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Indian-made foreign liquor volumes grow 14% in FY23

The industry rebounds from the pandemic-led challenges, sets new growth trajectory.

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Whisky continued to dominate the alcoholic beverage sector with estimated sales of 243 million cases, accounting for 63% of the total market. However, after witnessing a prolonged decline in sales, gin has had a reversal in fortunes and is poised for growth in the Indian-made foreign liquor (IMFL) segment.

In 2022-23, sales of IMFL products in India gained significant momentum, reaching 385 million cases, up nearly 14% from a year ago, and about 12% over the pre-covid period of 2019-20.

According to a report by the Confederation of Indian Alcoholic Beverage Companies (CIABC), the IMFL industry has fully recovered from the adverse effects of the pandemic with fairly consistent sales across most states.

While the western region witnessed a stellar 32% growth, the eastern region clocked 22% growth. Sales in the North and South were lower at 16% and 9% respectively. However, the South remained the largest contributor to sales volumes with a 58% share followed by the West and East at 22% each, while northern states contributed 16%.

CIABC, representing the interests of firms such as Radico Khaitan Ltd, Allied Blender and Distillers Pvt. Ltd, and Jagatjit Industries Ltd, compiles data from the excise sales records of states and contributions from private players.

CIABC expects the sector's growth momentum to slow down this financial year with sales of 412-415 million cases (each case contains 9 litres), or a modest growth of 7-8%.

Despite facing disruptions following

Gaining momentum

The IMFL industry has witnessed fairly consistent sales across most states post-covid, with southern region being the largest contributor, according to CIABC



the changes in excise policies, and unavailability of many brands, Delhi maintained a healthy annual growth rate of 36%. This was primarily on the back of a strong first quarter of FY23, when various schemes and promotions were

There is a need for urgent policy interventions in the absence of which, sales may start dipping this fiscal year," said Vinod Giri, director general, CIABC.

While most states saw an increase in sales, Uttar Pradesh, Uttarakhand and

poor performer. It has either had flat or negative growth in the last seven quarters since the second quarter of FY22. CIABC said it could be due to high consumer prices, and possible infiltration from neighbouring states. The state has taken steps to reduce prices, which may have a positive impact on liquor sales.

Punjab led the growth charts with a 54% increase over last year possibly due to positive effects of the new excise policy, where the IMFL segment was historically very sluggish and insignificant in terms of volumes, when compared to neighbouring states such as Himachal Pradesh and Uttarakhand.

According to the CIABC, imported brands, including those bottled in India categories, grew 35% over FY22 to around 9.5 million cases. Of this, scotch whiskies accounted for a little over 8 million cases. The bottled-in-origin (BIO) category for alcohol is bottled where it was produced, while bottled in India, or BII, refers bulk imports that are bottled in India. "Free trade agreements, especially the one with the UK, will have a bearing on India's premium whisky segment. Scotch whiskies are now not only big at 8 million cases per annum of sales, but are also growing at 40% year-on-year. The extent of concessions given under the FTA will determine the extent of the impact the Indian premium whisky sector will take," added Giri.

The premiumization trend, too, continued with higher-priced segments growing faster than the rest, and share of brands above ₹500 per 750ml bottle is now at 20%, or one percentage point over the previous year. The ₹1,000-plus price segment is dominated by imported products, but the share of Indian products in this segment rose from 18% in FY22 to 20% in FY23, indicating faster growth for Indian products, compared to imported products.

BACK ON TRACK

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launched to clear the existing stock in anticipation of the impending changes to the excise policy. In the first quarter, the city saw 250% sales growth, but the subsequent three quarters witnessed neutral or negative sales trends.

"Sales growth (in Delhi) is trending downwards, reaching a negative range.

Telangana's sales declined 6%, 1% and 3%, respectively. In fact, sales of the two northern states fell in all four quarters. "In Uttar Pradesh, traditionally country liquor sells more, and the slowdown in IMFL this time has got masked by that category," added Giri.

Telangana has also been a consistent