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Licence fee for premium Indian liquor may be cut

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New Delhi: With Indian liquor companies having to pay "exorbitant" licence fees to be able to sell their products in the national capital in comparison to foreign brands, the Indian alcoholic beverage industry has requested Delhi government to remove the discrimination.

In its representation to the excise department, Confederation of Indian Alcoholic Beverage Companies (CIABC) has asked for a cut in the brand licence fee on Indian liquor to give it an equal footing in Delhi. Admitting the disparity, a senior official said the government might address the issue in the new excise police the next financial year.

According to CIABC, all whiskey products made in India currently pay a licence fee of Rs 25 lakh or 1% of the turnover, whichever is higher, for each brand to sell in Delhi. In comparison, the importers of foreign liquor pay between Rs 75,000 and Rs 3 lakh for each brand depending on the number of products registered in Delhi.

Some prominent imported brands that sell 35,000-40,000 cases (nine litres or 12 bottles of 750ml) a year in Delhi, the fee comes down to only Rs 8 per case, but premium Indian products, which are slowly catching up and sell 400-600 cases annually, pay between Rs 4,200 and Rs 6,700 per case. For a particular Indian brand that's popular abroad but had sold just 27 cases in Delhi in 2018-19, the fee worked out at a staggering Rs 92,000 per case. While Bengaluru charges a one-time licence fee of Rs 1 lakh per brand from Indian manufacturers, it is Rs 10,000 annually in Mumbai.

IMPORTED VS INDIA LICENCE FEE

	Delhi	Mumbai	Bengaluru
Imported	₹3 lakh	₹15,000	₹1 lakh
Indian	₹25 lakh	₹10,000	₹1 lakh or 1% of turnover

(Licence fee in Delhi and Mumbai is annual and one-time in Bengaluru)

"This is highly discriminatory and puts Indian-made premium products, which are at par in price compared to the foreign brands, at a great disadvantage," CIABC director general Vinod Giri said.

For brands that sell large volumes, the higher fee may not have much of an impact. However, for premium Indian brands, which are exported to several countries but currently sell fewer numbers in India, it turns out to be a huge financial burden.

A CIABC official said Indian companies were selling quality products now, often priced higher than foreign brands, and even exported to over 60 countries, but found it hard to sell in their own country. If the same products are produced abroad and imported to India, it will attract less licence fees, he added.

Suggesting that all liquor products should pay a uniform licence fee of Rs 2 lakh per brand and 1% of the turnover as the brand fee, CIABC said it would create a level-playing field and lead to a 25% higher tax revenue for the government. It will make these brands, not too keen to sell in Delhi now, available here, Giri said.

A senior excise department official said differential licence fees were fixed in 1993 to invite only credible manufacturers sell their products in Delhi. "But we are working on a mechanism where the licence fee for prominent Indian brands offering a bouquet of products is brought at par with the imported ones," he said.