



A GENERAL GUIDE FOR ALCOHOLIC BEVERAGE EXPORTS TO INDIA

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1. Overview

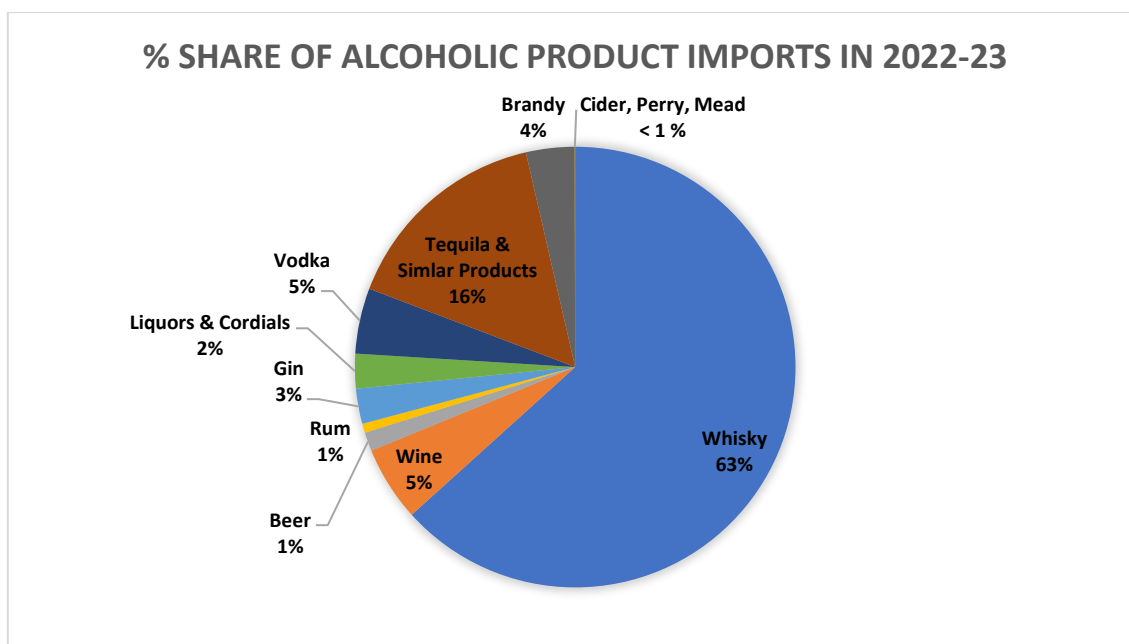
India has one of the fastest-growing liquor markets in the world. However, due to high import duties and other restrictions, import volumes are small. India imported a total of \$ 625.94 million worth of alcoholic beverages in the financial year 2022-23. This was about 80 % more than the previous year 2021-22 (See Table 1). In some categories, the % growth was much larger. Scotch whisky dominates India's imports with a 63 % share followed by Tequila & similar products and Vodka. If the present trajectory of growth is maintained, then imports are expected to cross \$ 1 billion next year. In 2022, India overtook France to become the largest market of Scotch whisky by volume.

Table 1 - India's Imports of Alcoholic Drinks in 2022-23 (US \$ Mill.)

Beverage Category	(\$ Mill.)	% Share	% Growth Over Previous Year
Whisky	396.25	63	98
Wine	34.47	5	46
Beer	8.59	1	98
Rum	4.2	1	236
Gin	16.12	3	133
Liquors & Cordials	15.93	2	103
Vodka	30.09	5	84
Tequila & Similar Products	97.78	16	33
Brandy	22.25	4	67
Cider, Perry, Mead	0.26	1	271
Grand Total →	625.94	Group Average →	80 %

Source – Dept of Commerce, Govt of India

Figure 1 - Share of Beverages in India's Total Imports



Graphic by IGEP Consult

2. Challenges to Export to India

Exporters of alcoholic beverages face major challenges to enter the Indian market. The Indian government imposes high import duties. Local taxes are also imposed both at the Central and Federal (State) Government levels.

Every State and Union Territory in India has imposed its own set of laws and taxes on the alcoholic beverage sector. The sector is a major source of excise revenue for the states. While the Goods & Services Tax (GST) covers most of the consumer goods in India, it does not include alcoholic beverages. As a result, the retail prices of alcoholic beverages are quite high in comparison to many countries. In some states and union territories, the sale of alcoholic drinks is totally prohibited. These are Gujarat, Bihar, Mizoram, Nagaland, and Lakshadweep.

3. Import Duties & Local Excise Taxes

Import Duties

Imported alcoholic beverages (wine, liquor, whisky, rum, etc) attract high import duties of approximately 330 %. For beer, it is 220 %.

HS Code	Product	Approx. Total Duty
2203	Beer	220 %
2204	Wine	330 %
2205	Vermouth	330 %
2206	Fermented Beverages	330 %
2208	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol	330 %

*Compiled by IGEP. These are rounded-up figures to give a broad estimate.

Apart from the Basic Customs Duty (BCD), there are other levies and surcharges applied such as Social Welfare Surcharge (10%) and Agriculture Infrastructure and Development Cess (100 %).

Excise and VAT Taxes

States/Union Territories levy either Excise Duty or VAT (Value added tax) or both. The rates for excise and VAT differ from one state to another in a fiscal year and also varies for different types of alcoholic beverages.

Excise Duty is usually calculated on a per-unit basis. Excises are mostly not calculated based on the alcohol percentage in the product.

VAT (Value-added Tax) is charged on the proportion of the product. E.g.: if a bottle costs INR 100, and the state levies 10% VAT, the price rises to INR 110.

4. Labeling Requirements

Labels for alcoholic beverages need to have the following information.

These data have to be on imprints (no stickers) when the goods arrive at the Indian port.

- Name of the product.
- Manufacturer's name and address.
- Date of Manufacture (production date).
- Lot/Batch number.
- % of alcohol.
- List of Ingredients (in descending order) *but not required for whiskey.
- Net quantity (Volume content).
- Allergen warning
- Best before or Use by date or Date of Expiry (not necessary if % of alcohol greater than 10%). *This is not required for wine & spirits and liquor.
- Shelf life requirement: All products entering India should have a valid shelf life of:
 - not less than 60% of its original shelf life or
 - 3 months before expiry,
 - whichever is less at the time of import.

If the shelf life requirement is not fulfilled, the goods will NOT be allowed to enter the country.

Health caution is to be printed on the product label as below when goods enter the Indian territory.

<i>"Consumption of alcohol is injurious to health". "Don't Drink and Drive".</i>
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Some labelling can be done in a bonded warehouse prior to the checks done by Customs, seeking permission beforehand. Stickers are allowed for the following information:

- Importers FSSAI license number.
- Customer care info.
- Importers name & address.

Examples of Labels in Some Liquor Brands Sold in India.

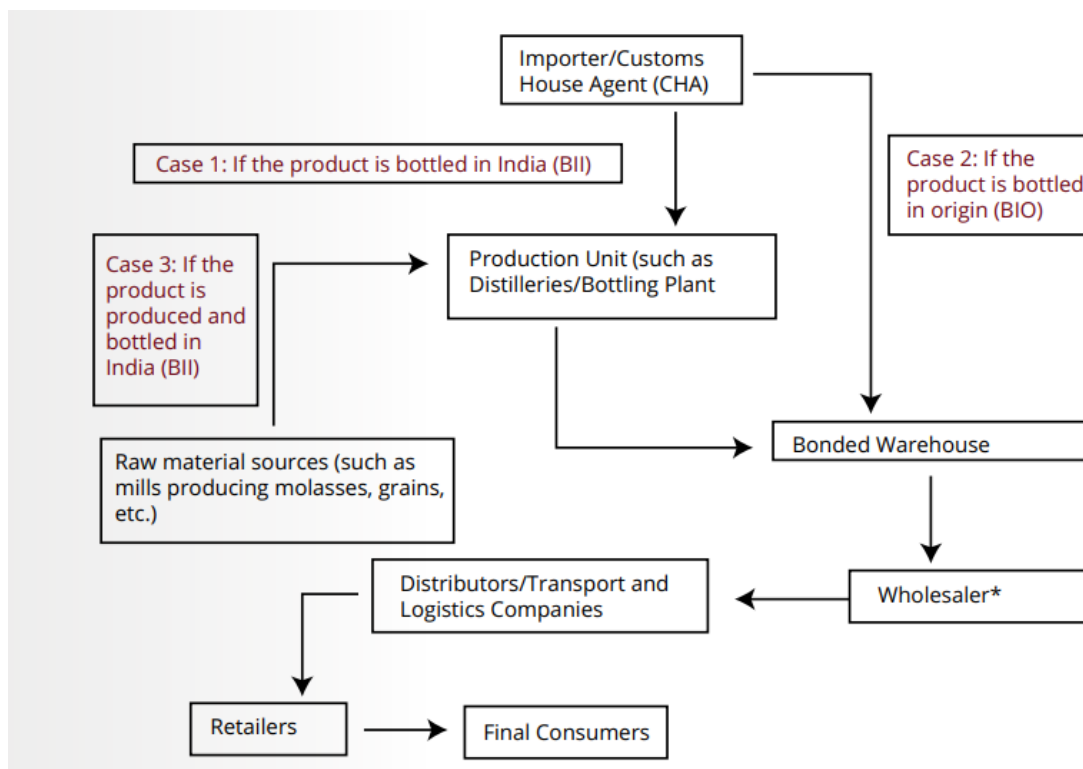
Examples of Mandatory Labels in Liquor Brands		
Sticker in a Johnnie Walker Red Label Whisky Brand		Label in a Ballantine's Whisky brand
		

5. Important Organizations

S. No.	Organization	Mandate
1	Food Safety Standards Authority of India (FSSAI) 3rd & 4th Floor FDA Bhawan, Kotla Road New Delhi – 110002 Website: https://www.fssai.gov.in/	FSSAI is a statutory body established under the Ministry of Health & Family Welfare, Government of India headquartered in New Delhi. FSSAI has been established under the Food Safety and Standards Act, of 2006, and is responsible for the design and implementation of regulatory guidelines and policies concerning the food and beverage industry.
2	Central Board of Indirect Taxes and Customs (CBIC) No. 47-B, CBIC, Department of Revenue, North Block, New Delhi - 110 001. Website - www.cbic.gov.in	CBIC is a part of the Department of Revenue under the Ministry of Finance, Government of India. CBIC is tasked with the formulation of policy concerning levy and collection of Customs, Central Goods & Services Tax and IGST (Integrated Goods and Services Tax).
3	International Wines & Spirits Association of India DLF corporate park Unit #201, 2nd floor Tower -1A MG Road, Gurugram – 122002 Website - https://www.iswai.in/	The International Spirits & Wines Association of India (ISWAI) is a representative body of the national and international premium spirits & wine brands in India. Founded in 2004 and promoted by multinational alcoholic beverage companies, the association serves as an interface between the industry & stakeholders, providing a collective viewpoint on all aspects of the alcoholic beverages business.

6. Supply Chain for Imported Alcoholic Beverages in India

Figure 2 - Supply Chain of Alcoholic Beverages in India



*Source – International Wines & Spirits Association of India

7. Role of Excise Department of Various States / Union Territories in India

As alcoholic beverages are a major source of revenue to the Indian federal states and union territories, alcohol products were not brought into the ambit of the nationwide Good and Services Tax (GST) preview.

Every State/Union Territory has adopted its own taxation structure and an excise department that decides on the excise duty and VAT rates in a financial year. Alcohol taxes are therefore not uniform across India. This is the reason why the price of a bottle of whiskey or wine keeps changing from one State to another and also fluctuates from time to time. Some States auction retail and wholesale licenses, while others have their own monopolies.

8. Product Registration

Product registration in India is State/Union Territory and product unit specific. Your importer should ideally register the product respectively for each State where you decide to distribute. Each registration attracts an annual fee, the registration is only valid for 12 months upon issue and can be renewed upon expiry. The cost for the product registration again varies from one State to another.

E.g.: you are planning to export the wit variety of beer, in two product units: 330ml glass bottle and 500ml can. The glass bottle and the can will require separate registrations.

This is not an industry standard but the importer cum distributor you identify might ask you as a manufacturer to bear the cost for product registration. This is dependent on the terms and conditions you agree on with your importer cum distributor.

9. Sales & Distribution License

The importer cum distributor you identify to work with should have the following:

- FSSAI license.
- An alcoholic beverage license for distribution within the State.

If your importer cum distributor has a distribution network in Maharashtra, Karnataka, and Delhi, he/she should have 3 licenses for 3 States. Distribution licenses for alcoholic beverages are again State specific.

The importer cum distributor is usually issued a license covering spirits and hard liquor and a separate one for wines and beers. Under these licenses, the importer cum distributor can import multiple brands. The importer cum distributor's alcoholic beverage licenses are valid for one financial year and require renewal every year.

Each license attracts an annual cost, but this is usually borne by the importer cum distributor. The license renewal duration and cost again are subject to revision depending on the State government and Excise Department.

10. Market Entry Strategies

Identification of Indian Importer / Business Partner

International liquor brands entering the Indian market should adopt the following strategy:

- Identify an importer cum distributor in India.
- The importer cum distributor should help the company to register the brand and comply with the food safety laws and standards as laid down by FSSAI (Food Safety & Standards Authority of India) as well as with the respective State Excise Department and market the product to the target consumer base.
- The importer cum distributor should also plan the logistics and clearing of the product when the export consignment arrives at the port. They can also engage a third-party logistics company for this purpose.

Leading Indian Importers/Distributors of Alcoholic Beverages

Importers/Distributors	Imported Brands Handled	Own Warehouse	Market Presence
Empire Spirits https://www.empirespirits.in/	More than 70	Yes	Tier 1, 2 & 3 cities
Indo Spirits https://www.indospirit.com	More than 100	Yes	Tier 1 & 2
Dhall Group https://www.dhallgroup.net/en/	50 – 60	Yes	Tier 1 & 2
Rad Elan https://www.radelan.com/	40 – 50	Yes	Tier 1 & 2
Wine Park https://www.thewinepark.com/	More than 70	Yes	Tier 1
Aspri Spirits	30 – 40	Yes	Tier 1 & 2
Jorini Hospitality https://www.jorini.com/home.php	30 - 40	Yes	Tier 1 & 2
Beewin Beverages https://beewinbev.com/	30 – 40	Yes	Tier 1

*Source – T & A Associates

Product Samples / Test Marketing

It is beneficial to conduct test marketing of the liquor brand in some of the important target markets in India. The goal is to determine consumer needs and whether the product meets the demand of Indian consumers. It helps to identify the key strengths and limitations of the brand based on consumer feedback and structure the marketing strategy accordingly.

Brand Launch

In consultation with its Indian import partner, the company can select a major event such as one of the leading trade fairs in India to officially launch its brand.

Some of the leading trade fairs related to the industry are:

1. SIAL India - <https://www.sialindia.com/>
2. Vine Expo India - <https://vinexpo-india.com/>
3. Brews & Spirits Expo - <https://www.brewsnspiritsexpo.com/>

Advertising and Marketing

Advertising – It has to be noted that in India, the advertisement of alcoholic beverages is prohibited in mainstream media (television, newspapers, magazines or hoardings, etc).

Instead, most brands in India advertise their brands through “**Surrogate advertisements**” This rule is not yet applicable to social media platforms such as Instagram, Facebook, etc., so brands do promote themselves freely on these platforms.

Marketing – The competition in the alcohol industry has never been more intense throughout the world including India. The key to successful marketing in India is therefore to understand the target audience, the best places to reach them, and use the most appropriate type of communication.

There are many ways for alcohol brands to creatively promote products and lead memorable brand activations to successfully reach customers and increase sales. These include special events, on-premise and in-store campaigns, online promotions, social media, and influencer marketing.

Special Events - Special events such as Brazil Independence Day, corporate and diplomatic parties, and receptions held to honour and welcome Brazilian delegations to India and other special events should be utilized to promote the Brazilian liquor brand in India. The company can also sponsor some of these events.

Other themes such as sports like the Soccer World Cup can also be utilized to promote the brand. The World Cup is watched by millions of soccer fans in India and the Brazilian soccer team has a high popularity rating in India. The brand promotion can be carried out in pubs and hotels which televise the soccer matches especially in which Brazil is playing.

On-Premise Marketing / Partnerships with leading Pubs/Hotels in Select Cities

Alcoholic beverage brands have to invest in regular ‘on-premise’ promotions and organization of events within pubs, and cafes in order to create awareness and attract and retain customers.

A proven way to successfully market a liquor brand is to associate with some of the best restaurants, resto-bars, and pubs in cities such as Mumbai, Pune, Bengaluru, New Delhi, Gurgaon, and the State of Goa. Footfalls in restaurants and bars in these cities have seen a return to normalcy since the uplift of Covid-19 restrictions. As over 60 % of India’s population is under the age of 35, the dining-out/hospitality sector is expected to see phenomenal growth in the coming years.

11. Brand Management

Product details and reviews in media (both online and print)

Regular features (online + print media) in leading brewery and liquor magazines in India. These should have both an online and offline presence. These media can be used to inform and educate the readers and consumers about the products in the product review section. Some of the leading food and beverage magazines are:

1) Beverage & Food World Journal
<http://www.beverageandfoodworld.com/>

2) Food and Beverage News
<http://www.saffronmedia.in>

3) Ambrosia

<http://www.ambrosiaindia.com>

4) India Retailing

<https://www.indiaretailing.com/>

In addition to the above, regular articles should also be inserted in leading national newspapers such as The Times of India, the Hindustan Times, and The Hindu in their respective lifestyle, food, and drinks sections to make consumers aware of the products.

Brand Promotion Using Social Media

India has the second biggest social media user base (after China) with 755.47 million users. Instagram is the most-used social media platform in India, with 516.92 million active users.

Indian generally access the internet through their mobile phones. A total of 1.10 billion cellular mobile connections were active in India in early 2023, which translates to roughly 77 % of the total population.

Therefore, a strong social media presence is important for any international brand to successfully reach its targeted audience in India.



Instagram



Facebook



Twitter



LinkedIn



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