

Addressing Affordability, Access and Advertising of Alcohol in India: Public Health Perspective

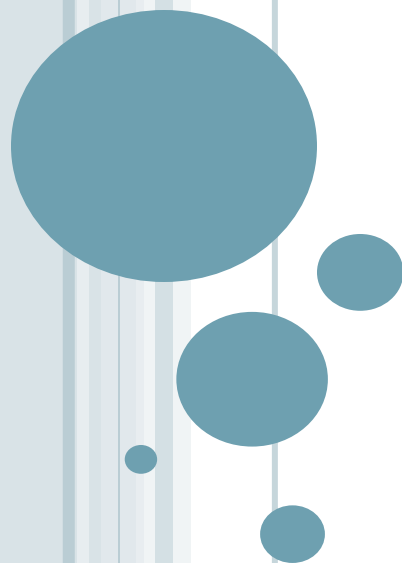


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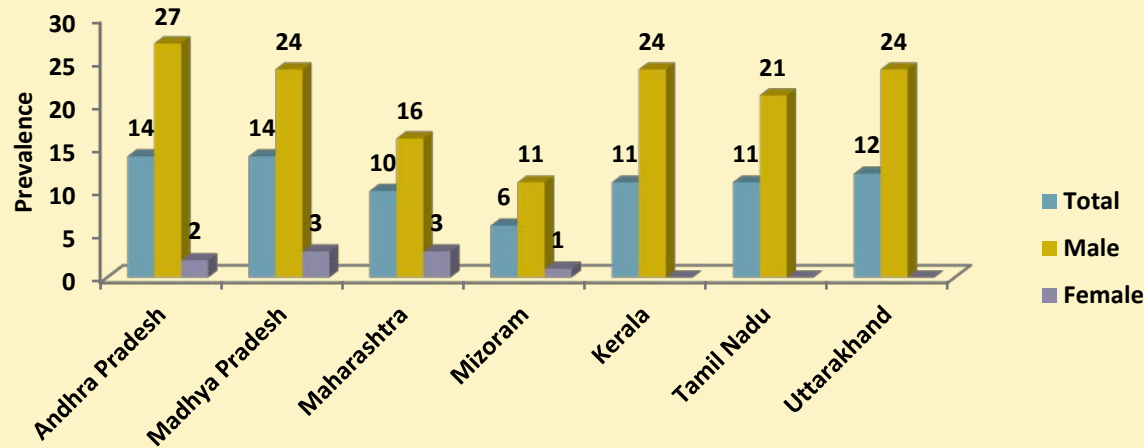
9th October 2013

Background



Prevalence of alcohol use in India

Alcohol Consumption (%) in last 30 days (15-64 years)

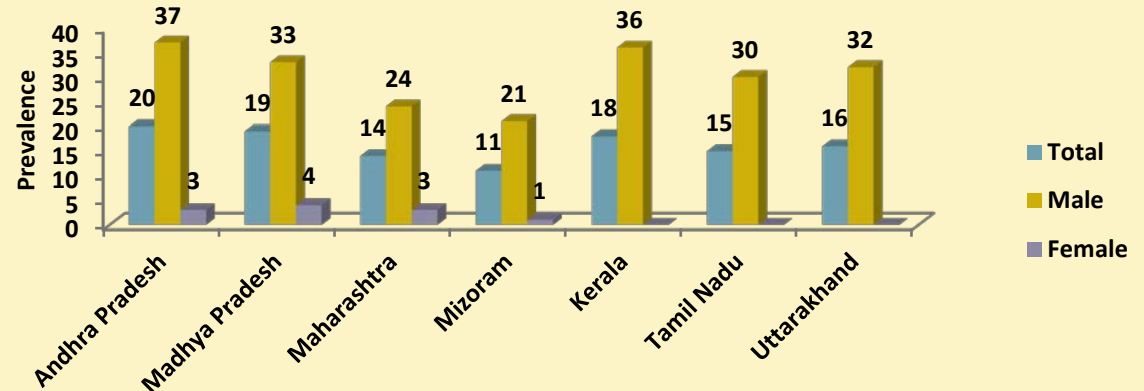


- IDSP-NCD Risk Factor Survey (2007-08)
- Phase I-7 states
- Household and individual level data
- ~ 5000 households surveyed
- Age group 15-65 years

- Overall, alcohol consumption lowest in Mizoram and highest in Andhra Pradesh and Madhya Pradesh
- Consumption several fold lower among females vs. males

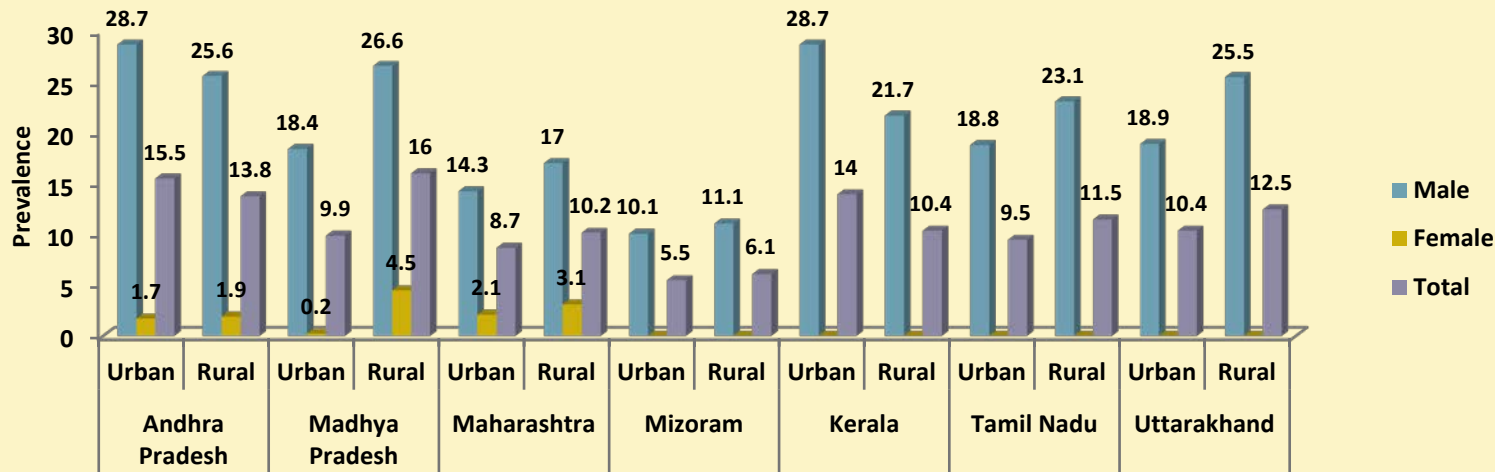
(MoHFW, 2009)

Alcohol Consumption (%) in last 12 months (15-64 years)



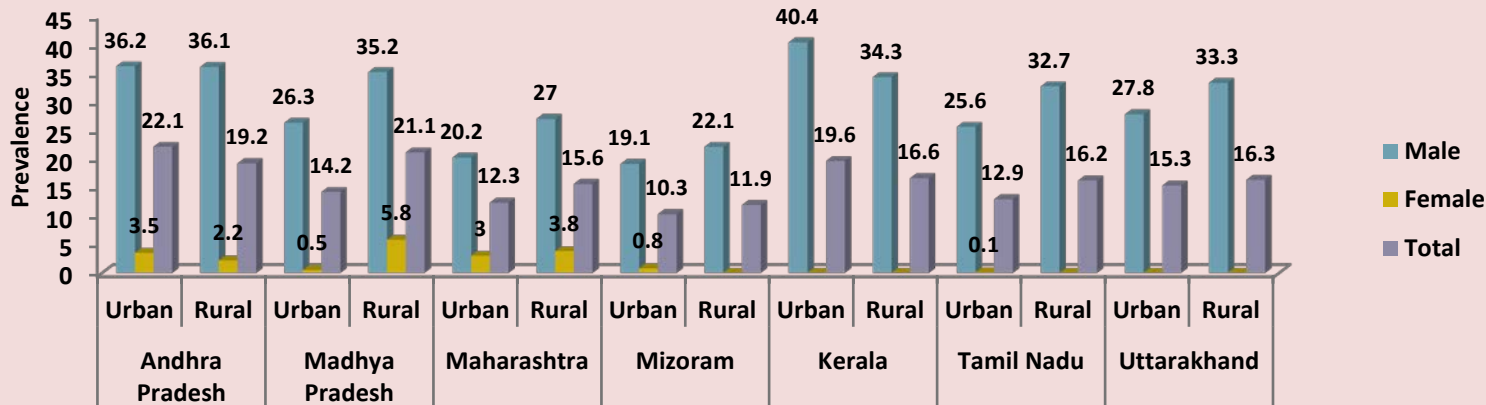
Alcohol use by place of residence

Alcohol Consumption (%) in last 30 days (Urban/Rural comparison)



- Except Andhra Pradesh and Kerala, the prevalence of alcohol consumption is higher in rural India vs. urban India.

Alcohol Consumption (%) in last 12 months (Urban/Rural comparison)



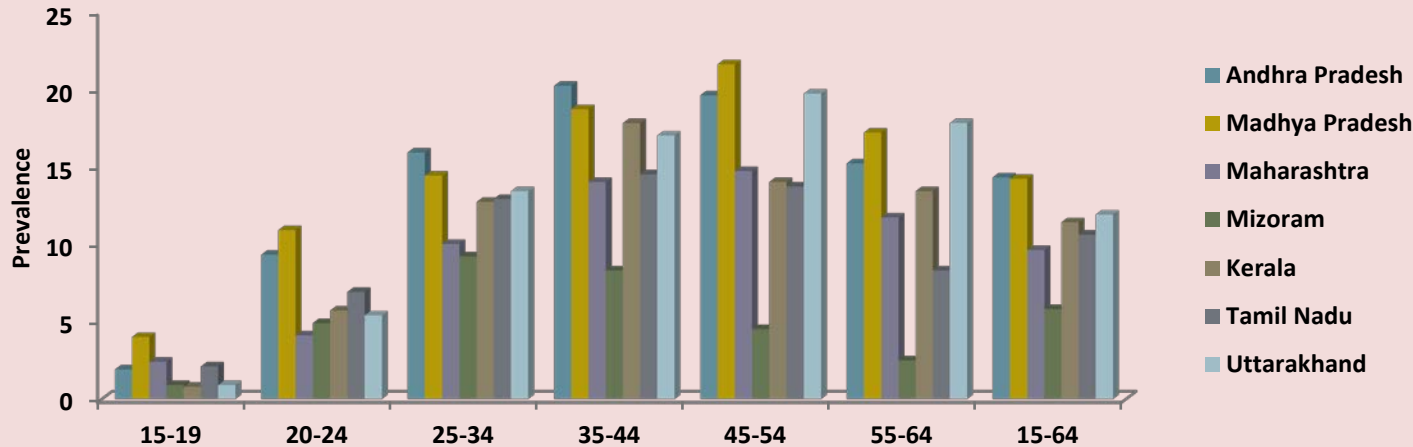
- Similar findings were observed for last 30 days and last 1 year and among males

(MoHFW, 2009)



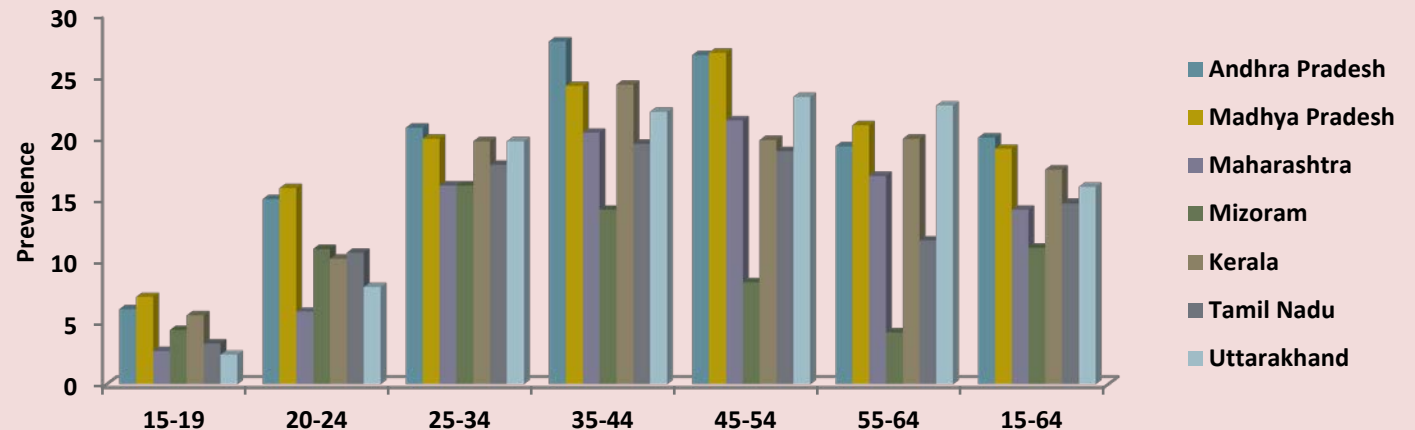
Alcohol use by age group

Alcohol consumption (%) by age group (last 30 days)



- Overall, alcohol consumption is highest in the 35-54 year age group (in last 30 days as well as last 1 year)

Alcohol consumption (%) by age group (last 12 months)



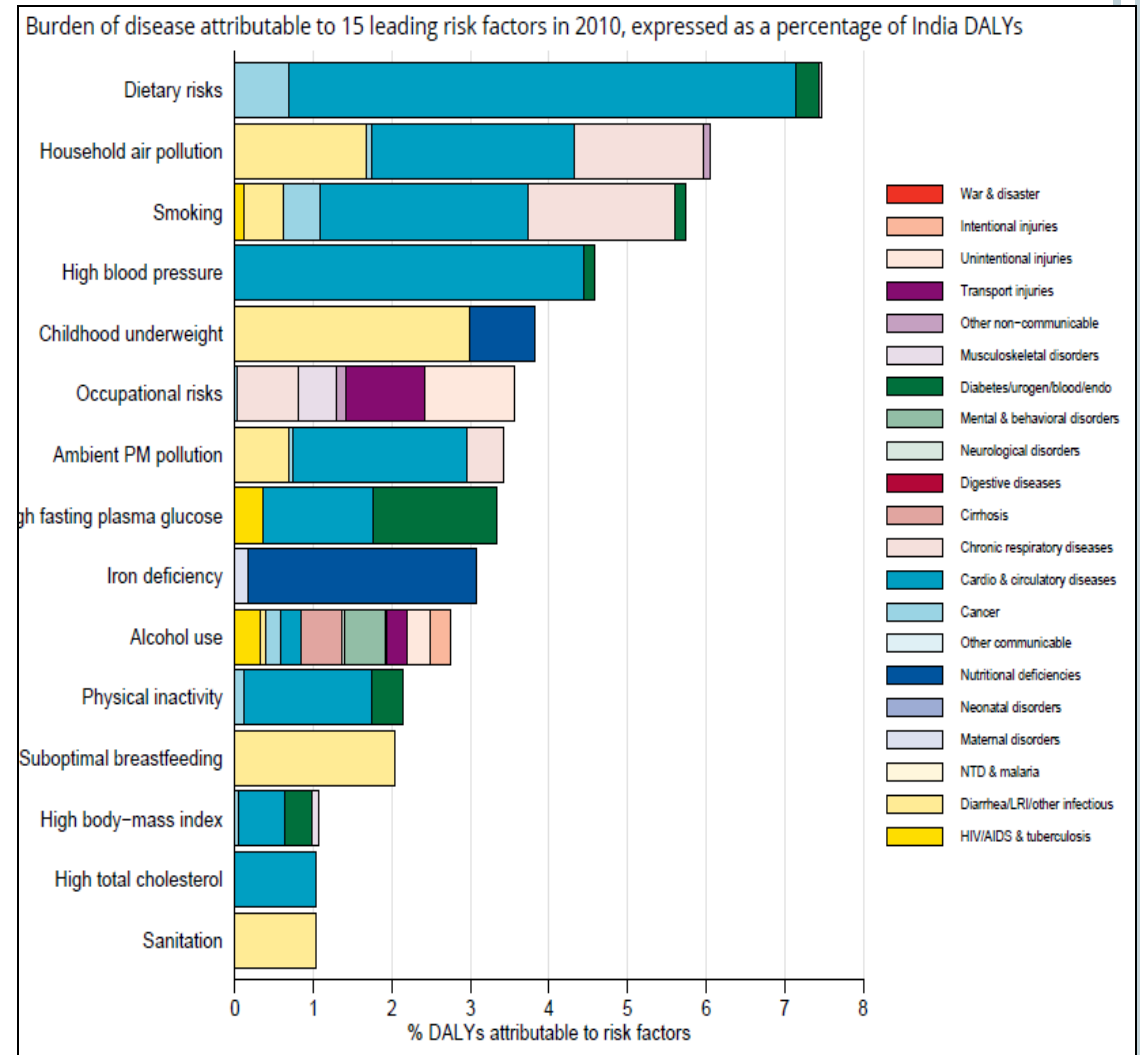
- Overall, alcohol consumption is lowest in the 15-19 year age group.
- Across all age groups, the prevalence is highest in AP and MP (except 55-64 age group)

(MoHFW, 2009)

Burden of alcohol use in India

- Alcohol is the third leading risk factor for Global Burden of Disease leading to 5.5% of DALYs.
- In South Asia it is the eighth leading risk factor and in India, it is the tenth leading risk factor for Burden of Disease
- In India, alcohol is responsible for about 2.8% of DALYs primarily due to injuries, mental disorders and cirrhosis of liver

(GBD, 2010; Lim et al., 2013)



Ongoing Research

Project Title: Studying Alcohol Pricing & Taxation Policies in India

Being conducted by Public Health Foundation of India, in technical collaboration with Health Action Partnership International and the School of Health and Related Research (SchARR) at the University of Sheffield, UK

General objective

- To study trends in alcohol taxation and pricing policies in India and analyze their linkages with patterns of expenditure on alcohol and its consumption over 12 years (from 2001 to 2013) and use generated knowledge towards advocating for policies that can reduce alcohol misuse.

Specific Objectives

- Explore, collate and validate all data resources related to alcohol consumption, expenditure, sales, taxation and pricing that is available in India.
- Estimate beverage-specific price elasticities for alcohol using this data and explore differences in price elasticities between rural and urban populations.
- Develop an empirical pricing and taxation strategy for effective alcohol-control in collaboration with the global experts based on findings from above objective.
- Transfer of the knowledge generated by research to policymakers and key stakeholders in India as well as in other LMICs including South East Asian countries to garner political support and prioritize evidence-based alcohol control on this development agenda.

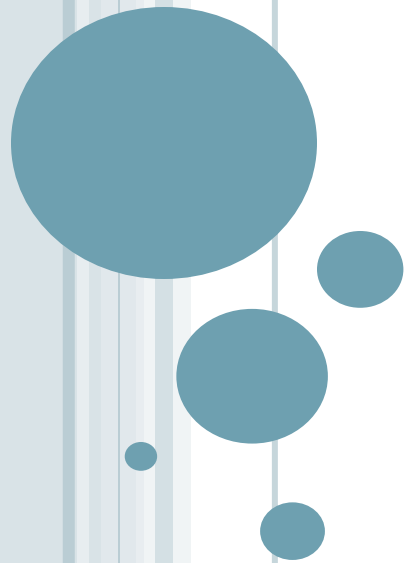
Funding agency: *This research is being carried out with the aid of a grant from the International Development Research Centre, Ottawa, Canada.*

METHODS – CONCEPTUAL FRAMEWORK

- The research will study the association (price elasticity) between beverage specific household-level alcohol consumption (to be defined as a standardized measure based on data collected) and expenditure (defined as Rupees spent per 30 days) as the dependent variables and state-level rates of alcohol taxation and household-level price paid per liter of ethanol as the main explanatory variables.
- This will be adjusted for level of state regulatory mechanisms, state per capita GDP, household income, number of adults/children in the household etc.
- Apart from different beverage types, models will be fitted separately for the overall population, people living in urban and rural areas, further split by alcohol consumption and expenditure.
- The study findings will be used for evidence based advocacy and influencing policies.



Results



Alcohol policy in India

- In India, **complete prohibition** of alcohol is entrusted in the National Constitution.
- However, alcohol policy in India is a **State subject**.
- Ministry of Social Justice and Empowerment (MoSJE)- Alcohol use prevention programmes, capacity building , rehabilitative support for alcohol use victims
Ministry of Health and Family Welfare (MoHFW) - runs de-addiction centers
- Alcohol is regulated by State Excise policies which cover multi-dimensional issues of alcohol control i.e. possession, production, manufacture, selling, buying, and transport of liquor.
- There are three types of alcohol policies in India
 - **Total prohibition** of production and consumption (Gujarat, Manipur, Mizoram, Nagaland and Union Territory of Lakshadweep)
 - **Partial prohibition** of some kinds of liquor (e.g. ban on production and consumption of arrack in Tamil Nadu, Kerala, Andhra Pradesh, Karnataka and Uttar Pradesh)
 - **Imposition of dry days** where sale of alcohol is prohibited throughout the country on that day
- State specific legislations on these three kinds of regulatory policies are broadly similar and these legislations focus on penalizing producers rather than consumers.

State Licensing and Monopolies

- A key supply reduction measure under the State excise policies is the State control over sale of alcohol.
- The sale of alcohol in India is structured through either of the following
 - the *State Monopolies* (e.g. in Tamil Nadu through the Tamil Nadu State Marketing Corporation Ltd. [TASMAC]; in Kerala through the Kerala State Beverages Corporation [KSBC])
 - *State licensed outlets* for sale and consumption (e.g. in Delhi and other states/UTs).
- Key role
 - Procurement, sale and distribution of liquor in the state (particularly IMFL)
 - Quality/price/taxation control
 - Control illegal alcohol sale/shops
 - Customer protection



Alcohol Tax/Revenue

- Alcohol taxes comprise the second major revenue-source for a majority of state governments after sales tax .
- Alcohol taxes comprise 90% of the state excise duties.
- Individual states have demonstrated disparities in terms of revenue collected.
- Alcohol treated as revenue generating commodity
- A public health perspective with regard to alcohol policies is missing.

Sl No	State	2005-06	% of total Revenue	2006-07	% of total Revenue
1	Uttaranchal	357.97	19.4	400.94	19.4
2	Punjab	1,499.00	17.4	1,682.44	16.6
3	Karnataka	3,347.72	17.2	4,060.34	18.0
4	Uttar Pradesh	3,223.40	16.3	3,650.00	15.5
5	Rajasthan	1,508.00	15.5	1,600.00	14.6
6	Chattisgarh	600.01	14.6	660.01	13.8
7	Madhya Pradesh	1,300.00	14.6	1,430.00	14.3
8	Andhra Pradesh	2,851.18	14.4	3,250.00	13.7
9	Tamil Nadu	3,012.14	13.6	3,637.26	13.6
10	Haryana	1,135.00	13.3	1,200.00	12.5
11	Delhi	925.00	11.6	975.00	11.0
12	Orissa	400.00	8.7	490.00	9.6
13	Bihar	335.00	8.5	400.00	8.8
14	Kerala	839.76	8.2	944.73	8.1
15	Maharashtra	2,850.00	7.6	3,100.00	7.5
16	West Bengal	755.51	6.8	869.95	6.8
	Total	26,052.19	11.6	29,533.48	11.5

(Damodar, 2007 cited in Gururaj et al., 2011)

SALE PATTERNS IN INDIA FOR ALCOHOLIC BEVERAGES

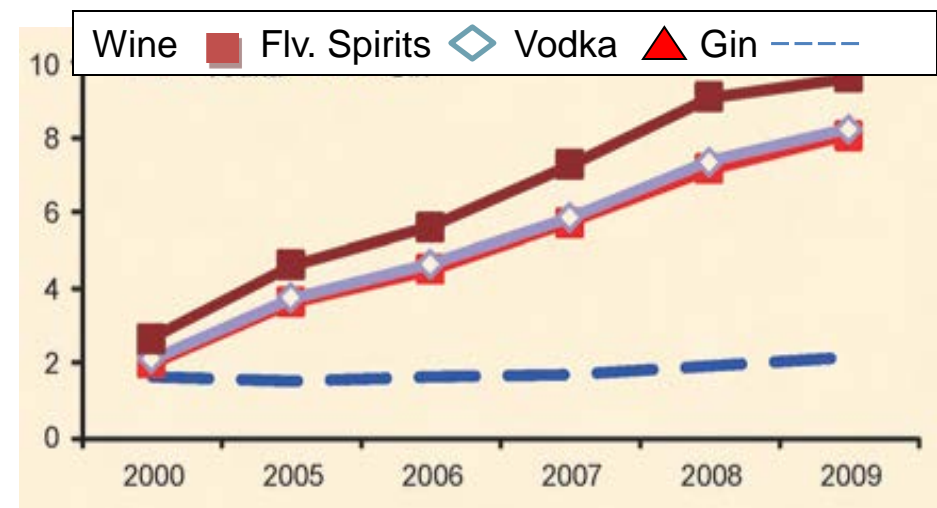
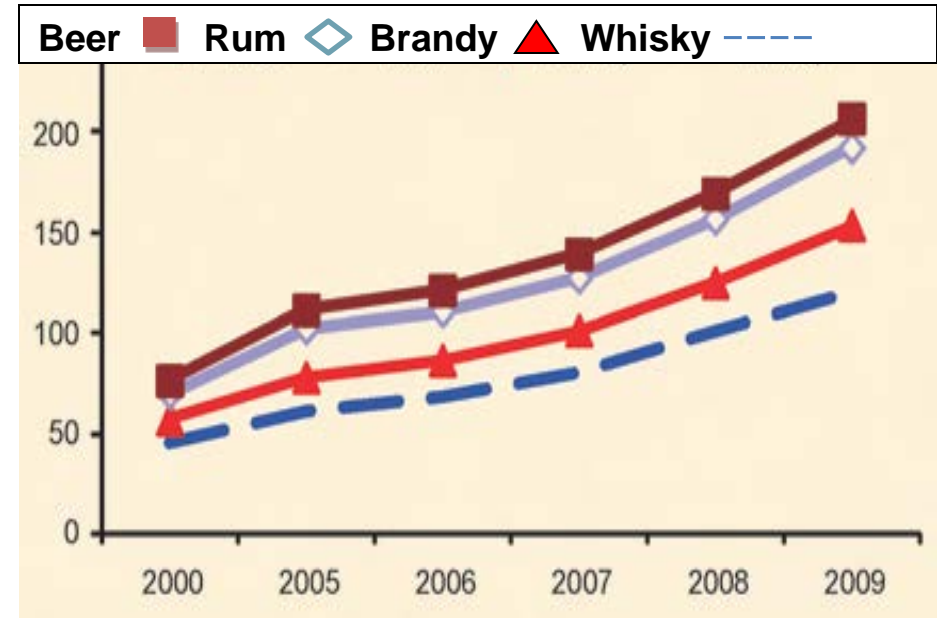
- Sales of alcohol increased by nearly 3 times from 72,000 litre cases in 2000 to 200 million litre cases by 2009.

- Two distinct patterns can be seen within this increase:

- Sales of beer and spirits increased (a compounded growth rate of 12.1% during 2000 – 2009);

- White spirits like vodka, has increased four-fold (2000 – 8000 litre cases)

International Wine and Spirits Record (IWSR, 2010)



TYPES OF TAX ON ALCOHOL IN INDIA

- **The taxation on alcohol is generally levied under five heads:**
 - ❖ **Excise duty**
 - ❖ **Sales Tax/VAT**
 - ❖ **License fee (License fee is charged at Manufacture, retail and wholesale separately)**
 - ❖ **brand/ Label registration fee (to be paid by Manufacturer)**
 - ❖ **import/export fees, including transport fee/special fee.**
- **Excise duty and VAT constitute most important tax components in the retail price.**
- **Taxation Method (levied per bulk liter or proof liter) and rate varies by alcohol type and by state**



STATE ANALYSIS- TAMIL NADU

- Tamil Nadu -India's largest market for IMFL, monthly sales of 42 lakh cases (42million cases) and growing at more than 12% by volume.
- Revenue earned from sale- Rupees 21680.67 cores (3.5 billion USD) in 2012-13, 14% revenue growth since 2004-05.
- In 2012-13, Rupees 5 crore (800000 USD) sanctioned for conducting Awareness Campaigns on ill effects of alcohol consumption and various de-addiction programmes among 35 districts in the state.
- No increase in prices of alcoholic beverages (from 1995-2013).
- Tremendous increase in sale of alcohol (from 1995-2013).
- 6800 licensed retail outlets run by TASMAL out of which 4500 have attached bars in them.



Key Alcohol Companies in India-Products and Prices

Company	Type	Category	Products	Price Range (INR)*	Equivalent USD #
Globus Spirits Ltd.	Country Liquor	Economy	Nimboo, Narangi, Heer Ranjha etc.	70-100/750 ml	1.2-1.7/750 ml
	Whisky/Rum/Gin	Regular	County Club, Hannibal, White Lace	180-250/750 ml	3-4.2/750 ml
	Brandy	Semi-Premium	French Castle	250-500/750 ml	4.2-8.4/750 ml
	Imported Blends	Premium	-	>500/750ml	>8.4/750 ml

* Alcohol prices in India vary from State to state. Presented estimates are approximate prices from company sources

Equivalent USD conversion rate as on July 1, 2013

(IS Advisors, 2013, Alcoholic beverages industry in India (2013-15). In High Spirits....)

Key Alcohol Companies in India-Products and Prices

Company	Type	Category	Products	Price Range (INR)*	Equivalent USD #
Radico Khaitan Ltd.	Whisky, Rum, Brandy, Vodka, Gin	Regular	8 PM, Contessa, Old Admiral etc.	225-275/750 ml	3.8-4.6/750 ml
	Whisky, Rum, Brandy	Deluxe	Whytehall, Contessa White, 8 PM Excellency	275-350/750 ml	4.6-5.9/750 ml
	Brandy, Vodka	Semi-Premium	Magic Moments, Napoleon	350-450/750 ml	5.9-7.5/750 ml
	Whisky	Premium	After Dark	450-550/750 ml	7.5-9.2/750 ml
	Brandy, Vodka	Super Premium	Florence Morpheus, Verve	>550/750 ml	>9.2/750 ml

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Key Alcohol Companies in India-Products and Prices

Company	Type	Category	Products	Price Range (INR)*	Equivalent USD #
United Spirits Ltd.	Scotch Whisky	Premium	Black Dog, Whyte and Mackay, 100 pipers	>1000/750 ml	>16.7/750 ml
	Whisky	Prestige	McDowell's No. 1, Royal Stag	~400-700/750 ml	~6.7-11.7/750 ml
	Whisky	Regular	Officer's Choice, Bagpiper	~200-300/750 ml	~3.3-5/750 ml
	Rum	-	Old Monk, Celebration	~200-400/750 ml	~3.3-6.7/750 ml
	Vodka	-	Romanov, White mischief, Vladivar	~200-600/750 ml	~3.3-10/750 ml
	Brandy	-	Honey Bee, McDowell'so. 1	~200-300/750 ml	~3.3-5/750 ml

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Company	Type	Category	Products	Price Range (INR)*	Equivalent USD #
United Breweries Ltd.	Beer	Premium	Kingfisher Blue, London Pilsner, Kingfisher Ultra	70-90/650 ml	1.2-1.5/650 ml
		Strong	Kingfisher strong, Kingfisher red	60-80/650 ml	1-1.3/650 ml
		Mild	Kingfisher Premium	60-80/650 ml	1-1.3/650 ml

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• Other alcohol industries in India are:

- *Empee, Mohan Meakin, Tilaknagar Industries, Jagatjit Industries, Sab Miller*

Other features of the State Excise Policy

State Excise Policy	Features
<i>Ban on sale and alcohol consumption in public places</i>	All the Indian States and UTs have implemented this ban with penalties for violation varying from INR 200 to INR 50,000
<i>Licensing of days and hours of sale</i>	All States/UTs. Provision for closure of liquor shops generally on National Holidays, Election Days, Particular day(s) in week/month and other occasions of special considerations of National Solemnity, Public Order, Homage to National Figures, Fairs, Festivals or other frenzied situations or periods of tension.
<i>Minimum sale price</i>	Seventeen States and UTs have fixed minimum sale price to ensure uniformity, quality and prevent illegal sale.
<i>Restriction of outlet density</i>	No license-if the premise is located nearby an educational institution, place of worship, main bus stand, cremation, burial grounds, socio-economically backward colony, labor colony, nearby market place or established habitat. Observed by fourteen States

BAN ON SALE AND ALCOHOL CONSUMPTION IN PUBLIC PLACES



Other features of the State Excise Policy (contd.....)

State Excise Policy	Features
<i>Quota for retail sale/personnel limit</i>	This varies by the type of product and also the state. Most of the States observe this policy measure (e.g. up to 2 litres of alcohol can be brought by a person into India from a foreign country per visit).
<i>Minimum legal drinking age (MLDA)</i>	Different States in India have different MLDA prescribed for purchase and consumption of alcohol. In India, MLDA varies from 18-25 years. Maharashtra, Punjab, Chandigarh and Delhi are the states/UTs with maximum MLDA
<i>Health warnings on alcohol containers/bottles and security holograms for quality control</i>	Observed by fourteen states. Some only have warnings on IMFL liquor.
<i>Ban on advertising, promotion and sponsorship (including POS advertising)</i>	Complete ban in nine States with Delhi offering exception to foreign print media. POS advertising ban observed by 10 Indian states.

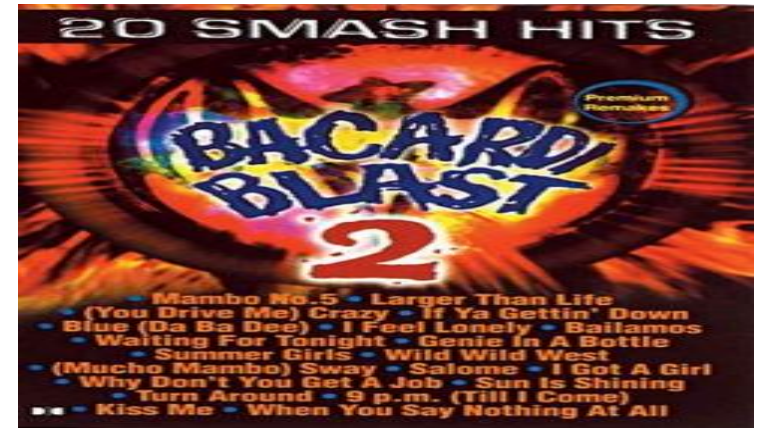
Alcohol advertising and promotion in India

- Cable Television Networks [Regulation] Amendment Bill, 2009 and section 6 of the ASCI [Advertising Standards Council of India] Code, prohibit direct, indirect/surrogate advertising /brand stretching by alcohol companies.

(MoIB, 2013; ASCI, 2013)

- Yet, surrogate advertising is rampant

- music CDs
- Sponsorship of events
- Sports/Music concerts
- Bollywood movies etc.





PUBLIC HEALTH FOUNDATION OF INDIA

Promotion of beer/alcohol brand at a reputed shopping mall in Delhi



*Beer is Brotherhood.
Stout is beautiful.*



*Beer is the 3rd largest consumed Beverage,
After water and Tea.*

Conclusion

- The lack of a **national alcohol policy** in India poses a huge challenge for public health professionals and advocates.
- Alcohol policy should not be centered on economic efficiency or corporate profitability; rather should be based on curbing alcohol consumption as a means of preventing a range of social and health problems and reducing the alcohol-related burden on society.
- Involvement of **multiple stakeholders** including the MoHFW and MoSJE in framing and effective implementation of alcohol control policies is vital.
- Need for **further research** on the impact of existing policies on alcohol consumption and trends therein.
- Need for **strict enforcement of ban on advertising and promotion** of alcohol including that on indirect/surrogate advertising/brand stretching.

