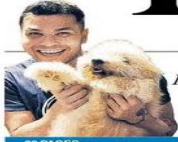


The Telegraph



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Plea to cut tippale tax

A STAFF REPORTER

Calcutta: Liquor sales in Bengal are on a decline despite the government opening up the retail trade and allowing on-line purchases. The industry is lobbying the government to bring down the 30 per cent sales tax imposed in April to shore up revenue.

Bengal is among the five states besides Delhi, Andhra Pradesh, Rajasthan and Odisha that had gone for a steep hike in liquor duty in the last four months, making it expensive for the tippers.

The hike has also led to a shift in the purchase pattern with consumers preferring low-priced alternatives, affecting the volume of Indian-made foreign liquor (IMFL).

The Confederation of Indian Alcoholic Beverage Companies (CIABC) that comprises manufacturers such as Allied Blenders & Distillers,

IN LOW SPIRITS

Bengal IMFL volume
(in lakh cases)

Month	2020	Change*
February	12.78	9%
March	9.58	-29%
April	1.68	-84%
May	7.23	-35%

*Year-on-year;
Source: CIABC data

Amrut Distilleries, Mohan Meakin and Radico Khaitan has estimated a 29 per cent drop in sales in March followed by an 84 per cent drop in April and a 35 per cent drop in May when the business resumed with the opening up of retail stores.

The industry association said the sharp rise in levy has pushed the price of IMFL in the state, making it expensive compared with the neighbour-

ing states of Assam and Jharkhand, raising concerns of illicit liquor coming into the state.

The association has urged the government to bring down the sales tax on liquor to a level of not more than 5-10 per cent to prevent a downward spiral in sales.

"What we have seen in the other states is that if there is an increase of around 10 per cent, there is no real impact on the volume and revenues also go up. If it's more, volume starts coming down and the net tax collection is affected," said Vinod Giri, the director general of the CIABC.

He said the association has brought to the notice of the state government the instance of the Delhi government which had imposed a 70 per cent cess on liquor. The move drastically brought down liquor sales and the government had to later replace it with a 5 per cent VAT.