

CIABC seeks price revision for alcoholic drinks amid soaring production cost

Consider ₹100 – ₹200 per case for Indian Made Foreign Liquor and five per cent hike for wine products, says industry

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HYDERABAD

THE Confederation of Indian Alcoholic Beverage Companies (CIABC), an apex body of the Indian alcoholic beverage industry, has urged the Telangana state government to permit supply price revision for alcoholic beverages, citing inflationary pressures and absence of a regular annual price review mechanism.

While the beer industry has already received approval for a price hike, spirit and wine manufacturers are looking forward to receive similar relief. Anant S Iyer, Director General, CIABC, said: "Since the last price revision in May 2023, the industry has witnessed a substantial rise in input costs, including Extra Neutral Alcohol (ENA), malt spirit, packaging materials, labour, transportation, and



Anant S Iyer

other services."

The industry association has submitted a proposal to the Telangana government for WPI-linked price escalation to allow systematic, inflation-based adjustments. "The entire IMFL industry seeks a kind consideration of price revision request of Rs 100 – Rs 200 per case for Indian Made Foreign Liquor (IMFL) and five per cent hike for wine products.

This would translate to a modest increase of just Rs 2.50 to Rs 5 per 180 ml bottle," he added.

Currently, the government retains over 70 per cent of the Maximum Retail Price (MRP) of alcoholic beverages. In contrast, manufacturers receive only 12-15 per cent, and retailers about 15 – 18 per cent. While the government income goes up, supplier companies have to absorb the cost escalation in absence of an annual review mechanism, Iyer pointed out. Speaking further on tax burden and impact of being under GST exclusion, he said, "The alcoholic beverage sector remains outside the scope of GST, preventing companies from claiming Input Tax Credit (ITC) on GST paid for raw materials. This exclusion results in an additional 3 – 5 per cent increase in production costs."