

# Branded liquor may be costlier after proposed tax-structure revision by Mamata Govt

PNS ■ NEW DELHI

There is a growing apprehension in the liquor industry that the prices of several popular brands may go up after the proposed tax-structure revision by the Mamata Banerjee Government in West Bengal.

Raising the red flag against the proposed steep hike in liquor prices, the Indian alcoholic beverage industry has asked the Mamata dispensation to reconsider the proposed revision in the excise policy. According to the alcoholic beverages industry, the proposed excise policy of the State Government will kill the industry and lead to thousands of people being jobless.

In a joint representation to Chief Minister Mamata Banerjee, the two major liquor associations – Confederation of Indian Alcoholic Beverage Companies (CIABC) and International Spirits and Wines Association of India (ISWAI) – said, “It is well known that the alcoholic beverage industry is facing an acute fall in sales vol-



umes in West Bengal. Sales were down significantly in the light of the additional levy of VAT of 30% which was imposed after the Covid-19 pandemic broke out, consequently leading to a fall in tax revenues for the Government.”

Under the proposed policy, consumer prices of the fast-moving brands will go up by 40-90% (translating to Rs.150 to Rs.450 per bottle), as a consequence of the changes in taxation and in the trade margins. The price increase could be 9% from current level for rum while for some whiskey brands it would be 20% more than the current level.

In the new structure, tax on various IMFL will range from

₹330 to ₹4,500, taking excise duty and additional excise duty together. The tax will range from ₹132 and ₹690 for strong beer while for mild beer it could range from ₹106 to ₹552.

“There has been a sharp drop of 58% in sales volumes across segments after the tax was imposed in April 2020 and the AlcoBev trade resumed in May 2020. If a 30% increase in consumer prices brought on by the imposition of VAT could bring sales down like shown above, it is frightening to envisage what further hiking of taxes on spirits will do to liquor sales in the state and consequently to the Government’s tax collections,” it added.