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NEWS

After Telangana Falters, **Jharkhand Yet to Clear Dues**

Alcobev industry associations in Jharkhand have raised serious concern over pending dues exceeding ₹200 crores which has badly impacted cash flows and supply chain efficiency, besides shaking investor sentiment. The leading associations of the alcoholic beverage sector—the Confederation of Indian Alcoholic Beverage Companies (CIABC), the Brewers Association of India (BAI), the International Spirits and Wines Association of India (ISWAI), have urged the Jharkhand Government to immediately release pending dues to avert alcobev supply crisis in the state.

The three associations, which collectively account for over 80% of the liquor, beer and wines sold in the country, have also sought separation of supplier payments from internal reconciliation processes within the State Government's Jharkhand State Beverages Corporation Limited (JSBCL). They have also sought time-bound reconciliation of accounts between JSBCL and suppliers to close legacy balances.

The signatories of the joint statement are Sanjit Padhi, CEO of ISWAI; Anant Iyer, Director General of CIABC and Vinod Giri, Director General of BAI.

The dues pertain to supplies made up to August 31, 2025, under the earlier Route-to-Market (RTM) system. While Jharkhand transitioned to a revised RTM framework from September 1, 2025, payments linked to the previous regime remain largely outstanding. Though the State Government's Jharkhand State Beverages Corporation Limited (JSBCL) released partial payments in February 2026, estimated at around 35% of total dues, it failed to clear the major chunk of the dues to the tune of over ₹200 crores pending for over nine months.

Urging the government to urgently clear the dues, they said that the delay in payments has led to a significant build-up in receivables on company balance sheets, with direct implications for liquidity and cost structures. This has forced the suppliers to go for short-term borrowing, while working capital constraints are affecting production planning and inventory flows. The rise in cost of capital is impacting margins in an already high-tax, regulated sector, while input cost inflation—driven by global factors, including West Asia-linked supply pressures—has further aggravated the situation.

The associations pointed out the absence of a time-bound reconciliation

process with JSBCL for accounts and inventory linked to the pre-September 2025 RTM structure. While internal audits by JSBCL have been reported, suppliers have not been part of any formal reconciliation exercise, delaying closure of legacy transactions and extending the payment cycle.

Pointing out that the alcoholic beverage sector contributed ₹4,013 crores in excise revenues to Jharkhand in 2025-26, making it one of the state's largest revenue sources, the three associations have warned that delays in payment cycles could lead to companies rethinking their investment plans in the state. They further said despite the delays in payments, companies have ensured product availability and uninterrupted excise revenue generation for the state.

NEWS

Telangana Faces Fresh Alcobev Industry Backlash Over ₹3,700 Crore Dues

The Telangana government is once again facing mounting pressure from the alcoholic beverages industry, with leading liquor and beer manufacturers alleging that dues amounting to over ₹3,700 crore remain unpaid for supplies made between December 2025 and April 2026.

Industry bodies representing the country's largest alcohol producers—including the Brewers Association of India (BAI), the International Spirits and Wines Association of India (ISWAI), and the Confederation of Indian Alcoholic Beverage Companies (CIABC)—have jointly raised concerns over the delayed payments and a newly introduced payment mechanism that they say further burdens suppliers.

The associations, which collectively represent nearly 80% of India's beer, spirits and wine market, have objected to Telangana's revised payment policy that came into effect on June 1. Under the new system, suppliers are promised payment within 15 days of delivery but are required to offer an "early payment discount" ranging from 2 to 2.75% on invoices.

According to the industry, the new arrangement has been implemented even before the state has settled the substantial backlog of pending dues. In a joint statement, the associations warned that while new supplies may be paid under the discounted mechanism, older receivables could continue to remain outstanding, potentially turning into bad debts and creating significant financial and compliance risks for manufacturers.

State-controlled Liquor Distribution

Telangana follows a state-controlled liquor distribution model under which manufacturers can sell only to the Telangana State Beverages Corporation Ltd (TSBCL), which in turn supplies licensed retailers. This makes suppliers heavily dependent on timely payments from the state-run procurement system.

Responding to the industry's concerns, Telangana Principal Secretary (Excise) Raghunandan Rao has maintained that the government is committed to clearing the dues and that discussions with suppliers remain open. He described the new arrangement as an early-payment discount mechanism rather than a unilateral reduction in payments, arguing that similar provisions already exist within contractual agreements signed between suppliers and the state government.

However, the latest dispute is not an isolated development. Alcobev industry associations have repeatedly urged Telangana to clear long-pending dues over the past several years. In October 2025, the same industry bodies had flagged outstanding payments of ₹3,151 crore, of which more than ₹2,300 crore were reportedly overdue by over a year. At the time, the associations described the situation as an "existential crisis" for the alcoholic beverage sector in the state, warning that prolonged payment delays could disrupt supplies and adversely affect business operations.

The industry had then proposed that proceeds from Telangana's retail liquor licence auctions be utilised to liquidate pending payments to manufacturers. Despite periodic assurances from the government, the issue of delayed payments has resurfaced repeatedly, making working capital management a growing concern for both domestic and multinational alcohol companies operating in the state.

Telangana: A Critical Alcobev Market

Telangana remains one of India's most significant alcoholic beverage markets and is widely regarded as the country's largest beer-consuming state by volume. The state contributes substantially to the sales of major global and domestic alcohol companies, including Diageo India, Pernod Ricard India, Heineken, Carlsberg and United Breweries.

Its robust urban consumption base, favourable demographics and strong retail network have made Telangana a key growth market for both beer and Indian Made Foreign Liquor (IMFL). Given the state's importance to industry revenues, any prolonged disruption in payments or supply arrangements has implications not only for manufacturers operating in Telangana, but also for the broader Indian alcobev sector.