

New liquor policy may permit private vends, late-night bars, but no discounts

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NEW DELHI: The Delhi government is planning on a new liquor policy that could reduce the legal age floor for alcohol consumption from 25 to 21, allow private- as well as government-run vends, and extend the deadline for serving alcoholic drinks from 1am to 3am in the national capital, according to people aware of the

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plans.

The policy is being aimed for introduction when the current set of rules and regulations

expires on March 31, and comes months after the Aam Aadmi Party (AAP) government's attempts to reform and modernise Delhi's liquor market through the now-scrapped excise policy of 2021-22 ended in scandal and controversy, with ongoing investigations by two federal agencies.

"The government officials who have been assigned to formulate the excise policy are likely to propose a progressive

draft policy which will be designed to check the flight of business from Delhi to neighbouring cities, improve users experience and generate higher revenue. Unlike all metro cities of the country, Delhi has a peculiar geographic location which throws up the challenge of the flight of business to neighbouring cities which does not happen in Mumbai, Bangalore, Kolkata, Chennai, etc,"

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DELHI EXCISE POLICY

said a government official, asking not to be named.

The policy is still at the drafting stage, this person added.

The proposed changes also include slashing the number of dry days (when liquor is not sold), but it is likely to restrict deep discounts such as the buy-one, get-one deals many private liquor vendors offered under the now-scrapped excise policy, which unravelled when a report drawn up by the chief secretary found alleged irregularities, following which the lieutenant governor ordered a Central Bureau of Investigation (CBI) probe.

Before the 2021-22 excise policy, liquor was sold in Delhi through a mix of state-run and private run liquor stores. The abandoned policy marked the exit of government, with rough thinking being that market forces would help turn the business more consumer friendly. It also replaced a volume-based excise regime with a licence fee model.

Home delivery of liquor, which has been part of the excise policy for over 20 years but was never implemented due to lack of political will, tough requirements such as those for liquor quality and safety safeguards, and a fool-proof delivery mechanism such as checks on customer's age when products are being home-

delivered may also finally see light of day.

The people aware of the plans said that the new policy will be presented to chief minister Arvind Kejriwal's cabinet for consideration and approval. The new policy, as approved by the cabinet, will then need to be cleared by LG VK Saxena.

If approved, the policy will kick in from the next financial year starting April 1.

Industry bodies such as Confederation of Indian Alcoholic Beverage Companies (CIABC), the apex body of the Indian Alcoholic Beverage Industry; and Delhi Liquor Traders Association (DLTA), an association of around 150 liquor traders who had retail liquor licenses before the 2021-22 policy was implemented, have sought rules to be more open and suggested that the excise policy should allow retail sale of liquor through a mix of private and government-run liquor outlets so that user experience can be improved.

Vinod Giri, director general of CIABC, said the association has made several suggestions, including for "world class private retail shops across the city besides current government stores, reopening of trend-setting airport shops, reducing drinking age to 21, and bringing retail timing and number of dry days in sync with the neighbouring states". "The underlying

theme behind these recommendations is to have a modern and progressing excise policy to modernise trade, lift customer experience, improve ease of doing business, and increase government tax revenues."

Delhi Liquor Traders Association (DLTA) president Naresh Goyal said the association has written to the excise department and the Delhi government suggesting the government allow private players to run liquor stores alongside state-run liquor stores in the capital, and that discounts and promotion of liquor sale should be barred. The association also sought that licenses be handed out for individual stores instead of zones, as was the case in the 2021-22 policy.

Delhi government and excise department officials did not respond to requests for a comment.

The Delhi government formed a committee of senior officials on August 1, 2022 and assigned it the task to draw up a new excise policy since the old one was scrapped.

It is chaired by principal secretary finance and has principal secretary revenue, and excise commissioner as members besides a domain expert. The committee was asked to submit its report within a month to the cabinet, but the exercise was delayed largely

due to the ongoing investigations into the now-scrapped policy.

The Delhi government's 2021-22 excise policy aimed to revitalise the city's flagging liquor business, replace a sales-volume based regime with a licence fee one for traders, and promised swankier stores, free of the infamous metal grilles, ultimately giving customers a better buying experience. The policy also introduced discounts and offers on the purchase of liquor, a first for Delhi.

The plan, however, came to an abrupt end, with the LG recommending a CBI probe into alleged irregularities in the regime. In August, CBI in its FIR listed Delhi deputy CM Manish Sisodia as an accused in the case. So far, five arrests have been made in the case.

Sisodia and the Aam Aadmi Party have dismissed the probe as a politically motivated witch-hunt.

Even under the 2021-22 excise policy (now scrapped) the government had proposed lowering of the legal drinking age to 21, and a reduction in the number of dry days to three but these promises could not be implemented. Policies need to be implemented with separate notifications, which were not issued due to, what officials said, were political considerations.

Delhi is one of only six states

or Union territories that defines the legal drinking age at 25, which encourages people to misrepresent their age, forces restaurants to be lax in monitoring or lose out on revenue, and presents young people with the option of travelling to watering holes in the neighbouring state of Uttar Pradesh, which allows drinking at 21.

Delhi is now the only metropolitan city with the high drinking age — even in Mumbai, only hard liquor is barred for those under 25, while wine and beer is allowed at 21. In major global cities such as New York and London, the drinking age is 21 and 18, respectively.