

CIABC asks AP govt to rethink over Liquor ban

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By A Correspondent / New Delhi

Concerned over the proposed ban on alcohol in the Andhra Pradesh (AP), the Confederation of Indian Alcoholic Beverage Companies (CIABC), the apex body of the Indian Alcoholic Beverage Industry, has asked the state government of to re-look into the matter for further consideration.

In a letter to the chief minister of AP, YS Jagan Mohan Reddy on December 23, Vinod Giri, Director General, CIABC said, “We have learnt that the government of state intends to implement prohibition in state in pursuance to its pre-poll promises, and that the same will be done in phases. We request the state government to re-look into the matter for further consideration.”

Whilst the matter is entirely within the purview and free jurisdiction of the state, Giri, however, said, “We have invested thousands of crores of rupees in the state, while at the same time, we have also generated thousands of crores in form of tax revenues for the state, sustained livelihood of lakhs of farmers, and provided employment to lakhs of persons in the state. We also have catalogued experience of other states like Bihar on prohibition and wish to table it for your kind consideration.”

AP government is expected to earn Rs 8,500 crore as excise revenue from alcoholic beverages in 2019-20. “Additionally vendors to this industry supply dry goods worth Rs 1,000 crore, which attract goods and services tax (GST), thus further contributing to state’s revenues. In addition, the value added tax (VAT) accrued on the sale of alcoholic beverages contributes a hefty sum to the state’s exchequer,” he added.

Together, this is a large amount, he further said, a major part of state's revenues, which enable the government to finance several public welfare schemes. "Such large amount is difficult to replace and any move that takes away this revenue will severely impact state's ability to run public welfare programmes," he added.

According to the AP government, the state is facing a huge debt challenge, ballooning from Rs 97,000 crore at the time of bifurcation of the state to Rs 2,58,928 crore by 2018-19. "The state needs to pay over Rs 20,000 crore as interest on debt and an equal amount in principal repayment annually," it said.

However, the state needs revenues from all sources where it can ill-afford to forego substantial amount earned as excise revenue from sale of liquor in light of that. "It is not that alcohol has been more freely available in AP. The availability of retail outlets per lakh of population prior to October 1, 2019 is tabulated for comparison AP, Maharashtra, Karnataka, Telangana and Rajasthan," Giri said.

"It is also evident that the outlet density in AP was on the lower end of similar sized states. Further reductions and resultant non-availability of legal and safe alcoholic beverages will only create an underground illicit industry full of fake, spurious and potentially hazardous products, which can adversely impact health and even lives of people who are lured into consuming them," he added.