ISWAI

International Spirits &
Wines Association of India

JULY 2026

News Letter









INTERNATIONAL SPIRITS & WINES
ASSOCIATION OF INDIA

#NeverDrinkAndDrive

ISWAI
International Spirits &
Wines Association of India

From the CEO's Desk

Dear Readers,

The past quarter has been a period of significant policy activity for India's AlcoBev sector, reflecting the continued evolution of state excise frameworks across many states.

Among the most notable developments has been Karnataka's move towards an Alcohol-in-Beverage (AIB) taxation framework, which links excise duties to alcohol content rather than beverage volume. While the reform aims to rationalize taxation and improve pricing competitiveness, it has also sparked important discussions on category neutrality and market balance.

As policymakers evaluate such frameworks, it is important that decisions remain evidence-based and consider their broader impact on consumer behaviour, state revenues, market competition, and public policy objectives. The focus should remain on promoting moderation and responsible consumption rather than creating unintended category preferences or perceptions around relative product safety.

In light of these developments, it is important that states continue on a progressive and category-neutral policy path. Taxation frameworks that disproportionately favour specific beverage categories based primarily on ABV warrant careful consideration, as they may unintentionally influence consumer behaviour by lowering entry price points and creating perceptions that certain categories are inherently safer or more socially acceptable.

As regulatory frameworks evolve, there is an opportunity to enhance consumer choice while ensuring a level playing field across all beverage categories. Policy reforms should be guided by the principles of moderation, consumer protection, revenue stability, and sustainable industry growth-delivering balanced outcomes for consumers, governments, and industry stakeholders alike.

Herein, ISWAI remains committed to advancing responsible consumption through its guiding principle of **"Drink Better, Not More."**

We will continue to engage constructively with policymakers and stakeholders to support a balanced, progressive, and consumer-centric regulatory environment. Please share suggestions to me at **mail@iswai.in.**

Sanjit Padhi

ISWAI
International Spirits &
Wines Association of India

TABLE OF CONTENT

1 State Update 1–5

- Andhra Pradesh
- Assam
- Karnataka
- Leh-Ladakh
- Odisha
- Tamil Nadu
- Telangana

ISWAI
International Spirits &
Wines Association of India

State Update

ANDHRA PRADESH

Following the transition to a private retail model, Andhra Pradesh's liquor market continues to demonstrate robust growth, supported by improved product availability and greater consumer choice across premium and mainstream segments. The state remains focused on strengthening excise revenues while ensuring efficient supply chain operations and regulatory compliance. Industry engagement continues on issues such as product registrations, approvals, and movement of key raw materials, including ENA. Premiumisation trends remain strong across IMFL, beer, and ready-to-drink (RTD) categories.

ASSAM

Assam Govt. notified Amendment to Assam Excise Rule 2026, (The Principle Rule) Accordingly,

In a significant move to secure revenue from Excise, Assam Excise department has transitioned to Minimum Guaranteed Revenue model (MGR). MGR to be fixed at the outlet level, (reference preceding year revenue). MGR targets are distributed into 4 quarters. Short fall in revenue of quarter can be adjusted during subsequent quarters. Penalty clauses are applicable in-case of non-fulfilment of MGR fixed. Department notified guidelines for a new category of alcohol, Assam Made Liquor. AML is to be made from ENA or Rectified Spirits as base at alcoholic strength of 17.12% v/v.

KARNATAKA

AIB taxation driving market transformation

Karnataka has introduced an Alcohol-in-Beverage (AIB) taxation framework that links excise duties to actual alcohol content rather than beverage volume. The new structure has enhanced the pricing competitiveness of premium spirits while reducing beer prices, contributing to increased consumer demand across segments. The reform is being viewed by industry stakeholders as a significant step towards tax rationalisation, market-driven pricing, and improved competitiveness within the region.

As discussions around similar Alcohol by Volume (ABV)-based taxation frameworks gain momentum in other states, it is important that such models are assessed through a balanced, evidence-based, and category-neutral lens. While the objective of aligning taxation with public policy goals is appreciated, policymakers must carefully evaluate the potential impact on consumer behaviour, state revenues, market dynamics, and responsible consumption outcomes.

A key consideration is the perception that lower-Alcohol by Volume (ABV) beverages are inherently less harmful than other alcohol categories. In practice, alcohol intake is determined by the quantity consumed rather than the beverage format, and standard servings across categories can contain comparable amounts of alcohol. Consequently, category-specific differentiation may not necessarily advance moderation objectives.

Industry stakeholders have also highlighted concerns that Alcohol by Volume (ABV)-focused taxation could unintentionally:

- Increase affordability and accessibility, particularly for younger or first-time consumers, leading to risks of underage drinking
- Encourage higher consumption per occasion through lower purchase thresholds
- Create perceptions that certain beverage categories are safer or more socially acceptable
- Increase overall drinking frequency and consumption occasions

As Karnataka continues its progressive policy journey, there is an opportunity to further strengthen a category-neutral regulatory framework that promotes moderation, consumer protection, revenue stability, and fair competition across all beverage categories. Stakeholders have also advocated for addressing existing regulatory gaps, including permitting the service of spirits alongside beer and wine in standalone restaurants, to create a more equitable consumer marketplace.

While the policy has only recently been implemented, its impact and outcomes are expected to become clearer after 3 months.

ISWAI
International Spirits &
Wines Association of India

LEH-LADAKH

The newly announced Leh–Ladakh Excise Policy marks a significant step towards creating a more transparent, regulated, and consumer-oriented alcobev ecosystem in the region. The policy introduces several progressive measures aimed at improving availability, simplifying licensing, and strengthening regulatory oversight.

Key highlights include:

- Expanded Retail Network: The number of authorised liquor outlets will increase from 2 to 20, addressing legitimate consumer demand while helping curb the underground bootlegging market.
- Legalisation of Hard Liquor Sales: Retail vends will now be permitted to sell hard liquor and Indian Made Foreign Liquor (IMFL), in addition to beer, wine, and ready-to-drink (RTD) low-alcohol beverages.
- Simplified Licensing Framework: Licensing requirements have been significantly streamlined. Hotels now require only a GST registration to obtain an excise licence, replacing the earlier requirement for Tourism Department registration and prior district administration approvals.
- Revised Fee Structure: The annual wholesale licence fee has been fixed at ₹5 lakh, while retail vend base prices have been set at ₹60 lakh for Leh municipal wards and ₹30 lakh for other regions. Retail profit margins have been capped at 10%.
- Enhanced Regulatory Measures: A uniform excise duty of ₹500 per LPL has been prescribed for IMFL brands. The policy also incorporates stricter enforcement provisions, including mandatory security holograms to prevent duty evasion and licence cancellation for overcharging, reinforcing transparency and consumer protection.
- Overall, the policy represents a progressive move towards a modern, well-regulated, and responsible alcobev framework that supports both tourism and formal market development.

ODISHA

The Odisha Excise Policy, notified in March 2026, introduced a significant shift in the state's regulatory framework by transitioning from the Minimum Guaranteed Quota (MGQ) model to the Minimum Guaranteed Excise Revenue (MGER) model.

During the same month, the Excise Department also notified the allocation of Foreign Liquor (FL) OFF shops and country liquor shops through a lottery system for outlets that had completed their five-year tenure. The lottery process which concluded in 1st week of June, witnessed an overwhelming response and resulted in a record-breaking collection of ₹840 crore through application fees-the highest revenue ever generated from Odisha's liquor shop allotment process.

The newly allotted retail outlets are scheduled to commence operations from July 2026.

TAMIL NADU

New levies and increased oversight

Tamil Nadu's alcobev sector is witnessing notable policy developments. TASMAC has introduced an additional levy at the manufacturing stage of ₹90 per IMFL case, ₹40 per beer case, and ₹20 per wine case, a move expected to generate significant additional revenue for the state. At the same time, the government has intensified efforts to address alleged leakages and unofficial collections within the TASMAC system and has reaffirmed its commitment to retaining state control over retail liquor sales. Industry stakeholders are closely monitoring the impact of these measures on supplier economics and future procurement practices.

ISWAI
International Spirits &
Wines Association of India

TELANGANA

The Telangana Government is continuing its review of liquor pricing for the 2026–27 excise year. A committee is assessing supplier procurement costs while also evaluating the potential impact of cross-border purchasing and smuggling if state prices become significantly higher than those in neighbouring markets. Industry stakeholders have highlighted rising input costs, including packaging, logistics, and raw materials, as key drivers for price revisions.

Potential retail price changes
Industry discussions suggest proposals for liquor and beer price increases, with revisions in the range of 10–15% being considered and higher increases possible in select premium segments. No formal notification has been issued so far.

Supplier payment concerns
Manufacturers supplying the state distribution system have raised concerns regarding payment practices, citing delayed settlement of outstanding invoices and the application of cash discounts on new payments, which could impact working capital cycles.

Regional competitive dynamics
Developments in neighbouring states, particularly Karnataka's transition to an Alcohol-in-Beverage (AIB) taxation system, are being closely monitored. The resulting price reductions in premium spirits and beer have implications for cross-border purchasing behaviour and market competitiveness.