

# Liquor cos brace for Delhi supply crisis

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NEW DELHI

**T**here has been a dispiriting turn of events for liquor makers. A new excise policy in the crucial Delhi market is expected to cripple sales ahead of the festive season.

Private liquor vends in the nation's capital have had to shut shop from 30 September as part of the Delhi government's plan to introduce a new excise policy. Government-run shops will, however, remain open to cater to the festive season rush, but they, too, will shut from 17 November. The impact of the disruption will last for at least the next 45 days.

Liquor makers, especially those selling premium brands, are worried that the transition to the new excise policy in Delhi will kill sales ahead of the festive season. The shift is already hurting sales, they said.

According to the new liquor policy, all 850 liquor vends, including 260 outlets run privately, have been given out to private firms through an open tender process. The new licence holders will open shops on 17 November. The new policy will see the Delhi government getting out of the liquor trade by closing state-run shops in the national capital.

While the state has directed government-owned liquor shops to be fully stocked, liquor makers said they anticipate teething issues and shortages.

"Delhi was one of the most underserved markets even before these shops shut. There will be trouble till Diwali for many consumers who want to buy for private consumption," said Rahul Singh, founder of Beer Cafe.

Private vendors, which stock premium brands and offer a wider assortment of products, account for over 60% of business for sev-



A new excise policy is expected to cripple sales ahead of the festive season in Delhi. **MINT**

eral alcoholic beverage firms. During the six-week transition, Delhi's IMFL or Indian-made foreign liquor market will be served by over 475 government-owned retail outlets, according to industry executives.

"Government shops account for nearly 40% of business; 60% was coming from private shops. So that 60% is gone, and I don't think one will be able to trans-

fer those sales entirely to government shops as their ability to ramp up stocks will be limited," said Vinod Giri, director-general, Confederation of Indian Alcoholic Beverage Companies (CIABC), a lobby that represents domestic liquor companies, including Allied Blenders and Distillers, Amrut Distilleries Globus Spirits and Radico Khaitan, among others.

In a communication to the state government last month, the lobby flagged product shortages and long queues at liquor shops in the capital ahead of the festive season due to the transition.

CIABC also highlighted the absence of a stock transfer mechanism in case of left-over stock at government-run shops as they too will be shut from 17 November. Suppliers, it said, will be "hesitant" to supply products and create fresh bad debt risks.

**TURN TO PAGE 6**

# Delhi liquor firms wary of supply crisis

FROM PAGE 1

A spokesperson for Diageo India, the maker of Johnnie Walker and Smirnoff, declined to comment.

Abhinav Jindal, founder of Kimaya Himalayan Beverages that makes Bee Young and Yavira beers, sees hardship ahead. With fewer stores operational, brands cannot fully match supply, and they do expect disruptions. "Last year's festive season was hit heavily by the pandemic as well. We still believe we will come out positive, though we may not achieve 2019 numbers," he said.

Most big manufacturers have tie-ups with government-run vends, so it may not be difficult to transition, he added.

"The timing is definitely not great, but we were prepared," said Anand Virmani, co-founder and CEO, Nao Spirits and Bever-

ages that sells gin brands such as Greater Than and Hapusa.

The company has moved to a pay-and-play model. "We're not extending credit. You don't want to be stuck in a situation where you have given stock on credit. And next time you go back to the shop and the shop is not there," he said. For the company, Delhi

is among its top three markets.

Another executive at a foreign liquor firm said condition of anonymity that there would be teething issues. The company, which typically does not stock its premium

**Private liquor vends shut shop from 30 Sep as part of the Delhi govt's plan to introduce a new excise policy**

alcoholic beverages brands at government vends, said it will now have to redirect stock to such outlets. "There is going to be a shortage of supply, and many people are going to be running to Noida and Gurgaon to restock," he said.

However, companies feel the new policy, once in force, is a welcome move.