CHAPTER – IV
ALCOHOLIC BEVERAGES MARKET IN INDIA

India is one of the fastest-growing alcohol markets in the world. Urbanisation, together with changing social norms, increased alcohol availability, high intensity marketing and relaxation of overseas trade rules have equally contributed to increased alcohol consumption in India. Almost 70 per cent of alcohol in south-east Asia is produced in India. Besides, India's contribution in total alcohol beverage imports in the region is nearly 10 per cent. Kerala and Punjab are leading liquor-consuming states in India, with Kerala alone accounts 16 per cent and Punjab accounts 14 per cent of all the liquor consumed in India. Further, states like Andhra Pradesh, Haryana, Himachal Pradesh, Karnataka, Rajasthan, Tamil Nadu and West Bengal are leading liquor-consuming states in that order, accounting for 40 per cent of all the liquor consumed in India. The Union Territories of Chandigarh and Pondicherry also record high consumption levels, and together account for almost 65 per cent of the liquor consumed in the country. Indian military is also a major guzzler of alcohol and almost 15 per cent of liquor sales take place in the military’s CSD (Canteen Stores Department). CSD is crucial for driving growth in south India, which accounts for 59 per cent of liquor consumption in India. Nearly 15 to 20 per cent of the liquor consumed annually is estimated to be counterfeit, causing a tax loss to state governments, and brand damage to the manufacturers according to Indian News Network (INN). Alcohol is banned in some parts of India such as Gujarat, Manipur, Mizoram and Nagaland which are called dry states.

The alcoholic beverages industry in India is at an inflexion point. According to ASSOCHAM's (Associated Chambers of Commerce and Industry of India) study on “Latest Trends in Domestic Liquor Market” a sizeable middle-class population with rising spending power, and a sound economy, are significant reasons behind the increase in consumption of alcohol in India. It is believed that 62.5 million people in India who at least occasionally drink alcohol. Unlike many western countries the per capita consumption of alcohol in India is witnessing a dramatic rise. International brewers and distillers of alcoholic beverages are keen to become popular in India, because it potentially offers the third largest market for their products. Some of the key drivers of the liquor Industry are duty structures, excise rules and regulations,
product-pricing, marketing initiatives to promote the brand and to communicate with the customers, distribution and several regulatory issues like licenses to manufacture, labeling etc. The industry does not have any entry barrier and with the opening up of the economy there are multiple ways of market entry. While this enables the entry of world class quality brands in to India, there is a fear that the stagnating markets overseas may trigger dumping of cheap liquor into the Indian market, which will not be a healthy trend for both the Indian consumers as well as the domestic liquor players.

The Indian liquor market is divided into various categories - IMFL (Indian Made Foreign Liquor), imported liquor, domestic liquor, beer, wine and country-made liquor. Of late, Indian consumers have developed a fondness for imported liquor, and the market is crowded with various foreign brands. The Alcoholic Drinks Industry without country liquor registering a double-digit robust growth of CAGR (Compounded Annual Growth Rate) 12.9 per cent totaling 4,148.8 million litres and Rupees in billion 1,723.9 in the year 2011 as per Euromonitor International. The Spirits industry was 2,222.6 million litres, RTDs/High-Strength Premixes was 7.3 million litres and wine was 16.4 million litres as on 2011. But with the increase in number of youngsters and income levels, the popularity of beer, which is made from malt, is increasing. Beer consumption was 1,902.6 million litres in 2011 expected to reach 2.4 billion litres by 2012, as per above study. Owing to India's affinity for hard liquor, India is also the largest consumer of whiskey. The consumption is also largely skewed towards whisky, which accounts for over 62 per cent of the market. Brandy accounts for 18 per cent, rum for 14 per cent and remaining 6 per cent to gin, vodka and other liquor variants such as wine and RTDs/High-Strength Premixes (Fig-4.1). There is yet another alcoholic beverage segment which is growing at a fast pace, is wine. A large number of export-oriented units have come up in the last eight to ten years. This segment is attracting new Indian vineyard developers as well as established foreign players. Liquor manufacturers also have started producing Indian versions of foreign made wines. To start with, the industry has changed from being seller's market to a buyer's market. Brand and media proliferation, information boom and easy access to wide varieties of brands have all had a significant impact on the buying behaviors of consumers, who are now clearly seeking "value" over "price". Sociologically, the country has undergone a sea change. Lifestyles have changed
drastically. Today, drinking in moderation is not looked upon as a social taboo. Youngsters today are often seen sharing a drink with their parents which was unheard of a decade ago except among a very few upper class families. Social drinking among women is also on the rise.

**Figure 4.1**

*Source: Industry, Alchemy Research 2011*

A significant but worrisome reason for increased liquor consumption is that boys and girls in their youth are resorting to drink at a young age due to high disposable incomes, lack of parental supervision, changing society norms and peer pressure. Almost 45 per cent of 12th graders in metropolitan cities in India excessively consume alcohol. A large number of studies reveal that the teenage drinking has risen by a whopping 100 per cent during the course of last 10 years. Unlike a decade ago, the consumer today also has a number of options in terms of brands and segments. A fast emerging change is in terms of flavor substitution depending on consumption occasion. Earlier an average consumer was retaining to a preferred flavor, say a whisky or rum but now he opts for flavor brand like white spirit, wine, RTD etc. The market is fiercely competitive and marketers are fighting for value share. The value
paradigms are being redefined, new fronts of customer engagements are being created. In the market, where the imperatives are neither per capita consumption nor penetration driven, the fight is for market shares and a larger share of organic growth.

Gradually, the market scenario is changing in favor of the IMFL industry. Developments like, a higher demand from the younger generations, the ban on manufacture and sale of country made liquor, decrease in import duty from 550 per cent to 150 per cent by the government of India in 2007 as per WTO (World Trade Organization) requirements, competition from old and new segments like beer and wine, and change of hand in distribution systems from traditionally government controlled to more private operators – are leading to consequences like greater market consolidation, entry of more foreign players and imported brands, and expanding markets. Volatile per capita growth rates and inflation also result in consumers up trading or down trading. The Indian alcoholic beverage market is among the most complex ones with diverse interest groups having a substantial say in its existence. Apart from the manufacturers themselves, these groups include firstly, the state government as a price regulator with its own conflict of interest between generating more revenue, protecting the local industry and acting as a social responsibility body. The age group of 20-59 years is the primary target consumers for alcoholic beverages. India has 636 million people in the age group of 20-59 years as on 2011, which is a huge target population for alcoholic beverages. The young and urban population has greater exposure to western media and has lower inhibitions about consuming alcoholic beverages.

4.1. Consumption Pattern of Alcoholic Beverages

India is one of the significant producers of alcoholic beverages in the world, despite being known for its abstinence and a marginal consumer in terms of per capita consumption estimated at about four litres per adult per year after taking into account unrecorded consumption, which is estimated to be about 45-50 per cent of total consumption. The liquor industry in India is comprised of 36 per cent IMFL, 13 per cent Beer, 48 per cent Country Liquor and 3 per cent imported from outside (Figure 4.2). In terms of total supply, IMFL production constitutes about 36 per cent, beer 13 per cent, country liquor constitute 48 per cent and imported 3 per cent respectively.
India's per capita consumption of alcoholic beverages is 0.75 litres (both recorded 0.55 litres and unrecorded 0.20 litres), lowest in the world.

**Liquor Industry Break-up**

![Liquor Industry Break-up](image)

*Figure 4.2*

**Source: Companies, Anand Rathi Research 2012**

The per capita IMFL consumption per annum is presented in Figure 4.3. This shows that it is the highest in Russia followed by Brazil while it is the least in India. Even a small increase in per capita consumption could significantly alter industry growth, given the large population base. India is best placed demographically, with nearly 485 million people in the drinking age. Another 150 million are likely to be added to the target population in the next five years. With growing discretionary income of young consumers and increasing consumption of lifestyle products, demand for alcoholic beverages is set to rise substantially. The industry is expected to report steady double-digit growth rate in the coming years. Given the favorable demographics, higher bargaining power following industry consolidation and favorable change in operating environment, the IMFL segment is expected to grow steadily. With growing disposable incomes and increasing availability of superior products, an increasing number of consumers are expected to shift from cheap country liquor to IMFL. Also, with relaxation of distribution controls and other favorable changes in the operating environment, an increase is expected in the profit margins of IMFL companies. States like Andhra Pradesh, Tamil Nadu and Kerala have banned country liquor, given the use of poor quality materials, hazardous methods of production and tax evasion by the local players. Past trend suggests that the ban on country liquor leads to increased
demand for IMFL, particularly at lower end. The present per capita consumption of spirit is 0.03 litres in India.

![Per Capita IMFL Consumption](image)

**Figure 4.3**

Source: United Spirits 2012

Beer is one of the other significant segments competing with IMFL. However, it is extremely price sensitive and is given to substantial seasonality in sales because of its preference during summer months. The Indian beer industry is primitive by international standards. The per capita consumption of beer in India is 0.06 litres against the global average of 24 liters (Figure 4.4). Indian beer is considered at par with hard liquors like spirits as regards the levy of duties, distribution and interstate taxes. This is in contrast to the global practice, where beer is sold at departmental stores. While the past track record of the beer industry appears unexciting, the future holds tremendous growth potential. Low per capita consumption, rising disposable incomes and above all a 500 million strong population below 25 years of age indicates huge demand growth potential for beer. Chilled beer has the potential to emerge as the preferred drink during the summer months. It also suggests that the consumption of liquor increases with rising level of affluence. The growth in demand for beer is expected to accelerate, as the economy enjoys the benefits of more than 8 per cent GDP growth in financial year (FY) 2012-13. The beer industry in India has a strong local base, with strong regional disparities in demand and seasonality.

South India is the largest market, with nearly 47 per cent of the domestic consumption. The West, North and East account for 27 per cent, 20 per cent and 6 per
cent of the domestic demand, respectively. In addition to strong national brands like Kingfisher and Hayward's, each state has regional niche brands. Beer sales are also seasonal, with summer months accounting for nearly 30 per cent of sales. Consumption is very low during the rainy season, but picks up after December.

**Per Capita Beer Consumption**

![Per Capita Beer Consumption Chart](image)

**Figure 4.4**

**Source: United Spirits 2012**

The wine industry is at a nascent stage in India, with annual production of just 4 million litres as compared to the world's total production of 32,000 million litres per year. India also imports about 0.6 million liters of wine per year. The domestic wine industry has been growing at 30-35 per cent per annum and the growth is expected to pick up further, given that regulators are beginning to favor alcoholic beverages with lower alcohol content. A number of new players are expected to enter the segment; they would help in expanding the market. Wine consumption in India has been mainly confined to the metros, as the product is perceived as a high quality drink for the elite. The present per capita consumption of wine is 0.02 litres in India (Figure 4.5). Mumbai, Delhi, Bangalore and Goa account for 80 per cent of wine consumption in India. Table wine accounts for 85 per cent of the wine consumption in India and expensive varieties of vintage wine account for the remaining 15 per cent. The wine industry has been taking initiatives to educate consumers through events such as wine tasting and harvesting festivals, and through wine parlors and clubs.
India made Indian Liquor (IMIL) popularly known as country liquor is essentially made of rectified spirit which may not undergo distillation as in the case of IMFL, leaving it with a higher content of untreated or low quality alcohol. This could induce an instant kick in a mal-nourished or under-nourished consumer, the segment that it mainly caters to. It is mostly retailed in 750 ml, 375 ml and 180 ml packs, but is heavily skewed in favor of the 750 ml. The maximum retail price of the 750 ml pack of country liquor normally does not exceed Rs.100. Maharashtra and Uttar Pradesh are the largest country liquor markets existing today. The country liquor segment in India is less fiercely competitive due to limited number of players as compared to IMFL. With no new manufacturers entering this segment, the existing incumbents maintain steady growth rates and profitability. Most players in this segment are local and do not have strong management or financial bandwidth. In terms of sales revenue, the alcoholic beverage market size is estimated at about Rs. 290 billion, with country liquor having about 66 per cent share and IMFL about 20 per cent.

4.2. Distribution Channels

Distribution of liquor varies from state to state. As a result of the limitations posed by the varied taxes as well as the prohibitive regulations across states the big players of the IMFL industry follow a strategy of having multiple manufacturing units across states instead of having one manufacturing unit with many distribution centers in the other states. These units are either owned or hired on contract basis. For the smaller players, it tends to be a highly localized business restricted to a state. They face competition from the larger manufacturers who are able to invest in innovative
packaging, branding and sales promotions. However, the multiple unit manufacturers also lose out on economies-of-scale. The other major regulatory tools in the hands of the state is that of distribution and sale of alcohol. The distribution pattern and controls vary in each state/UTs. IMFL manufacturers can sale their products to distributors through three systems. Each state government follows a different distribution system. Broadly, the three types of distribution channels are categorized as free market (license privately owned), auction market and government controlled distribution. Under the free market/license privately owned system manufacturers are free to choose their distributors, which in turn sale through their retail networks. About 19 per cent of the total volume is sold through this system. Jammu & Kashmir, Maharashtra, West Bengal, Goa, Meghalaya, Arunachal Pradesh, Tripura, Sikkim and Assam follow this system. In the auction system, the state government auctions wholesale and retail licenses. The manufacturer sells to the wholesaler who in turn sells to the retail. Approximately 16 per cent of liquor volumes are distributed through this system. This kind of distribution channel exists in Madhya Pradesh, Haryana, Punjab, Chandigarh and Uttar Pradesh. In Bihar and Jharkhand wholesale is government controlled and retail licenses are auctioned. Now, the governments of these states have relaxed their norms on licensing to allow more players. Under the controlled distribution system, the state government fixes the price of alcohol and purchases from manufacturers through a tendering system. It also sells the alcohol through its own retail distribution system and also other free market (private licensed) retail distribution system and earns a distributors' margin, which typically tends to be 10-15 per cent. Prices are reviewed periodically, though it is the government's prerogative to increase prices. The states that follow this system include Delhi, Orissa, Karnataka, Andhra Pradesh, Chhattisgarh Tamil Nadu and Kerala. Almost 65 per cent of liquor is sold through this system. In some states, such as Tamil Nadu, Kerala and Delhi, the government acts as distributor and markets it through its own shops. Four state governments (Gujarat, Nagaland, Manipur and Mizoram) have banned the sale of liquor within their territories.

There are about 3,000 wholesale and 120,000 retail outlets in the country for liquor. Of the total numbers of retail outlets, 53,000 retail outlets only sell country liquor with the remaining selling spirits, beer and wine. Population per store (PPS) in India is the highest, at 9,000, as against 195 for China and 2,122 for South Africa.
States vary as to their treatment of liquor sales and there are restrictions on the interstate transfer of alcohol. Free distribution (Licensed-Private) accounts for just 30 per cent of the alcohol sold in India, while almost 70 per cent is sold through government controlled distribution system.

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<td>West Bengal</td>
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4.3. Regional Differences

India’s retail sector is highly segregated by geography. Historically, retailers were primarily located in Southern India; however, in recent years more retailers have expanded their stores to the Western and Northern regions. Multinational companies are more likely to penetrate the more developed regions of India (South, West and North) where organized retailers are expanding and consumers
are more likely to know about imported offerings and more able to afford them. With an estimated market size of US$440 billion in 2011, India’s retail sector is at the peak of its appeal for international and Indian players. Being the second-largest employer after agriculture, this sector is expected to grow to US$730 billion by 2015, ensuring that the retail sector continues to be one of the mainstays of the Indian economy. Modern retail accounted for approximately 6.5 per cent of the total retail market in India in 2011. This share is expected to increase to approximately 9 per cent by 2015 with increase in penetration and entry of new players into the segment. The Figure 4.6 shows the percentage of retail stores by region.

Percentage of Indian Retail Stores by Region

![Pie chart showing percentage of retail stores by region: South 56%, North 22.1%, West 19.6%, East 2.1%, Central 0.2%]

Figure 4.6

4.4. Canteen Stores Department

Canteen Stores Department (CSD) is a nodal buying and distribution agency for the armed forces for all materials including alcoholic beverages. Almost 15 per cent of liquor sales take place in the military’s CSD. Hiking prices, launching variants and newer designs of bottles also require various approvals. To sell brands through CSD outlets requires prior registration, a process that takes close to nine months. Also, CSD outlets have stringent policies on quality, supply chains and distribution fee structures. In our view, if a company is not able to register a brand with the CSD, it would be unable to attract a large number of consumers. All products being distributed through CSD enjoy excise and tax exemption and hence, are relatively cheaper than those sold in general “kirana” stores or modern retailers. Since
the excise component on liquor is as high as 40-45 per cent, the excise-exempted liquor sold through CSD is cheaper to that extent. Moreover, the volume of liquor is about 12-13 million cases, and growing at steady 5-8 per cent. CSD is crucial for driving the growth of sales of alcoholic beverages in South India, which accounts for 59 per cent of liquor consumption, North accounts for 15 per cent, West 15 per cent and East accounts for 11 per cent of liquor consumption in India (Figure 4.7).

**Region wise Consumption of Alcoholic Beverages in India**

![Region wise Consumption of Alcoholic Beverages in India](image)

**Figure 4.7**

*Source: Companies, Anand Rathi Research 2012*

### 4.5. IMFL Market Overview

A common characteristic of IMFL produced by both Indian and foreign manufacturers is a neutral spirit distilled from molasses, a by-product of the sugar industry and grain spirit from different types of grains. In most other countries, whisky is distilled from barley or other grains where as in India it is made by adding whisky like flavoring and coloring to neutral spirit obtained from molasses or from neutral spirit obtained from grains. With the increase in molasses prices, grain-based extra-neutral alcohol (ENA) has gained momentum in the past few years. Grains such as broken rice, maize and bajra, which are relatively cheap, are being used for grain-based ENA. Grain-based alcohol enjoys a premium over the molasses-based alcohol, owing to its better taste and quality. Over the past few years, most alcohol companies have built dual-feed distilleries, which help to change the feed as desired. Currently, an estimated 30 per cent of the IMFL is grain-based. This trend enables companies to hedge against volatility in molasses prices. The mid-term growth expectation for the
IMFL industry is around 12-13 per cent annually, although including wine and beer the total industry’s growth would be higher at about 20 – 25 per cent. Alcohol researchers have observed that an increased income leads to an increase in alcohol consumption and increased price leads to decreased consumption. There is a definite trend of growing disposable income levels of Indians which is one of the main drivers of growth. The significant changes in the regulation indicate a trend of states favoring its production over country liquor. Measures like relaxing alcohol distribution statutes in some key states and lowering of additional duty on imports on the one hand have resulted in increased state revenues from excise and on the other hand have made IMFL more affordable and accessible to wider user segments. The state governments have shown signs of gradual regulatory reforms such as moving away from the practice of auctioning distribution rights to state controlled distribution to free market. For example, lifting restrictions on distribution has increased the number of retail shops and also move the distribution away from private cartels to licensing, a step that has resulted in increased demand.

The growing rural economy due to rising minimum support price (MSP) are driving up the prices of food-grains, but have also contributed to raising the income levels of rural consumers. The rise in per capita income of rural consumers is driving the growth in overall rural consumption levels. Rises in government expenditure maintains income levels at higher levels and continue to drive growth in consumer products, including liquor. The greater allocation for national rural employment guarantee scheme (NREGA/MGNREGA) is raising the income levels of lower income rural consumers. NREGA/MGNREGA allocations also act as a floor for remuneration to agricultural workers which pull the income levels of agricultural workers and thereby rural consumption levels, upward. Improved infrastructure in rural areas is aiding the distribution of consumer products. In addition, the better road transportation in rural areas propels higher investment in cold chains by hoteliers and retail stores which fuel the availability of alcoholic beverages in rural area. The wider reach of the mass media too constantly pushes up aspiration levels and is a major reason behind brand awareness.

4.6. Shift from Country Liquor towards IMFL

Contrary to expectations that the ban in the southern states on country liquor, which was mainly in the hands of the unorganized sector, is likely to result in a
drop in states’ revenue collections, this measure has actually generated more revenue as consumers have switched to low priced IMFL products. The IMFL manufacturers are also happy with the outcome. In some states like Karnataka the ban has resulted in doubling of volumes IMFL sold. While country liquor sale continues to be strong in Uttar Pradesh, Haryana, Maharashtra and Punjab, there is a change in these markets too in favor of IMFL. For example, the new excise policy of the Uttar Pradesh government for promoting investment in distilleries with a minimum capital expenditure of Rs 1 billion has resulted in existing distilleries either closing down or changing hands to IMFL manufacturers. Also, with the increasing brand awareness the number of IMFL consumers is growing in the state and the distillers are facing declining demand for country liquor. The abolition of contract system in the liquor industry also has forced these distilleries to cut down production. With the ban on country liquor and availability of more low-priced IMFL, the demand centers are spreading inwards from primarily urban areas to the smaller towns and villages. The consumption trend of country liquor and IMFL in India shows that the share of country liquor was 68 per cent while the share of IMFL was 32 per cent in the year 2004. But during 2004-2010 the share of country liquor has decreased continuously to 51 per cent in 2010 in one hand and the share of IMFL has increased to 49 per cent in 2010 (Figure 4.8).

![Shift from Country Liquor towards IMFL](image)

**Figure 4.8**
Source: Tilaknagar Industries, Alchemy Research 2011

### 4.7. Category wise Liquor Consumption in India

The liquor market can be categorized in to four main segments: Whisky, which constitutes over 62 per cent of the spirits market, followed by brandy with 18 per cent, rum 14 per cent, white spirit and others 6 per cent (Figure 4.9).
In total consumption of various alcoholic beverages in India, Southern Region tops the list with 49 per cent share followed by West 30 per cent of market share, the Northern Region with 12 per cent and Eastern Region with 9 per cent with market share (Figure 4.10).

4.8. IMFL Segments

Whiskies are available in various flavors and blends at broad price points. North India has a higher preference for whisky with 80 per cent of the total liquor consumed in the region. United Spirits leads the whisky market with over 45 per cent share, followed by Pernod Ricard, Jagatjit Industries, Radico Khaitan and others (Figure 4.11).
Whisky Market Share

![Whisky Market Share Diagram]

**Figure 4.11**

**Source:** Industry, Alchemy Research 2011

Brandy is largely sold in southern and western India. Brandy forms 18 per cent of alcoholic consumption, though its share has been declining over the past few years owing to a change in preference in the country. The major brandy brands include Mansion House, Courier Napoleon in premium segment and Mc Dowell’s No.1 Brandy, Honey Bee Brandy, Triple Crown and Old Admiral Brandy in other segments. United Spirits continues to be the leader in the brandy segment, followed by Radico Khaitan, Shiva Distilleries and Mohan Meakin (Figure 4.12).

Brandy Market Share

![Brandy Market Share Diagram]

**Figure 4.12**

**Source:** Industry, Alchemy Research 2011

Rum has the highest sales amongst uniformed men and forms 65 per cent of Canteen Stores Department’s (CSD) alcohol sales. The major rum brands include McDowell’s Celebration Rum, Old Monk Rum and Contessa Rum other than some local brands. United Spirits makes up almost half of rum sales, while Mohan Meakin and Radico Khaitan are the other major players (Figure 4.13).
Gin, a white-spirit variant, is popular amongst women. Gin forms less than 2 per cent of the spirits and has been witnessing a decline over the last few years. United Spirits’ Blue Riband is a major gin brand dominating this segment as well, with 87 per cent market share (Figure 4.14).

Vodka, another white-spirit variant, has witnessed the fastest growth in the spirits segment with over 33 per cent CAGR growth. Presently, vodka forms 3 per cent of the spirits and is expected to grow at a healthy pace of 30 per cent over the next few years. Major vodka brands include White Mischief, Romanov and Magic Moments.
respectively. United Spirits leads the regular vodkas, Radico leads in semi-premium, while Diageo has the dominant share in the premium vodka segment (Figure 4.15).

![Vodka Market Share](image)

**Figure 4.15**

**Source:** Industry, Alchemy Research 2011

Wine consumption in India has been mainly confined to the metros, as the product is perceived as a high quality drink for the elite. Mumbai, Delhi, Bangalore and Goa account for 80 per cent of wine consumption in India and a very negligible market share of around 1 per cent. One of the biggest drawbacks of the Indian wine industry is that none of the alcoholic beverage majors has been promoting the product segment. The following Figure 4.16 shows the market share of different wine companies operating in India.

![Wine Market Share of Key Players](image)

**Figure 4.16**

**Source:** United Spirits 2012
One segment that has consistently witnessed greater activity is the vodka segment. India’s white spirits consumption as a part of total alcohol consumption is very low compared to global consumption. White spirit stand at 48 per cent of the global spirit market; in India, they form only 5-6 per cent of total spirits in volume terms (Figure 4.17).

**Composition of Spirits Consumption: India versus the World**

![Composition of Spirits Consumption](image)

**Figure 4.17**  
Source: Industry, Alchemy Research 2011

### 4.9. On-Premises and Off Premises or Home Alcohol Consumption

One of the biggest segments boosting alcohol volumes in India is on-premises or home alcohol consumption. The conservative social structure in the country has resulted in just a quarter of the alcohol volume being consumed outdoors. However, the total market size in value terms is nearly equal for both indoor and outdoor alcohol consumption.

India is turning out to be an attractive territory, unexplored destination and considered as a lucrative market for alcoholic beverages. Indian alcoholic beverages market has grown steadily and IMFL has the highest market share thus making currently the most consumed branded alcoholic beverages and having commanding presence in all most all states of India. This segment has grown as an overall steady pace triggered by growing population and disposable income and also the fact that it is increasingly gaining social acceptance. Its growth is rapidly increasing due to
increase in production and distribution channels namely wholesale, retail, bar, pub, hotels, restaurants, evolving nightlife and consumer preferences. It also gives rise to a class of entrepreneurs for whom manufacture of liquor became an extremely lucrative business. Alcoholic beverages are legal products and also important economic commodities therefore regulated by law. The control over production, distribution, sale, marketing, promotion and pricing of alcoholic beverages belongs to state governments under section 47 of the Directive principles of the Indian Constitution. India is a federal nation; the central government has empowered states to generate revenue and control sales of alcoholic beverages. Availability and promotion of and access to alcohol can be controlled by government at the federal, state, and local levels through laws and policies. Assam ranks as one of the largest alcoholic beverage markets across North East India in terms of sales volume and generates huge amount of revenue to the state exchequer. Increasing acceptance of alcohol consumption among the nouveau riche and the aspiring middle class, coupled with rising disposable incomes and a large young population, surrounded by four wet states, three dry states and two international borders indicate the high growth potential for the alcoholic beverages sector in Assam.