

# States want to say cheers, miss liquor revenue

## Karnataka to lose ₹2,400-crore in terms of revenue in 40-day lockdown

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If States like Karnataka are clamouring to ease the restrictions on sale of liquor after May 3, it isn't without reason. Karnataka is losing almost ₹55-60 crore daily on revenues collected through taxes on alcoholic beverages. In other words, the 40-day lockdown would deal it a ₹2,400-crore blow in terms of revenue losses. For neighbouring Tamil Nadu, which collects the highest excise revenues in India, the losses by the end of the second lockdown would be even bigger at ₹3,500-3,600 crore.

Karnataka ranks fourth among the 12 big States where earnings through tax on alcohol make for 20-40 percent of

State's revenues. While Karnataka clocked ₹19,950 crore in 2018-19 in excise revenue earnings, Tamil Nadu with ₹31,150 crore, Maharashtra with ₹25,300 crore and Uttar Pradesh with ₹23,900 crore occupied the top three positions during the same fiscal.

They are part of the 12 big excise revenue generating States. Put together, they generate revenues worth ₹2-2.50-lakh crore from excise duty from the sale of liquor every year.

Telangana, Kerala, West Bengal, Madhya Pradesh, Rajasthan, Haryana, Punjab and Delhi are the other States depending heavily on excise revenue. Together, the dozen



States earned nearly ₹1.80 lakh crore in 2018-19 through revenue of alcoholic beverages.

Recently, Karnataka's Excise Minister H Nagesh said

he has advised Chief Minister BS Yediyurappa to relax the coronavirus lockdown after May 3 as "we need money to give salaries and meet other

expenses".

If States are itching to open the excise sector, the ₹4.25-lakh-crore alcoholic beverages industry too has been pursuing the issue of easing of restrictions for the sector with the Chief Ministers and the Centre.

The sector is losing Rs 700 crore daily, meaning which the industry would incur losses of about ₹28,000 crore by May 3.

Incidentally, the 12 States combined account for over 25,000 of the 33,000 coronavirus positive cases and about 800 deaths of over 1000 fatalities, as on April 30.

"The Confederation of Indian Alcoholic Beverages Companies (CIABC) has written to the Chief Ministers to

take up with the Centre the matter of permitting production, distribution and sales of alcoholic beverages only outside containment zones and that too, in conformity with COVID-19 guidelines," Vinod Giri, Director General, CIABC, told The Pioneer.

"We are hopeful of easing of restrictions after May 3. There haven't been job cuts in the sector so far but an extension could compound problems," he cautioned adding the sector has also contributed its bit to the nation's fight against Covid-19 by making 5 lakh litres of hand sanitisers for use.

Pointing out the importance of India's alcoholic beverages industry, he said it contributes ₹2-2.50 lakh crore

annually by way of taxes to the State exchequer, provides direct or indirect employment to 20 lakh persons and sustains livelihood of 40 lakh farmers.

The CIABC has already suggested to the Chief Ministers to go for a phase-wise opening of the sector besides introducing an online sale-cum-home delivery mechanism.

The CIABC has in its letters to the Chief Ministers also requested for an extension of current excise year to June 30, 2020 without penalty to carry out stock clearances and statutory processes mandated within March 31 normally.

Besides, while it has sought converting the excise processes like approval, licensing, registration, permits etc into an

online mechanism, it has also for granting permission to home deliveries of alcoholic beverages through an online process.

The CIABC has also suggested phase wise opening of distilleries/bottling plants, indenting/transit/stock movement, wholesaling/distribution/warehousing, retail shops with fixed timings.

The CIABC includes most major Indian companies that manufacture and market their product range in India and abroad like Allied Blenders & Distillers Private Limited, Amrut Distilleries, Alcobrew Distilleries, Devans Modern Breweries, Jagatjit Industries Limited (JIL), Mohan Meakin and Radico Khaitan.