

# Relaxed norms bring cheer to liquor industry

**VIVEAT SUSAN PINTO**

Mumbai, 2 May

The month of May could spell good news for the domestic alcohol industry, as standalone liquor shops have been permitted to open from Monday.

Companies and industry executives, whom *Business Standard* spoke to, estimate the industry may see around 25 per cent of normal sales, following the new set of guidelines issued on Friday by the Ministry of Home Affairs (MHA).

Almost 50 per cent of the 70,000 liquor vends in India could open on Monday, after the MHA granted shops permission to reopen in green and orange zones, as well as those located outside hotspots or containment areas in red zones.

Most states are keen to implement the guidelines, industry sources said, with Karnataka, Punjab, Kerala, and West

Bengal amongst the most vocal in this regard. Assam has already permitted liquor shops in green zones to open, while the Maharashtra government will take a call latest by Sunday, it is learnt.

At the heart of the matter is the revenue that alcohol brings to states, estimated at ₹700 crore per day, or ₹2.5 trillion annually, says Amrit Kiran Singh, chairman, International Spirits & Wines Association of India (ISWAI), whose members include top liquor players such as Diageo and Pernod Ricard.

The central government had prohibited sale of liquor after the national lockdown was first announced on March 24, resulting in states losing close to ₹30,000 crore in tax revenues in the past month and a half.

Both ISWAI and another industry body — the Confederation of Indian Alcoholic Beverages Companies (CIA-BC) — had asked the government to per-



mit sale of liquor, citing huge revenue loss to players.

Vinod Giri, director general of CIABC, said he saw some of the distilleries resuming production, since distribution was now reopening across the country.

Almost 70 per cent of alcohol distribution in India happens through liquor vends or shops, while 30 per cent happens on the premise, that is, in bars, pubs, hotels, and restaurants. The latter continue to remain closed in view of social distancing norms.

“The distilleries are within rural areas or industrial zones, which fall in the green or orange zones. Some of them could resume production,” Giri said.

Companies are taking no chances. Most are expected to open their units, with limited staff, and will maintain strict hygiene standards.

At the retail level, Singh of ISWAI said that it would begin a programme called ‘Safe Shield’ on Monday, under which markers would be put outside shops to ensure social distancing, sanitizers would be placed at counters for use, and contactless sales would be allowed via trays kept at the counter.