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INDUSTRY OUTLOOK

INDIAN ALCOHOLIC-BEVERAGE MARKET: GROWING AT A FAST CLIP

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1. Introduction

The Alcoholic beverage industry is one largest processed beverage industries in the world. Globally, the alcohol market is valued at 2.4 trillion dollars¹. In India, the alcohol industry was valued to be at 55.84 billion dollars in 2024². The Indian alcoholic industry is one of the fastest growing and most diverse alcoholic beverages market globally. The sector has a high-growth potential given favourable demographics and increasing social acceptance.

Alcoholic Beverages industry (Alcobev) is a portmanteau for a large variety of alcoholic drinks. These drinks are categorised into Beer, Wine and Other Spirits. They are generated from variety of sources such as corn, wheat, grapes, molasses, and other agricultural products. The Alcobev Industry directly supports the agriculture and food processing industry in India³. In India, alcohol consumption stood at 4.9 litres per capita with male alcohol consumption at 8.1 litres per capita⁴. 18.8 per cent of men and 1.3 per cent of women in India consume alcohol⁵.



2. Indian Alcoholic Industry Overview

The Indian alcoholic industry has a high growth potential due to favourable demographics and increasing social acceptance. The Alcobev industry in India grew remarkably in recent years because of factors such as rapid urbanisation, evolving consumer priorities, a burgeoning middle-class population, greater purchasing power, and growing liking for premium alcoholic beverages.

Alcohol consumption has surged across geographies, as a growing number of consumers, both men and women, enter the target consumer class. The legal drinking age in India varies from 18 - 25 years, depending on the state, highlighting the enabling environment for the alcohol market's robust growth.

The consumer landscape in India has traditionally been a pyramid, with many households from low incomes forming the base, and a small number of households with large incomes at top. Similarly, alcohol consumption forms a similar structure with lower brand consumption dominating the larger base while premium brand consumption dominating the upper base. With growth being fuelled by economic development and demographic dividend, the rising "middle class" is divided into groups each with distinct consumption drives and needs.

In India, the alcohol consumption is expected to increase. Alcohol consumption stood at 4.9 litres per capita, with male alcoholic consumption at 8.1 litres per capita and female alcohol consumption at a mere 1.6 litres per capita. Alcohol consumption is expected to increase to 5 litres per capita in 2025 and to 6 litres per capita by 2030⁶.

India's alcohol market is experiencing rapid growth, with a compound annual growth rate (CAGR) of 3.3 per cent from 2022 to 2027, making it the fifth-largest market globally, according to IWSR⁷.

The role of the alcoholic beverage industry in India's economic landscape is expected to grow. Recognizing its potential and addressing the existing hurdles will help spur economic growth. The Indian alcohol beverage market is the third largest in the world and is poised to become a key player in the global spirits industry, with products made in India rapidly gaining prominence internationally. Valued at US\$ 59.8 billion in FY24, the sector contributes significantly to India's economy, accounting for nearly 3 per cent of the nation's GDP. As India becomes a manufacturing hub, the alcoholic beverage sector will play a key role in this growth. Both global and local players view India as a thriving domestic market and a potential exporter, particularly for home-grown single malts. This growing segment aligns closely with the "Make in India" initiative, showcasing India's potential in premium spirits production.

The Indian Alcobev industry is segmented into IMFL (Indian Made Foreign Liquor), IMIL (Indian Made Indian Liquor), Wine, Beer, and imported alcohol. Whiskey dominates the Indian spirits industry by a wide margin. By consumption patterns, Telangana, Maharashtra, West Bengal, Odisha, Karnataka, Uttar Pradesh, Punjab, etc. are among the largest consumers of Alcobev in India. Liquor stores serve as the predominant sales channel nationwide, especially since Alcobev consumption and sales primarily occurs outdoors.

3. Indian Social Overview

The Indian alcohol industry is in a nascent stage compared to the global liquor industry. The growing economy supports the sector through an interplay of demographics, urbanisation, and policy reforms.

Young Population: India has one of the youngest populations globally. The total population of India is estimated at 1.43 billion for 2025. The median age in India is estimated to be 28.2 years in 2023 and is expected to remain under 30 years until 2030. The population pyramid of India is bottom heavy with growing Working age population and low dependence ratio. This trend is expected to lead to rising income levels per household as well as higher levels of discretionary expenditure.

Urbanisation: India has the second-largest urban population in the world in absolute terms at 508.37 million in 2022, with a ratio of 36.3 per cent against 57 per cent around the world. This trend is expected to continue with approximately 50 per cent of India's population expected to live in urban centers by 2050.

Middle Class: The Indian middle class constitutes 31 percent of the population and is expected to be 38 percent by 2031 and 60 percent in 2047. Households with annual earnings between USD 5,000-10,000 grew at a pace of 10 per cent between 2012 and 2020. These households are leading to an increase in discretionary spending on food and beverages, including alcoholic beverages, apparel and accessories, luxury products, consumer durables, and across other discretionary categories.

Women Participation: Increasing education, workforce participation, and urbanisation is leading to a change in the socio-economic status of women in society. This increase of women in the workforce has resulted in a shift of patterns in terms of household activity, an increase in incidence of eating out coupled with entertainment, which may lead to higher acceptability of women consuming alcohol.

Premiumization: Young consumers are better educated, more tech savvy, well-informed, and willing to try new products. AlcoBev Manufacturers are focusing on

craft premium spirits at higher price points to capitalize on margins, while premium brands also tend to command greater loyalty among consumers⁸.

Increasing Acceptance: The proportion of people who drink alcohol varies considerably low in a global context. This raises the expectation of significant growth potential in per capita consumption, especially as the acceptance of alcohol is spreading. A major consumer base that has emerged over the past five years is the rising acceptance of drinking amongst women.

Digital Media and Point of Sale: Digital media is an effective instrument of alcoholic beverage marketing. Digital marketing has facilitated the reach of alcoholic beverage industry to its consumers and made alcoholic drinks more easily accessible than before. Influence-based campaigns are now a cornerstone of the marketing strategy.

Supportive Excise Policies: Several states are developing beneficial excise policies that encourage a more favourable customer experience. Opportunities are provided to set up attractive retail outlets at prominent locations, including malls and airports. Excise policies are being reconsidered by states with two goals, namely improved customer experience and revenue optimisation. In several states, tax reform efforts have also been initiated to reduce tax structure inequality and recover revenue loss due to increased sales⁹.

4. Market Segmentation

The Indian Alcobev industry is segmented majorly into Indian Made Foreign Liquor (IMFL) and Indian Made Indian Liquor (IMIL). Based on the type of products, Alcobev is classified as Beer, Whiskey, Wine, Rum, Brandy, Vodka, and other alcohols. The two segments of IMFL and country liquor cater to different sections of society. Country Liquor caters to the low-income groups in rural areas while IMFL caters to the middle- and high-income groups in both urban and rural areas.

5. Beer market

Beer, a popular alcoholic beverage made from water, malted barley, yeast, and hops. It contributes approximately 8 per cent to the recorded consumption of pure alcohol in India. The beer market in India is evolving from manufacturing usual beer products such as strong-lager beers to flavoured beers owing to the adoption of foreign trends and technologies. Today, more than 140+ beer brands exist in the Indian beer market, which could address the palate of each customer segment. The per capita beer consumption in India is still very low compared to other countries in the Asia Pacific region, and therefore the market could witness rapid growth in the coming years.

In 2024, revenue in the alcoholic beer market in India is projected to reach USD 9.8 billion, and exports experience a value of 34 million in 2023. The market is expected to experience an annual growth rate of 6.89 per cent (CAGR 2024-28)¹⁰.

6. Whiskey market

India is the largest whisky market in the world, with almost one out of every second bottle of whisky sold in India. The Indian Whisky market was projected to reach USD 17.4 billion in 2024 and was expected to reach USD 22.4 billion by FY 2025 by leveraging demographic trends, new customers and premiumization. Indian whisky market can be divided into four segments including popular (up to Rs 450), prestige (Rs 450-1000), premium (Rs 1000-2000) and luxury segments (More than 2200)¹¹. The value segment, consisting of popular and prestige segments, contributed close to 86 per cent of the total volume for the Indian whisky market.

The contribution of the premium and luxury segment by value is projected to reach around 34 per cent of the overall whisky market by FY 2028 from 33 per cent in FY 2023. However, its contribution by volume would still be close to 16 per cent in FY 2028. The Whiskey industry is expected to grow annually at 5.3 per cent (CAGR 2024-2028)¹⁰. The Indian Whiskey sector generates the highest revenue among all alcoholic beverages in India.

7. Wine Market

The consumption of wine in India constitutes a small share but is one of the emerging alcoholic beverage categories. Growing awareness, underpinned by income growth, westernisation and a changing profile of consumers, is driving growth in the wine category.

Domestic wine manufacturers have invested in both the upstream and downstream operations of value chain. To leverage the growing acceptance of wines in the premium and luxury segments in metro cities in India. Metro cities including Mumbai, Bangalore, Delhi-NCR, Hyderabad, and Pune are the major consumption centres for wines in India. The Indian wine market is a concentrated market with domestic players controlling the market and steadily increasing their prominence in the market.

The wine segment was valued at Rs 2660 crore, with the domestic wine industry constituting 73 per cent of the market size in 2023. It is expected to grow to Rs 6425 crores in 2028, with the domestic wine industry constituting 77 per cent. The wine market sold 3 million cases in 2023 and is expected to sell 3.9 million cases in 2025(Provisional). It is expected to experience an annual growth rate of 14.57 per cent (CAGR 2024-2028)¹⁰.

8. Rum market

Rum is made by fermenting and then distilling sugarcane molasses or sugarcane juice. It is available in dark rum and light rum. Dark rum is the more popular category with a share of ~98 per cent followed by light rum. Dark rum differs from traditional rum due to the addition of caramel or by the maturation in oak containers. Canteen stores department or army canteens are the primary drivers of rum sales in India. Rum is also the preferred alcobev drink in the southern and eastern states of India.

The Rum segment was valued at Rs 21,074 crores in 2023 and is expected to increase to Rs 30,240 crores by 2028 (provisional). The sale of Rum, which stood at 51 million cases in 2023, is expected to increase to 68 million cases in 2028 (provisional). The sector is expected to grow at 5.65 per cent (CAGR 2024-2028)¹⁰.

9. Brandy market

Brandy is a beverage made by distillation of wine. It may be aged or matured to possess aroma and taste of brandy. Indian blended brandy is a mixture of minimum 2 per cent of pure grape brandy with any other fruit or flower brandy as recommended by the Indian Law. Indian brandies are permitted to use extra neutral alcohol (ENA) from other agricultural origin sources.

Indian Brandy market can be divided into four segments, including popular (up to Rs 450), prestige (Rs 450-800), premium (Rs 800-1500) and luxury segments (More than 1500). Brandy consumption is price sensitive as most brandy brands are in the popular and prestige segment¹¹. There is a high degree of variation in the price structure of brandy in different states, with each having an independent cost structure with unique excise duties and other applicable taxes, which leads to varying prices from state to state.

In 2024, the revenue from the brandy market in India was estimated to reach USD 3.7 billion. The Brandy segment is projected to grow annually at 4.33 per cent (CAGR 2024-2028)¹⁰.

10. Vodka market

Vodka is a clear distilled alcoholic beverage. It is made from a fermentable base which can be grains, potatoes, or other starchy or high-sugar plant matter. The vodka industry in India constitutes a small part of the overall alcoholic beverage industry but is experiencing one of the highest growth rates among all the Alcoholic industry. Magic Moment, a core Vodka brand in India recorded sales of 6.3 million cases during the year and crossed sales value of 1,000 Crore¹².

The revenue of the vodka segment amounted to USD 37.8 million in 2024. It is projected to grow annually at 2.13 per cent (CAGR 2024-2028)¹⁰.

11. Regulatory Landscape

The pricing structure of liquor follows a complex structure encompassing the full range of production from distilling to the final sale of liquor. The large dominance of state government allows variation in the price of alcoholic beverage across states. A generalised structure of the pricing structure is attached below:

Table 1: Pricing Structure	
Elements	Basis of Calculation
Ex-distillery price/ Ex-brewery price (EDP/ EBP)	EDP and EBP is the price at which the manufacturers supply IMFL and Beer respectively to wholesalers before adding excise duty, profit margins of wholesalers and retailers. EDP/ EBP is offered by the distilleries/ breweries and approved by the Excise Commissioner.
Excise duty	This is periodically fixed by the State Government as a percentage of EDP/ EBP on different categories ³ of IMFL/ Beer.
Wholesalers' margin	Wholesalers' margin is periodically fixed by the State Government as a percentage of EDP on different categories of IMFL. In case of Beer, the margin is fixed for different categories.
Maximum wholesale price	EDP/ EBP + excise duty +wholesalers' margin
Retailers' margin	Retailers' margin is periodically fixed by the State Government as a percentage of EDP on different categories of IMFL. In case of Beer, the margin is fixed for different categories.
Maximum Selling Price (MSP)	Maximum wholesale price + Retailers' margin
Maximum Retail Price (MRP)	EDP/ EBP + excise duty + wholesalers' margin + retailers' margin + AED which is rounded off to next five rupees.
Additional Excise Duty (AED)	MRP - MSP
Data Source: CAG Report 2019, Excise policy, Government of Uttar Pradesh. (Primary), *State policy of Uttar Pradesh taken as it is the largest manufacturing and excise paying state.	

Although alcohol is one of the major income sources for states in India, its distribution is highly regulated and has a complex structure, with each state having the freedom to

regulate it. The distribution structure varies across states and is determined by the needs and requirements of the state. Recent changes in the excise policy across states are altering the Route to Market causing the overall pricing structure and incentive structure to change. This can be seen in the revision of excise policy of states, such as Haryana and Delhi. This has altered the Route to market.

Table 2: Route to Market				
Route to Market	Channel Progression			States Applicable
Distribution Model	Company	Distributor	Retail	Maharashtra, Assam
Corporation Model	Company	Corporation	Retail	Rajasthan, Karnataka Madhya Pradesh Tamil Nadu
Wholesale Model	Company	Wholesale	Retail	Haryana
Direct	Company		Retail	
Data Source: Company Reports				

Indian alcohol distribution structure varies from state to state. Liquor is a state subject in India and consequently, the liquor industry is subjected to very strict distribution controls by the state governments. Before the start of each budget year, State governments announce Excise policy for the upcoming year stating the various fees and changes to be levied on sale of liquor in the country. The state governments, indirectly also states the liquor sales through the projected excise collection in upcoming budget. The states excise collection is as follows:

Table 3: Excise Collection by States					
State	2022-23 (A)	2023-24 (B)	2023-24 (R)	2024-25 (B)	FY24 to FY25 growth
All States	234603.8	281835.67	273573.85	319571.38	13.400
Uttar Pradesh	41,253	58,000	50,000	58,308	0.53
Karnataka	29,920	36,000	34,500	38,525	7.01
Maharashtra	21,507	25,200	29,000	30,500	21.03
Telangana	18,470	19,885	20,299	25,618	28.83
Andhra Pradesh	14,798	18,000	15,998	25,597	42.21
West Bengal	16,266	17,922	18,851	21,846	21.89
Rajasthan	13,326	17,000	15,500	17,100	0.59
Madhya Pradesh	12,955	13,845	13,845	16,000	15.57
Haryana	9,673	11,500	11,400	12,650	10.00
Tamil Nadu	10,423	11,819	10,898	12,247	3.62
Chhattisgarh	6,783	6,700	8,500	11,000	64.18
Punjab	8,437	9,785	9,900	10,350	5.77

Jharkhand	6,271	8,695	7,788	9,121	4.90
Odisha	6455	7740	7551	8680	12.14
Delhi	5,548	7,365	6,000	6,400	-13.10
Uttarakhand	3,526	3,950	3,900	4,439	12.38
Assam	2,526	3,000	3,031	4,101	36.70
Kerala	2,876	2,975	2,904	3,107	4.44
Himanchal Pradesh	2216	2351	2575	2884	22.67
Goa	866	841	961	975	15.93
Meghalaya	365	413	435	661	60.05
Tripura	368	412	430	477	15.78
Sikkim	298	315	315	450	42.86
Manipur	19	21	20	300	1328.57
Arunachal Pradesh	281	242	256	294	21.49
Gujarat	188	155	180	155	0.00
Nagaland	4	3	4	5	66.67
Mizoram	2	2	2	2	0.00
Bihar	1	0	0	0	NA
Data Source: PRS State Budgets and RBI State of Finance					
*Value in rupee crore.					

An overall growth of 13.4 per cent in excise collection has been witnessed over the past year with total collection amounting to 3.19 lakh crore(B) in 2024-25. Largest state of Uttar Pradesh has seen a tepid growth rate of 0.53 per cent, Karnataka, Maharashtra and Telangana have witnessed growth of 7, 21, and 28.8 per cent, respectively. Northeast and Underdeveloped states such as Meghalaya, Manipur, Sikkim and Chhattisgarh have seen the highest growth in liquor excise revenue. In the Current budget cycle, state budget will see an upward revision in excise collection and consequently an increase in the liquor sales across the state.

12. Competitive Landscape of Alcobev Industries

India alco-beverage market is dominated by strong players across different segments, including IMFL, beer, and Wine segments. Indian western spirits market, including IMFL and imported spirits market, has top three players including United Spirits, Pernod Ricard India and Allied Blenders and Distillers controlling more than 50 per cent of the market. Some of the major companies along with volume of production (million cases) of alcoholic beverages are mentioned below:

Table 4: Volume of Production		
Company	Volume (Million cases)	Key Brands
Allied Blenders And Distillers	28.73 million cases	Officer's Choice (Blue) Sterling Reserve Blend 10 (7) ICONiQ White Kyron
United Spirits	61.4 million cases	McDowell's No 1, Bagpiper, Signature, Royal Challenge, Johnnie Walker
Pernod Richard	NA	Royal Stag, Blender's Pride Imperial Blue, Ballantine' s Chivas Regal, L77 whisky
Radico Khaitan	28.73 million cases	8 PM, Magic Moment, Rampur
Tilaknagar Industries	8.5 million cases	Mansion House, Courier Napoleon
John Distilleries		Original Choice, Roulette Bangalore Malt Whisky
Jagatjit Industries	3.82 million cases	Aristocrat
Globus Spirits	~4 million cases	County Club, GR8 Times, Dry Gin Goldee - Blue and Red
Piccadily Agro	6.18 million cases (Country liquor)	
Som Distilleries	1 million cases (IMFL) 21.4 million cases (Beer)	Beer: Hunter, Legend, Woodpecker, Blackfort IMFL: Genius, Blackfort, Sunny, Gypsy
Associated Alcohols	12.5 million cases (production capacity)	Titanium Vodka, Central Province Whiskey, James McGill, Bombay Special Whiskey
India Glycols	NA	Bunty Babli, Amazing Vodka
Sula Vineyards	1.1 million cases	Rasa, Source, Dindori
G M Breweries	18.25 million cases – (Country Liquor)	Santra, Doctor, Limbu Punch, Dilbahar Sounf
IFB Agro Inds.	NA	Dil Se, Joy, Captain etc.
Shri Gang Industries	4 million cases	Manufactures IMFL for United Spirits
Ravi Kumar Distilleries	1.45 million cases	Konark, Chevaliar, Green Magic, 3 coins, Dupliex, Mr King, Capricorn, 2 Barrels. Also Manufactures IMFL for Big Brands
Data Source: Annual Reports of Companies. Table Format adopted from Industry Report on Indian Alco-Beverage Market – Technopak Consultancy		

Though the top three brands dominate the production of Alcobev, they are supported by a large number of smaller companies, which carry out production on a contract basis for these companies. Companies manufacturing on a contract basis for larger brands include Ravi Distilleries and Shri Gang Industries. In the past year, capacity addition took place in both alcohol and beer production. An investment of 480 crore was expected to take place in December 2024 to increase the alcohol production capacity by 66,000 kiloliters.

13. Financial Indicators of Alcobev Companies

The financial landscape compares leading companies of Indian Made Foreign Liquor (IMFL) against key financial indicators, including revenue and profitability metrics, and key financial ratios to arrive at an overall view of the IMFL companies in India.

Table 5: Financial Indicators						
Name	Sales Rs.Cr (Sales growth per cent)	Sales Qtr Rs.Cr. (Qtr Sales Var per cent)	Sales Var 3Yrs per cent	PAT 12M Rs.Cr (Profit growth per cent)	PAT Qtr Rs. Cr (Qtr Profit Var per cent)	Profit Var 3Yrs
United Spirits	11821 (7.07)	3433 (14.36)	11.66	1467.7 (15.48)	380.23 (8.64)	51.77
United Breweries	8725.49 (12.51)	2000.26 (9.64)	24.17	439.05 (29.69)	52.13 (-38.92)	51.64
Radico Khaitan	4625.76 (19.48)	1294.24 (11.48)	20.03	311.27 (31.76)	95.98 (29.97)	-1.87
India Glycols	3831.18 (28.25)	975.2 (7.85)	12.44	209.11 (22.56)	56.81 (36.46)	5.4
Allied Blenders	3366.61 (1.06)	973.74 (8.82)	-19.5	119.58 (1136.6)	58.37 (26431.8)	12.96
BCL Industries	2690 (35.28)	735.43 (18.2)	14.26	92.57 (0.77)	19.2 (-37.3)	29.09
Globus Spirits	2472.31 (14.79)	602.04 (-12.43)	25.4	17.09 (-21.41)	0.41 (-99.07)	-11.98
Gulshan Polyols	1910.38 (49.96)	609.76 (64.32)	21.62	24.33 (-5.81)	6.78 (45.81)	-42.44
Som Distilleries	1485.53 (28.99)	301.12 (13.06)	64.52	100.75 (22.3)	21.51 (19.57)	62.25
Tilak Nagar Industries.	1387.13 (-0.39)	340.43 (-9.63)	36.44	191.77 (42.97)	53.93 (23.21)	78.1
Assoc. Alcohols	1075.65 (53.15)	327.02 (71.3)	20.34	71.38 (48.18)	26.09 (107.56)	-4.41

IFB Agro Industries.	1042.57 (10.87)	294.97 (20.65)	10.26	21.76 (1992.3)	12.04 (340.8)	
Piccadily Agro	831.79 (17.09)	182.29 (2.63)	14.98	105.82 (120.78)	24.77 (17.01)	69.54
G M Breweries	627.09 (2.57)	165.84 (5.66)	21.84	155.22 (55.25)	21.97 (-2.79)	25.53
Sula Vineyards	575.96 (3.11)	200.15 (-1.42)	13.73	70.72 (-24.76)	28.06 (-34.71)	139.58
Jagatjit Industries	506.3 (-9.29)	118.71 (-21.07)	11.71	-14.47 (-217.3)	-4.28 (-768.75)	12.87
Fratelli Vineyard	388.81	57.91 (-48.85)	22.58	-6.65	-2.77 (-654)	103.13
Shri Gang Indus	336.07 (24)	99.52 (34.16)	102.1	30.28 (37.14)	10.36 (331.67)	74.17
Aurangabad Dist.	119.52 (-13.58)	52.23 (-17.63)	24.17	17.76 (-11.55)	6.13	90.03
Ravikumar Distillery	33.29 (40.4)	10.07 (95.53)	387.13	1.45 (160.67)	0.02 (101.63)	26.89
Silver Oak (I)	1.21 (5950)	1.2 ()	-81.22	-0.5 (62.41)	-0.06 (86.05)	-12.68
Data Source: Screener (Secondary) * Data values till Q3 FY25						

Sales and volume recorded high growth for all Alcobev Manufacturers in India because of higher alcohol consumption among young adults, rising disposable income, and rising number of Wineries and Breweries. Small manufacturers and contract manufacturers showed a higher growth rate compared to large manufacturers. Ravi Distillery, Som Distilleries, and Shri Gang Industries witnessed sales and profit growth rates of more than 50 per cent. While large manufacturers with substantial production capacity have seen a slower growth rate, many small producers have witnessed higher growth are producing on contract on behalf of large producers. Companies such as Assoc. Alcohols, Gulshan Polyols, Globus Spirits and Silver Oak have registered slower negative growth in the past 3-year period.

Government Schemes and Initiatives

The government supports the liquor sector through various initiatives, some of them are¹³ :

- Foreign Direct investment of 100 per cent is allowed under the automatic route for brewing and distillation of liquor, subject to licensing.
- The government has proposed setting up a National Grape and Wine Board (NGWB) on the lines of existing commodity boards like the Coffee and Tea Board.
- APEDA promotes Wine of India Globally. APEDA has been entrusted with the responsibility of export promotion and development of scheduled products which include alcoholic and non-alcoholic drinks.
- On December 18, 2020, the Government of India's Food Safety and Standards Authority of India (FSSAI) issued new regulations and standards for alcoholic beverages. These regulations include updated requirements for low alcoholic beverages including craft beers, alcohol-free beer and wine-based beverages, geographical indications, and labelling requirements for wine. Overall, the regulations cover the Definitions, Standards, Ingredients, Labelling, Packaging, Hygiene and Safety, Licensing and Registration, Adulteration and Contaminants, Alcohol Contents, and Import and Export of alcoholic beverages.
- The Government of Karnataka has provided a subsidy of Rs 50,000 per hectare under the National Horticulture Mission for new plantations.
- Uttar Pradesh will provide free excise duty and other considerations for wine produced from fruits grown in the state.
- In Meghalaya, the State government announced the setting up of a wine incubation center.

Challenges

- **Regulatory Challenges:** The alcohol market in India is highly fragmented, with different states having their regulations, taxes, and distribution models. This creates complexities in reaching all potential markets effectively. Additionally, there is the challenge of changing traditional drinking habits in a country where beer consumption has historically been limited in some regions.
- **GST Framework:** The alcoholic beverages do not come under the goods and services tax (GST) framework; state governments are allowed to implement their independent price control mechanisms, creating variation in the pricing models and methodologies applied across states.

- **Import Tariff:** High import tariffs and cess of 100 to 150 per cent, even for intermediate products, counters the basic premise of “Make in India”.
- **Lower Consumption:** Despite growing base due to increasing acceptance, growing urbanization, and increasing income, a slower growth in alcohol consumption is taking place due to a health-conscious population and the increased importance of savings.

Conclusion

India’s alcoholic beverage sector is the world’s third largest. Despite a lack of uniformity in state excise rates, state-specific regulations, and limited opportunities for the marketing of alcoholic beverages, the sector continues to record significant growth. This is attested by the growth in sales, profit, along with projected capacity addition by Alcobev companies. The Alcoholic drinks sector will witness strong growth prospects in the alcoholic drinks sector over the years, driven by an improving macroeconomic growth, positive demographics, shifting cultural values, expanding young, middle-class, rising sophisticated retail channel, a progressively more adventurous consumer base, and a burgeoning premiumization trend.

The increasing focus on streamlining state excise policy, increasing support from the government, entry of international brands, effective promotion and branding by the companies, and improving the standards of alcoholic beverages available in India will provide further impetus to the growth of the Alcobev industry in India. Concerted attempts to relax the cumbersome complex regulatory framework, simplify its operational complexities, enhance its Ease of Doing Business (EODB), and unlock its full growth potential will provide tailwinds to this industry. However, rising consumer inclination to consume non-alcoholic beverages may constrain market growth.

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- ¹² Annual Report FY 2024- Radico Khaitan
- ¹³ World Food India 2024: Sector Profile – Beverages