : Indian alcohol industry, IMFL, Spirits market

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