

“The Liquor Market in Assam and Its Future Prospects”

(Review Paper)

Bijaya Kumar Nayak

Research scholar and management consultant

The lure of lucre from liquor has proven to be irresistible. Drinking and drink continues to be an integral part of the social elixir which can connect people and drive them apart. It can serve as a social lubricant, can provide entertainment, can facilitate relaxation, can provide pharmacological pleasure and can enhance the flavors of food. Alcohol is intimately intertwined in every aspect of all cultures and not to be underestimated is the important role it has served in enhancing the enjoyment and quality of life. The various cultures have regarded alcohol as the representation of happiness and the embodiment of auspiciousness, a source of inspiration, for hospitality and an antidote for fatigue since prehistoric times. For centuries, alcohol has played a significant role in religion, medicine, culture and always been an indispensable, integral element of all celebrations. Even today, birthdays, marriages, anniversaries, parties, holidays, business event or informal party, worship and religious events or any other occasion are typically celebrated with alcohol as a focal point, and moderate alcohol consumption is credited with reducing stress, producing euphoria and even enhancing certain cognitive performance. As a beverage it can facilitate relaxation process, increase the pleasure of eating, and enhance the enjoyment and quality of life. While alcoholic beverages are mainly associated with mood and behavior changes, health benefits have also been recognized. On the other hand, alcohol is regarded as one of the “four vices” or disasters.

Alcoholic beverages occupy a prominent place among branded consumer goods. The alcohol market generates huge profits through increase in productivity, distribution, sale and consumption of various alcoholic beverages and incurs huge loss and harm to the society. The annual sales generate substantial profits for producers, distributors and retailers generate and increases revenue for the national and state governments. The alcohol production market is concentrated in a small number of large companies. A handful of large companies control the market and their numbers have steadily shrunk during two decades of corporate mergers. Producers are the dominant power within the alcohol market. Producers, distributors, and retailers have distinct, sometimes conflicting, interests. The marketing of alcoholic beverages in India is just like 28 countries in the context of one because each state has its one policy and is at least 23 quite different markets of importance. It is a state-by-state not a national market. In practice, these are largely self-contained markets, with limited cross border sales, except by smuggling. Each state levies taxation on alcohol at its own determined rates and excise duties, and controls distribution channels in its own way. Taxes are levied, often at relatively high rates in relation to Indian prices, on all alcoholic products crossing the state borders. The result is that it is essential to have centers of production spread over the major states.

The consumption of alcoholic beverages is no longer a social taboo and consumed by all sections of society in Assam, be it rich or poor, young or old and male or female. As people are gradually emerging out of the cocoon of an orthodox and closed society to that of a more open and liberated one, statistical data portrays that more and more people specifically the youngsters find drinking no more a taboo. As more and more people travel overseas for business and pleasure, adopt new lifestyle patterns and yearn for the good things in life, domestic liquor consumption too has correspondingly increased. City dwellers still remain the major guzzlers, prices notwithstanding. Globalization has brought with it not just increasing prosperity, but a different drinking culture for which Assam is turning out to be an attractive territory, unexplored destination and considered as a lucrative market for alcoholic beverages. Further the state is surrounded by three prohibited states like Manipur, Mizoram and Nagaland and it is also bordering four wet states namely Arunachal Pradesh, Meghalaya, Tripura, West Bengal and two countries Bangladesh and Bhutan which makes an attractive business proposition for the liquor industry. In alcoholic beverages market of Assam most prominent segment of liquor consumed by the middle classes, is the Indian Made Foreign Liquor (IMFL), which covers most liquor, barring wine, beer and country liquor, and is available in glass or sometimes plastic bottles. Among all the available alcoholic beverages IMFL

has the highest market share thus making currently the most consumed branded alcoholic beverages and having commanding presence all over the state. As per the study conducted in the year 2011-2012, among all of the alcoholic beverage consumers, 80 per cent consume IMFL, 14 per cent consume beer, 5 per cent consume ready to drink alcoholic beverages and hardly 1 per cent consumes wine.

Alcoholic beverages are as important in Assam's economy from economic, political, social and agricultural points of view as the importance of revenue generation, employment generation and spending on social welfare activities. The liquor industry generates huge employment opportunities directly by itself and indirectly in advertising, agriculture, capital equipment, packaging, distribution (wholesale, Retail, bar, club, hotel, restaurants and cafeteria), transportation and shipping etc. Assam is identified as the largest market in North East India in terms of volume, value, government revenue and per capita consumption of alcoholic beverages. Its growth is rapidly increasing due to increase in production and distribution channels namely wholesale, retail, bar, pub, hotels, restaurants, evolving nightlife and consumer preferences.

Assam ranks as one of the largest alcoholic beverage markets across North East India is actually made up of four types of products mainly IMFL (distilled spirits), Beer, wine and country liquor (Indian Made Indian liquor). The good GDP growth and rising incomes are allowing consumers to upgrade not just from country liquor to IMFL, but also to better brands. Consumers are moving from a saving mindset to a spending mindset. The IMFL sales volume have increased by 14.4 times from 6.72 lakh cases in 1995-96 to 96.68 lakh cases in the year 2011-12 and forecasted to reach 151.08 lakh cases in 2015-16 in Assam. The sales volume of beer have increased by 9.4 times from 2.96 lakh cases to 27.94 lakh cases and forecasted to reach 41.49 lakh cases in 2015-16. The country liquor volume have also increased by 1.4 times from 77.15 lakh liters to 107.10 lakh litres since 1995-96 to 2011-12 even though the consumers have switched to low priced low strength IMFL products from this category. The average growth rate of 18.70% in sales volume of IMFL, 16.27% of beer and 2.69% of country liquor have been observed in the state during 1995-96 to 2011-12.

The economy of Assam is a fund scarce economy. Alcohol, an important industry in Assam, contributes a large amount of revenue for the government. The liquor industry has traditionally been a money-spinner for the government of Assam. This is the second largest source of a states' exchequer and excise department is the second largest revenue earning department of the government and charges multiple taxes on liquor, which is an important source of revenue for them. The government of Assam collects various excise and other taxes and fees for issuing of new and renewal of licenses for production, storage, distribution and sale of alcoholic beverages. It is seen from the study that the liquor industry is the second highest contributor of revenue to the state exchequer. It has been observed that the direct collection of excise taxes on alcoholic beverages are Rs.503.35 crore in 2011-12, Rs.568.11 crore in 2012-13 and forecasted to reach Rs. 763.72 crore by 2014-15. The bootlegging, smuggling and corruption are ripe in the alcoholic drinks industry but more crippling in the state's tax regime and liquor prohibition in some states have caused illegal liquor trade across states and also enormous loss of revenue for the industry as well as the states. It is very difficult to stamp out illegal inter-state smuggling of liquor.

Alcoholic beverages being the second highest consuming beverages next to tea and also the second highest in state tax earnings, no state government can afford to stop the marketing and sales of these beverages legally because of its contribution of revenue to state exchequer and also for "spurious", "seconds" and "thirds" type of illegal alcoholic beverages sale in the state. Internally, the alcoholic beverages industry is responding with efforts to influence consumer behavior by introducing new products, lower strength beverages, smaller-size packaging, encouraging active lifestyles, and looking into alternative, premixed and low alcoholic ready to drink varieties. The slumping economy, consumers' growing interest in "healthy living," and state and local policy initiatives to impose new taxes on alcoholic beverages are changing the landscape against which the alcoholic beverages industry operates, pushing the industry to summon a nearly unrivaled level of resources, coordination, and strategy. Considering that alcohol still has a social taboo attached to it, it may seem paradoxical that the liquor market is growing rapidly in Assam. Like all businesses, the industry faced teething troubles like poor storage and transport facilities, lack of promotional activities and unfavorable rules for domestic marketing. However displaying exceptional determination, the alcoholic beverages industry grew from strength to strength improving their product and made a mark in the economy as well.