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Festive spirits at risk in Telangana as state's liquor dues pile up

Top alcoholic beverage industry bodies have called on the Telangana state government to urgently clear ₹3,151 crore of dues to suppliers, warning that further delays could severely disrupt liquor supply and destabilize the state's alcohol market ahead of the festive season.

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In India, the pricing and taxation as well as regulations of liquor fall under the purview of state governments. (Mint)

Bengaluru: Telangana's liquor market is staring at disruption. The country's top alcoholic beverage industry bodies have called on the state government to urgently clear ₹3,151 crore of dues to suppliers, warning that further delays could severely disrupt liquor supply and destabilize the state's alcohol market ahead of the festive season. Celebrations around Diwali right through Christmas and the New Year mark the peak of alcohol sales in the country.

In India, the pricing and taxation as well as regulations of liquor fall under the purview of state governments. Each state has its own excise policy that oversees the sale, pricing and distribution of alcoholic beverages, which is why the pricing varies across states. Taxes collected from the sale of liquor are a large source of revenue for state governments.

In a joint statement, the International [Spirits](#) and Wines Association of India (ISWAI), the Confederation of Indian Alcoholic Beverage Companies (CIABC), and the Brewers Association of India (BAI) appealed to the state to use proceeds from the upcoming retail liquor licence auction—which is expected to raise around ₹3,000 crore—to settle the outstanding payments.

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Of the total dues, more than ₹2,300 crore has been pending for over a year, leaving suppliers under financial strain and struggling to maintain operations. [Telangana](#) is among India's top five states in terms of alcohol sales.

The associations also urged the state to temporarily reduce the advance excise duty from 30% to 1% to ease working capital pressure. They pointed out that while the state's excise revenue from alcohol sales surged to ₹38,000 crore in fiscal year 2024 (FY24), growing at a compound annual rate of 13% over the past five years, the

industry continues to grapple with mounting payment backlogs. The alcoholic beverages sector contributes nearly 32% to Telangana's revenue and supports around 1.5 million jobs across manufacturing, logistics and retail.

“Unless immediate steps are taken to address delayed payments, the industry may struggle to meet the expected surge in demand when new retail licences take effect in December 2025, coinciding with the festive season,” the statement said.

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The appeal comes amid growing financial stress in the state's alcobev sector. Earlier this year, [Mint had reported](#) on how United Breweries Ltd (UBL), which commands nearly 70% of Telangana's beer market, suspended supplies to the (Telangana Beverages Corp Ltd (TGBCL)—the state-run entity that oversees wholesale and retail liquor trade—citing “significant and ongoing operating losses” and non-payment of dues. UBL said it had not received a price revision since FY20 despite a sharp rise in cost of key inputs and that selling at current prices had become unviable.

The state agency has not revised prices for five years despite a 13-110% increase in the cost of inputs such as barley, sugar, fuel, electricity and also glass bottles. [Beer](#) prices in Telangana are currently about 47% lower than in the neighbouring states, squeezing supplier margins.

TGBCL was set up in 2014 following the state's bifurcation from Andhra Pradesh. Despite repeated appeals from industry players, the corporation has not cleared pending payments or revised the pricing structures to reflect inflation and rising production costs.

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The three associations represent a significant share of India's alcohol production and sales. ISWAI's members include global giants such as Bacardi, Diageo-United Spirits, Pernod Ricard, Moët Hennessy, Beam [Suntory](#) and Campari Group. CIABC represents major Indian producers like Allied Blenders & Distillers, Radico Khaitan, Amrut Distilleries, Sula Vineyards and John Distilleries. BAI includes leading brewers

such as United Breweries Ltd, AB InBev and Carlsberg.

The payment delays stem from Telangana's fiscal challenges between February and August 2024, when the state faced lower-than-expected revenue and increased expenditure on welfare schemes and poll promises, [Mint reported earlier](#).



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