

Indian Alcoholic Beverage Industry seeks price revision amid soaring production costs

telanganatoday.com/indian-alcoholic-beverage-industry-seeks-price-revision-amid-soaring-production-costs

May 3, 2025

The industry association has submitted a proposal to the Telangana government for WPI-Linked Price Escalation to allow for systematic, inflation-based adjustments

By Telangana Today

Published Date - 3 May 2025, 08:45 PM



Representational Image

Hyderabad: Citing severe inflationary pressures and the absence of a regular annual price review mechanism, the Confederation of Indian Alcoholic Beverage Companies (CIABC) has urged the Telangana government to permit a supply price revision for alcoholic beverages.

According to CIABC Director General Anant S Iyer, there has been a sharp increase in production costs across the operational and manufacturing chain. 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 other services.

Also Read

[Beer price hike in Telangana sees popular brands get costlier: Check out latest prices](#)

The industry association has submitted a proposal to the Telangana government for WPI-Linked Price Escalation to allow for systematic, inflation-based adjustments.

“Currently, the revenue share disparity has hit severely the bottom line of the companies with the government taking interim tax increases inhibiting a stable organic growth. 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 said.

On tax burden and impact of industry 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”.

“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 5 per cent hike for wine products,” he said in a statement issued here adding that this would translate to a modest increase of just Rs 2.50 to Rs 5 per 180 ml bottle.