

Liquor firms nudge states to hike prices

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NEW DELHI

Liquor companies are appealing to state governments to allow them to raise prices amid surging costs of inputs ranging from tamper-proof caps to extra-neutral alcohol, the primary raw material.

Though distillers decide the prices of their products, they need to get them approved by state governments.

With many alcohol companies being forced to absorb cost increases, liquor makers have been seeking revision in the prices of alcoholic beverages.

Devans Modern Breweries, which sells Godfather and Six Fields beers, said it witnessed a steady increase in costs in the past few quarters.

“The overall increase is as high as 20% in the past 15 months alone,” said managing

director Prem Dewan. “Though the maximum retail price of beer has increased, the ex-brewery price has remained constant in many states resulting in losses,” he said.

Even for large liquor makers, rising input costs, especially for packaging, raw materials and shipment, have started hurting.

“We urge policymakers to recognize the supply-chain pressures and allow alcohol beverage manufacturers to avail price increase,” said Anasuya Ray, vice-president, corporate affairs - South Asia for AB InBev, which owns brands such as Budweiser and Corona.

Companies said the need of the hour is more flexible regulatory processes to ensure that the businesses in this sector are viable.

The Confederation of Indian Alcoholic Beverage



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Companies (CIABC), a body representing homegrown liquor companies, has sent representations to at least nine states in November, requesting price increases to account for inflation in input costs, especially extra-neutral alcohol, or ENA, which is the primary raw material for making alcoholic beverages.

Not just that. Even the price

of tamper-proof caps that make alcohol bottles non-refillable has gone up by about 15% in a year, according to the International Spirits and Wines Association of India (ISWAI).

Outer carton costs have escalated by 37%, said ISWAI chief executive Nita Kapoor.

“The existing regulatory framework means we have to keep the overall price of the product constant. This has an impact on the overall working margins for the market,” said Mohit Bhagchandani, founder of Mumbai-based 7InkBrews, which launched Copter7 beer in 2021 during the second wave of the pandemic.

Bhagchandani said costs on all fronts have been on the rise, be it raw materials, tax, trade, logistics, or manufacturing.

Material and packaging costs have increased by

TURN TO PAGE 6