



**PAHLE INDIA FOUNDATION**  
FACILITATING POLICY CHANGE

**RESPONSIBLE DRINKING IN  
ANDHRA PRADESH - A SURVEY  
BASED STUDY**

**December 2021**

**Authors:**  
**Nirupama Soundararajan**  
**Arindam Goswami**



## Contents

List of Abbreviations .....	1
Executive Summary .....	2
1. Background to the Study .....	5
2. The Fine Line between Health and Revenue for State Governments in India.....	5
3. The Case of Andhra Pradesh.....	6
4. Rationale for the Study.....	7
5. Key Findings on Responsible Drinking.....	9
6. The Role of the Citizen in Responsible Drinking .....	10
7. Drinking Patterns of the Citizen .....	12
8. The Role of the Government and Industry in Promoting Responsible Drinking ...	16
9. Challenges Faced by the Citizens .....	17
10. Summary of Findings .....	18
11. Recommendations.....	19

## List of Tables

Table 1: Snapshot of Andhra Pradesh's State Finances .....	7
Table 2: A.P. Depot Sales, Years 2021 v/s 2020 .....	8

## List of Figures

Figure 1: 50% of Population Started Drinking Between the Age 21 and 24 .....	9
Figure 2: Drinking Regularly Continues for 5- 11 years Post Initiation.....	10
Figure 3: A Strong Need for Responsible Drinking Messages that Resonate Most with Citizens .....	10
Figure 4: Not Being in Control and Being a Public Nuisance are Key Drivers of Responsible Drinking .....	11
Figure 5: Preferred Locations for Drinking Messages to be Displayed in Public Transport/Places and Points of Sale .....	11
Figure 6: Reasons for Starting to Drink.....	12
Figure 7: Middle Income Group Consumes an Average of 9 Drinks Per Sitting at Pub/Clubs.....	13
Figure 8: Upper Middle Income Groups Consume 12 Drinks Per Sitting at Home....	13
Figure 9: Preferred Place of Drinking .....	14



Figure 10: Frequency of Consumption of Alcohol .....	14
Figure 11: Low Understanding of Personal Limit.....	15
Figure 12: Immediate Family Key Influencer to Reduce/Stop Drinking .....	15
Figure 13: 100% Believe that the Government’s Role in Responsible Drinking Should be to Provide Recognised Brands Across the State.....	16
Figure 14: More than 90% of Citizens Face Problems In Finding Desired Brands at Points of Sale.....	17
Figure 15: 100% of Citizens Do Not Get the Brand of Their Choice.....	18
Figure 16: 40% of Citizens Forced to Buy What is Available and 60% Forced to Find Other Sources.....	18



## List of Abbreviations

BE	Budget Expenditure
EoDB	Ease of Doing Business
INR	Indian Rupee
RE	Revenue Expenditure
SGST	State Goods and Services Tax
USD	United States Dollar
VAT	Value Added Tax
WHO	World Health Organization



## Executive Summary

### Introduction

The alcohol market in India is expected to grow at a compounded annualised growth rate of 9.1 per cent between 2021 and 2025. The total revenue generated from alcohol market amounts to approximately USD 44.3 billion. The average per capita consumption volume for India in 2021 is expected to be 8.32 litres annually. The five southern states of Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, and Kerala account for nearly 45 per cent to 50 per cent of total alcohol consumption in India.

The total revenue receipts from all states and union territories across India in 2019-20 was INR 1.6 trillion. Revised estimates for 2020-21 indicate this to be INR 1.7 trillion, a slight drop from the budgeted estimates of INR 1.9 trillion. For 2021-22, the budgeted estimates suggest that this revenue will increase to INR 2.1 trillion.

The main streams of revenue for states have been the State Goods and Services Tax (SGST), stamps and registration fees, sales taxes and value added tax (VAT), and state excise. The states have an obligation to strike a delicate balance between the social implication of alcohol and the economic contributions that the sector brings to state revenue.

### The Case of Andhra Pradesh

It was in 2019 that the first initial announcement around bringing in prohibition in Andhra Pradesh was made. However in 2020, this stance changed and the Chief Minister stated his intent to move from Nishedham (prohibition) to Niyantrana (restriction).

Andhra Pradesh's revenue from its budgeted estimates of INR 1.78 trillion in 2019-20 fell sharply to INR 1.11 trillion in actuals for the same year. At the same time, total expenditure has also been steadily climbing, largely owing to social sector expenditure. Revenues from stamp duty and from SGST have also shown marginal decline. It is only sales tax and VAT and excise revenues that have continued to increase or at the very least remained consistent.

The recent shift in the excise policy, moving from prohibition to restriction, is testament to the tight rope that state governments, including Andhra Pradesh, have had to walk. Even though the Andhra government has decreased the number of liquor outlets in the state and brought the entire liquor business under the government, the



excise department's data also suggests that compared to 2020, consumption value of alcohol across Andhra Pradesh has gone up by 36 per cent.

In lieu of these statistics, it seems evident that a reduction in consumption of alcohol cannot be brought about by out supply side measures. Instead, the need of the hour is probably to introduce the citizens to responsible drinking. Educating the citizens on responsible drinking will decidedly help the government to mitigate the negative impact of excessive drinking while ensuring that the government also earns revenue.

A survey of 3000 respondents was undertaken across five cities of Andhra Pradesh – Vishakapatnam (1230), Vijayawada (713), Guntur (449)m, Nellore (331), and Kurnool (277). The age group of the respondents was mostly between the age of 31 and 50 and were predominantly male respondents. There are three aspects to responsible drinking; the responsibility of the citizen, the responsibility of the industry, and the responsibility of the government.

## Key Findings

- The majority of the sample stated that they have not seen any messages around responsible drinking.
- Citizens want the focus of these messages to be around drinking sensibly.
- Citizens are keen to have responsible drinking messages to be visible in public places and in points of sale.
- Not being in control and being a public nuisance are key drivers of responsible drinking
- Immediate family are key influencers to reduce or stop drinking
- 100 per cent believe that the government's role in responsible drinking should be to provide recognised brands across the state
- 50 per cent of population started drinking between the ages 21 and 24 and they drink almost everyday
- Drinking regularly continues for 5- 11 years post initiation
- A 100 per cent of the sample stated that there is a change in their alcohol buying pattern over the last two years.
- Middle income group consumes an average of 9 drinks per sitting at pub/clubs and 12 at home
- Almost 100 per cent of the sample believed that there was an unavailability in reliable and recognised brands
- 90 per cent of the sample, their preferred brand of alcohol is no longer available in Andhra Pradesh and they have been forced to change their brand



- 34 per cent of the respondents stated that there is also a lack of surety on the genuineness and quality of the brands of alcohol that are being currently sold
- 32 per cent of the respondents also stated that there is price difference in the same brand and quantity of alcohol across outlets.
- 40 per cent of citizens forced to buy what is available and 60 per cent forced to find other sources

The citizens of Andhra Pradesh are not just keen to learn about responsible drinking but also keen to become a public nuisance. Not knowing one's limit and becoming a public nuisance are strong reasons for educating oneself on responsible drinking. Promoting responsible drinking in the state would be a better way of motivating behavioural changes in people when it comes to consumption of alcohol and also creating a more socially acceptable ecosystem.

### **Recommendations**

The government must ensure that it listens to the voices of its citizens and ensures that preferred brands of alcohol are made available, to reassure the citizens of the genuineness of alcohol and bring down the trade of illicit liquor.

The government, in consultation with industry, should create a campaign on responsible drinking that is visible ubiquitously including points of sale and consumption and public transport.

The government and industry should have more open discussions on the concept of responsible drinking and target the youth since 50 per cent of the citizens stated that they started drinking between the ages of 21 and 24.

Family members of consumers of alcohol are important influencers in driving responsible drinking and therefore responsible drinking messages must also be created to educate and inform this group.



## 1. Background to the Study

The alcohol market in India is expected to grow at a compounded annualised growth rate of 9.1 per cent between 2021 and 2025. The total revenue generated from alcohol market amounts to approximately USD 44.3 million, of which nearly USD 32 million comes from the spirits segment. This means that the per person revenue generated through alcohol consumption is almost USD 32 annually, a significant increase from USD 21 in 2012<sup>1</sup>.

The average per capita consumption volume for India in 2021 is expected to be 8.32 litres annually, an increase from 2.4 litres in 2005 and 5.7 litres in 2016<sup>2</sup>. The five southern states of Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, and Kerala account for nearly 45 per cent to 50 per cent of total alcohol consumption in India<sup>3</sup>. This has been a more or less consistent trend.

In India, an increase in alcohol consumption seems imminent, and this is for three reasons. First, this growth is expected to take place on the back of increase in alcohol consumption in urban centres in India. Second, the social taboo around drinking in urban centres has also reduced significantly. Third, a thriving tourism sector invariably fuels the growth in the hospitality sector, and therefore the alcohol sector too.

## 2. The Fine Line between Health and Revenue for State Governments in India

In 2019, Pahle India Foundation had undertaken a detailed study titled, “An Integrated Approach to Ease of Doing Business in India – A Case Study of Sugar, Alcohol Beverages, and Tourism.”<sup>4</sup> While the main objective of the study was to test the hypothesis that a sector wise approach to ease of doing business (EoDB) would be more beneficial to states, the study also looked at the EoDB for the alcohol manufacturing sector across ten states. The study also examined the economic contribution of the alcohol beverages sector towards state finances.

The total revenue receipts from all states and union territories across India in 2019-20 was INR 1.6 trillion. Revised estimates for 2020-21 indicate this to be INR 1.7 trillion,

---

<sup>1</sup> <https://www.statista.com/outlook/cmo/alcoholic-drinks/india>

<sup>2</sup> The Global Status Report on Alcohol and Health, WHO, 2018

<sup>3</sup> <https://www.ambrosiaindia.com/2021/02/4494/>

<sup>4</sup> [https://pahleindia.org/pdf/publication/Sectoral\\_Approach\\_to\\_Ease\\_of\\_Doing\\_Business.pdf](https://pahleindia.org/pdf/publication/Sectoral_Approach_to_Ease_of_Doing_Business.pdf)





a slight drop from the budgeted estimates of INR 1.9 trillion. For 2021-22, the budgeted estimates suggest that this revenue will increase to INR 2.1 trillion.

The main streams of revenue for states have been the State Goods and Services Tax (SGST), stamps and registration fees, sales taxes and value added tax (VAT), and state excise. Excise duties on alcohol sector have been used in the past as a means of funding both disaster relief measures and farm loan waivers<sup>5</sup>.

Hence state governments are almost caught in this conundrum when it comes to the alcohol beverages sector. While social taboos and impact of alcohol has made the sector one of the most regulated, state governments have also not been able to manage state revenues successfully in the absence of excise duties on alcohol sector. The states therefore have an obligation to strike a delicate balance between the social implication of alcohol and the economic contributions that the sector brings to state revenue.

### **3. The Case of Andhra Pradesh**

It was in 2019 that the first initial announcement around bringing in prohibition in Andhra Pradesh was made. Chief Minister YS Jagan Mohan Reddy as part of his election campaign had promised to bring in phased prohibition into the state by 2024. However in 2020, this stance changed and the Chief Minister stated his intent to move from Nishedham (prohibition) to Niyantrana (restriction). A quick look at the state's finance figures can explain this change in stance.

Andhra Pradesh's revenue from its budgeted estimates of INR 1.78 trillion in 2019-20 fell sharply to INR 1.11 trillion in actuals for the same year. While the revised estimates for 2020-21 show an increase in the value, the budgeted estimates for 2021-22 indicate a decrease in comparison (Table 1). At the same time, total expenditure has also been steadily climbing, largely owing to social sector expenditure. Revenues from stamp duty and from SGST have also shown marginal decline. It is only sales tax and VAT and excise revenues that have continued to increase or at the very least remained consistent.

---

<sup>5</sup> Ibid

**Table 1: Snapshot of Andhra Pradesh's State Finances**

Figures in INR trillion		2019-20	2019-20	2020-21	2020-21	2021-22
		BE	Accounts	BE	RE	BE
<b>Total Revenue</b>	1	1.78	1.11	1.61	1.81	1.77
<b>Stamps and Registration Fee</b>	2	0.066	0.0531	0.0633	0.056	0.08
<b>States Sales Tax/VAT</b>	3	0.2742	0.21	0.254	0.176	0.239
<b>State Excise</b>	4	0.0622	0.0691	0.07931	0.1157	0.15
<b>3+4</b>		0.3364	0.2791	0.33331	0.2917	0.389
<b>SGST</b>	5	0.27	0.2022	0.256	0.1887	0.31
<b>Total Expenditure</b>	6	1.81	1.37	1.8	1.52	1.82
<b>Social Services Expenditure</b>	7	0.9309	0.681	0.9529	0.677	0.8725
<b>Economic Expenditure</b>	8	0.4354	0.2413	0.3913	0.3674	0.4086
<b>Gross Fiscal Deficit to Gross State Domestic Product (in %)</b>	9		4.1		5.5	3.5

Source: Compiled from RBI's State Finance Reports

#### 4. Rationale for the Study

The recent shift in the excise policy, moving from prohibition to restriction, is testament to the tight rope that state governments, including Andhra Pradesh, have had to walk. Even though the Andhra government has decreased the number of liquor outlets in the state from 4380 to 2934, brought the entire liquor business under the government, and reduced the opening hours of these stores<sup>6</sup>, the government also noted that this has done little to discourage consumption of alcohol. Infact, it was noticed that illegal trade in alcohol had gone up<sup>7</sup>.

The excise department's data also suggests that compared to 2020, consumption value of alcohol across Andhra Pradesh has gone up by 36 per cent (Table 2).

<sup>6</sup> <https://indianexpress.com/article/india/coronavirus-andhra-shuts-more-liquor-shops-dy-cm-points-to-poll-promise-6421750/>

<sup>7</sup> <https://www.hindustantimes.com/andhra-pradesh/jagan-s-policy-of-phased-liquor-prohibition-goes-for-toss-prices-drop-to-prevent-smuggling/story-y1LLRMgqsLVbgS33FUzwqJ.html>



**Table 2: A.P. Depot Sales, Years 2021 v/s 2020**

	<b>Name</b>	<b>Grand Total:</b>
Indian Made Liquor Case Quantity	2021	1,64,34,728
	2020	1,07,39,764
	YoY Growth	53%
Beer Case Quantity	2021	50,20,381
	2020	29,18,006
	YoY Growth	72%
Indian Made Liquor Sale Value (in INR crores)	2021	14,850
	2020	11,099
	YoY Growth	34%
Beer Sale Value (in INR crores)	2021	1,203
	2020	713
	YoY Growth	69%
Total Sales (in INR crores)	2021	16,053
	2020	11,811
	YoY Growth	36%

Source: <https://excisehpfs.ap.gov.in/ap/index.php/depot/YearWiseDepotSales>

In lieu of these statistics, it seems evident that a reduction in consumption of alcohol cannot be brought about by out supply side measures. Instead, the need of the hour is probably to introduce the citizens to responsible drinking. Educating the citizens on responsible drinking will decidedly help the government to mitigate the negative impact of excessive drinking while ensuring that the government also earns revenue.

For this reason, and in continuation with our previous research, Pahle India Foundation, launched a study to understand awareness and attitudes on the topic of responsible drinking and what it means to the citizens of Andhra Pradesh. Similar studies have been carried out by other agencies in Telangana and Karnataka. It is our opinion and hypothesis that importance of driving responsible drinking and consumption of alcohol will have a wider and more effective impact of the citizens of Andhra Pradesh, than just mere supply side curbs.

A survey of 3000 respondents was undertaken across five cities of Andhra Pradesh – Vishakapatnam (1230), Vijayawada (713), Guntur (449)m, Nellore (331), and Kurnool (277). The age group of the respondents was mostly between the age of 31 and 50 and were predominantly male respondents. Most of them were engaged in businesses and 80 per cent of the sample fell in the monthly income bracket of INR 5,001 to INR 30,000.

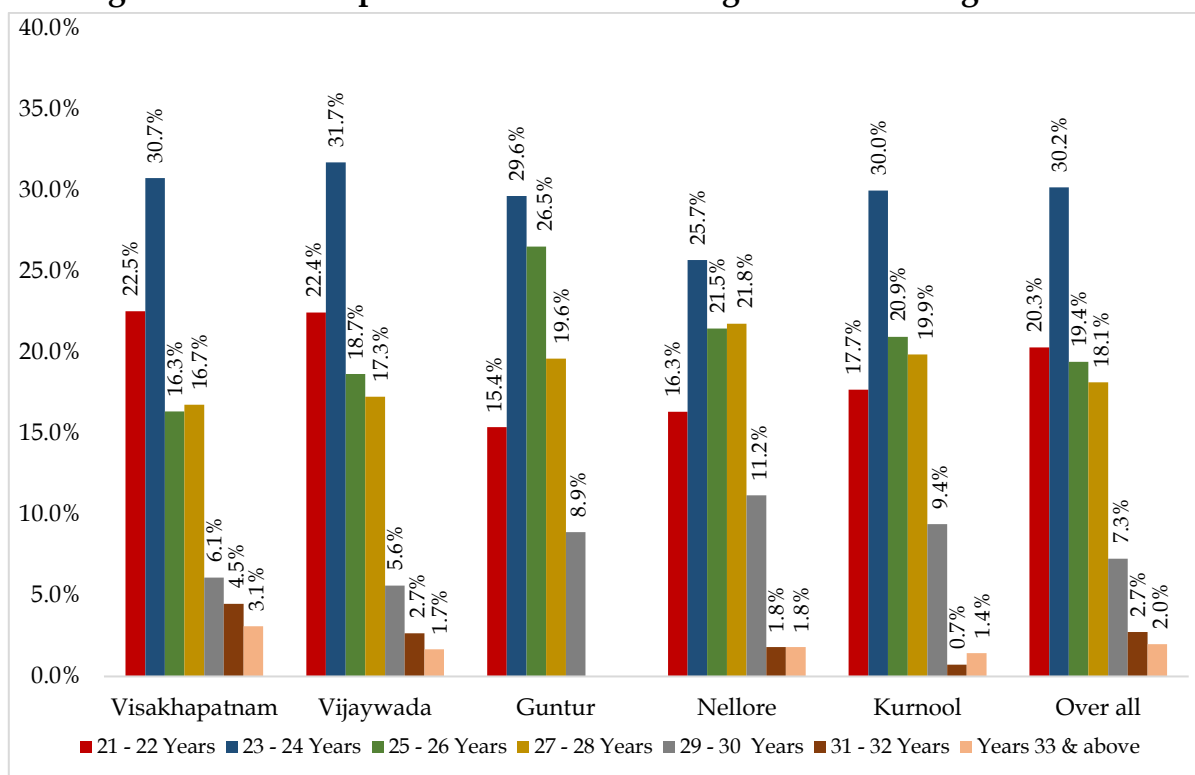


## 5. Key Findings on Responsible Drinking

There are three aspects to responsible drinking; the responsibility of the citizen, the responsibility of the industry, and the responsibility of the government. The sample of citizens were nearly equally divided on their knowledge of the concept of responsible drinking. The majority of the sample stated that they have not seen any messages around responsible drinking. Citizens want the focus of these messages to be around drinking sensibly. Citizens are keen to have responsible drinking messages to be visible in public places and in points of sale.

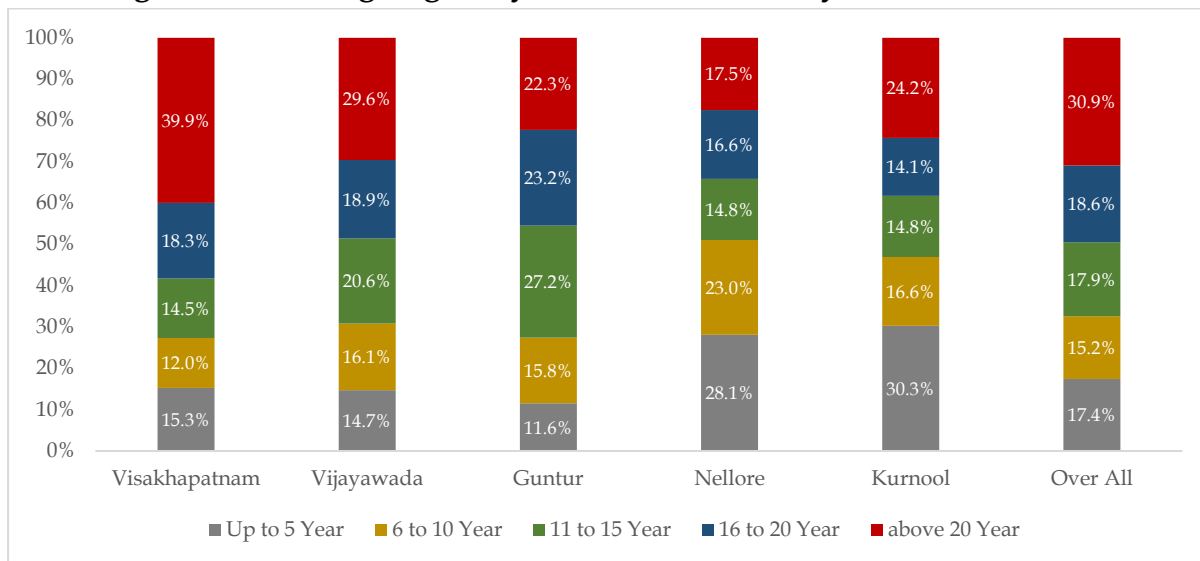
Citizens also have a very clear idea of what the role of the government should be in responsible drinking. COVID could have resulted in more people drinking at homes rather than at pubs. Of the total respondents, 30 per cent of the sample started drinking between the ages of 23-24 and 20 per cent of the sample between the ages of 21-22 and continue to drink anywhere between five to eleven years since their initiation. A 100 per cent of the sample stated that there is a change in their alcohol buying pattern over the last two years.

**Figure 1: 50% of Population Started Drinking Between the Age 21 and 24**





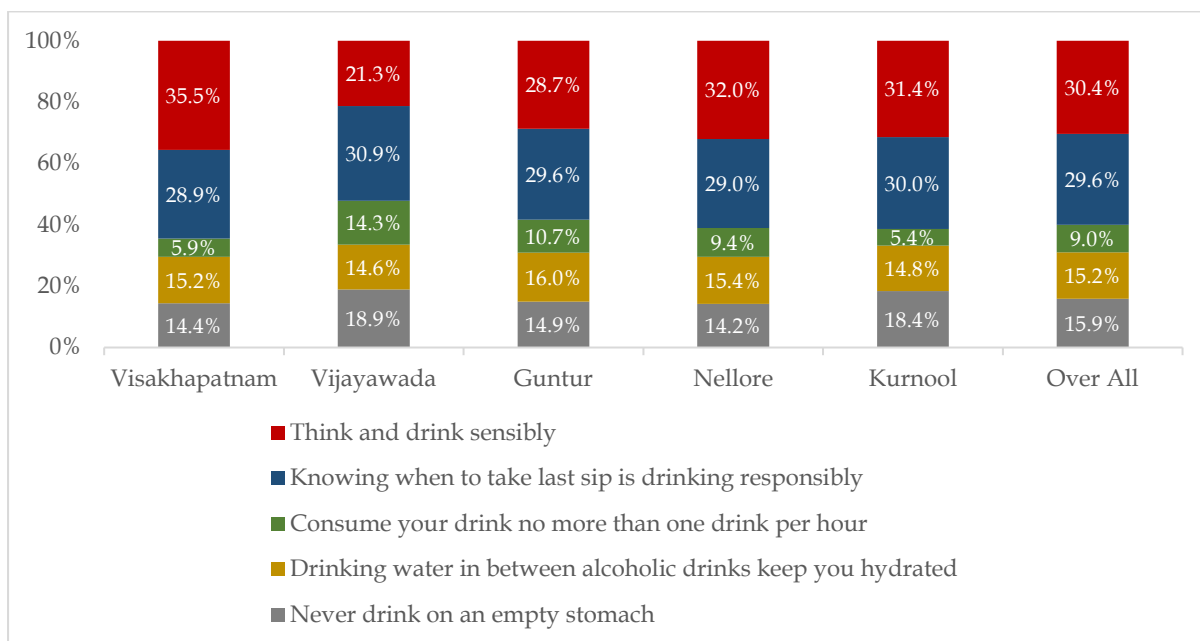
**Figure 2: Drinking Regularly Continues for 5- 11 years Post Initiation**



## 6. The Role of the Citizen in Responsible Drinking

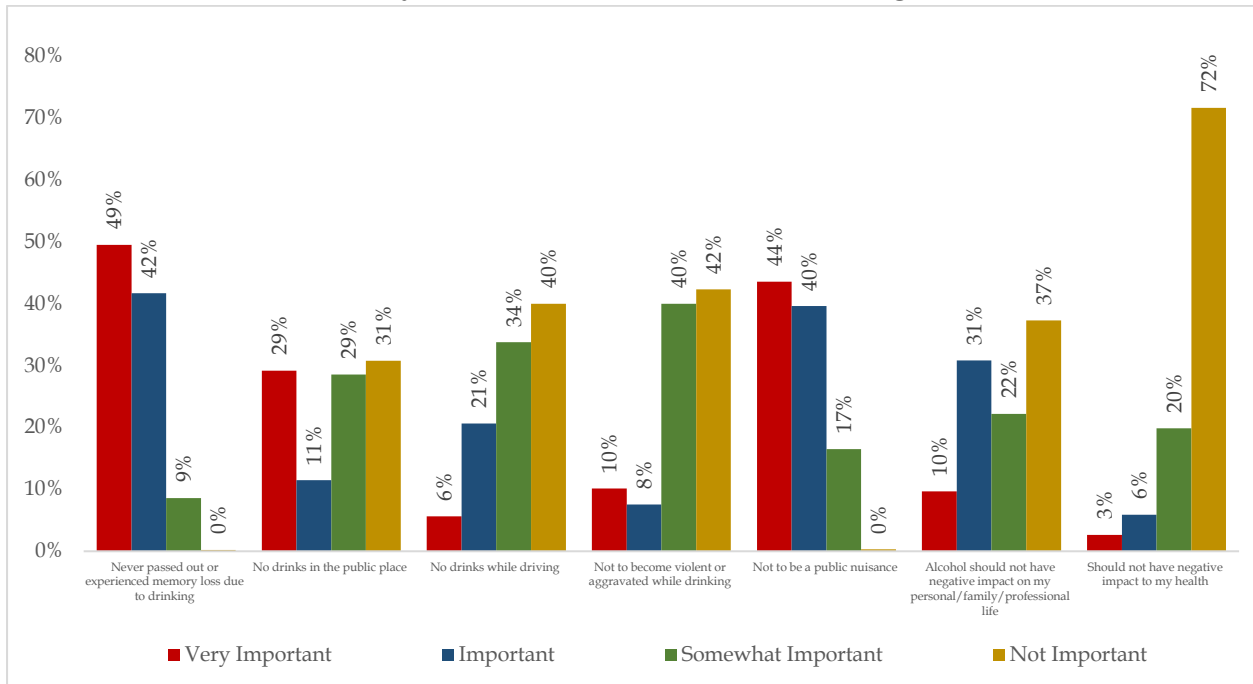
Even though citizens have not seen any visible signs or messages on responsible drinking, they are very open to these messages. They also understand the significance of these messages towards ensuring a safer and more socially acceptable way of drinking. Every person who drinks is able to relate to some form of message, particularly to not passing out or being a public nuisance.

**Figure 3: A Strong Need for Responsible Drinking Messages that Resonate Most with Citizens**

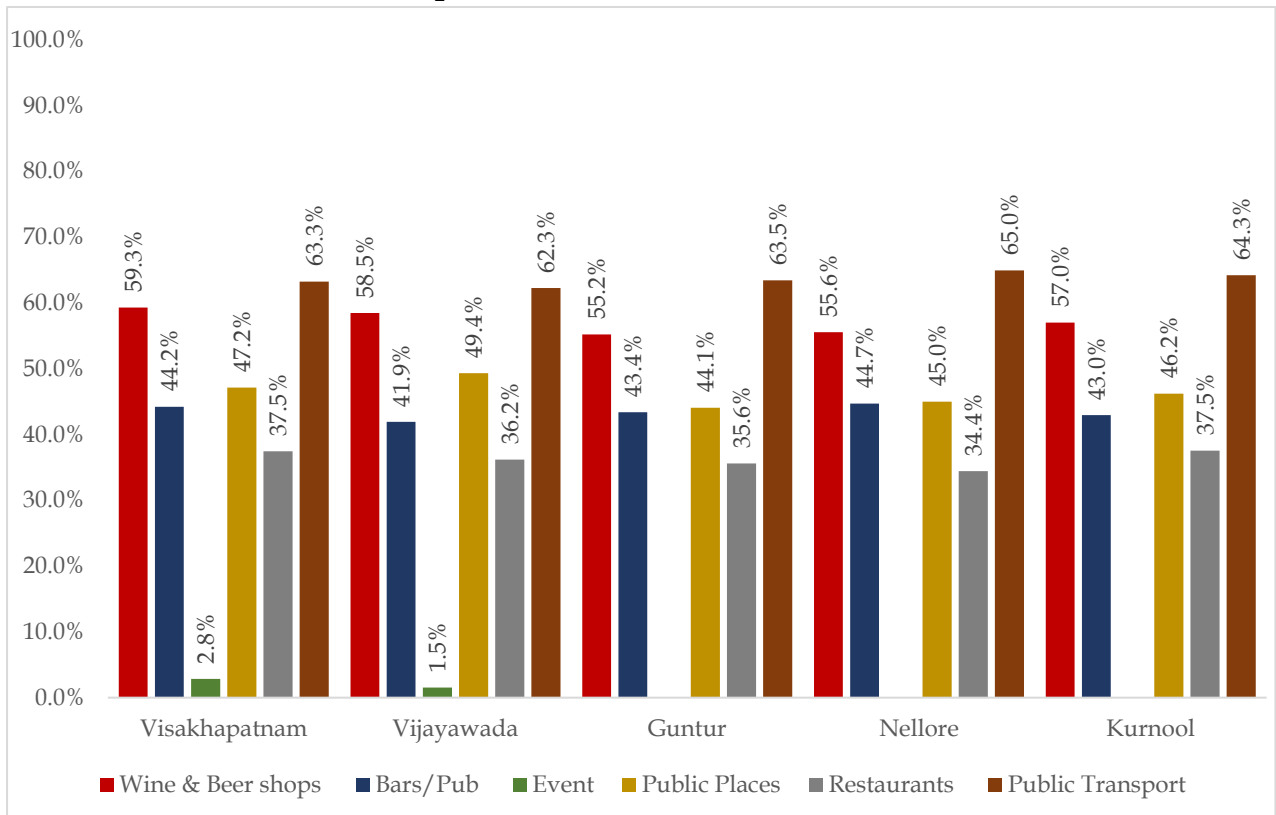




**Figure 4: Not Being in Control and Being a Public Nuisance are Key Drivers of Responsible Drinking**



**Figure 5: Preferred Locations for Drinking Messages to be Displayed in Public Transport/Places and Points of Sale**



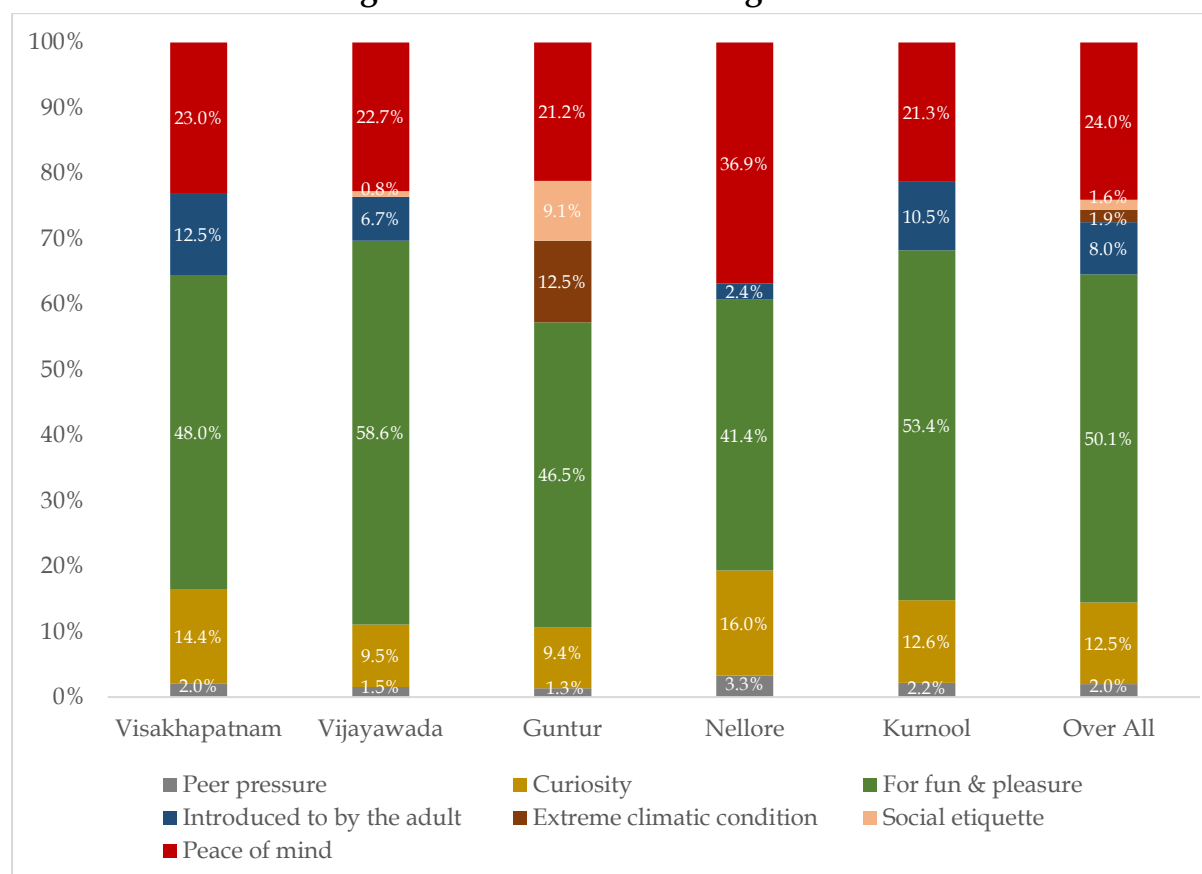


## 7. Drinking Patterns of the Citizen

The most common reasons for starting to drink are for pleasure and peace of mind, followed by curiosity. On an average middle income citizens consumer 9 drinks per sitting at bars and pubs and 12 drinks per sitting when drinking at home. The most preferred places for drinking are in their own homes or homes of relatives and friends, followed by bars and pubs. However this trend can also be the effect of COVID that has forced many to stay at home. 50 per cent of the respondents stated that they drink daily.

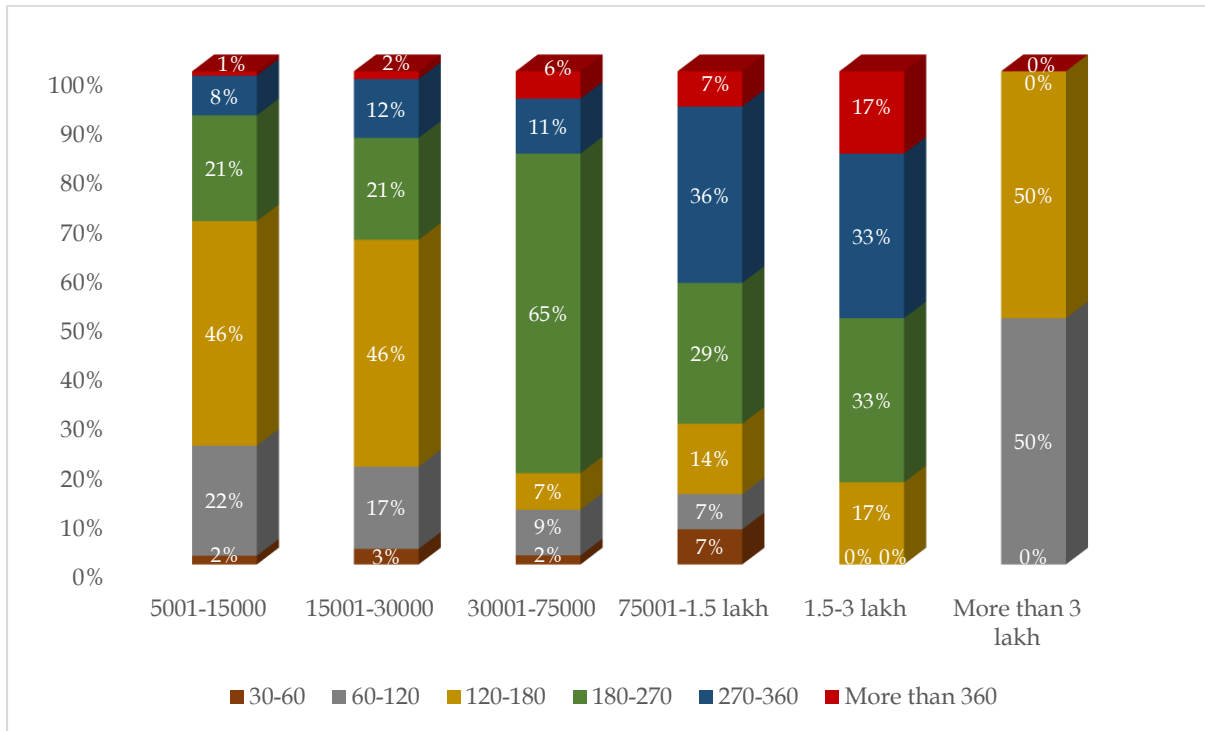
Based on the survey, there seems to be a low understanding of personal limits of consumption of alcohol and citizens confess that they are required to be prompted to stop drinking. Immediate family (spouse, parents, and children) are key influencers to reduce or to stop drinking.

**Figure 6: Reasons for Starting to Drink**

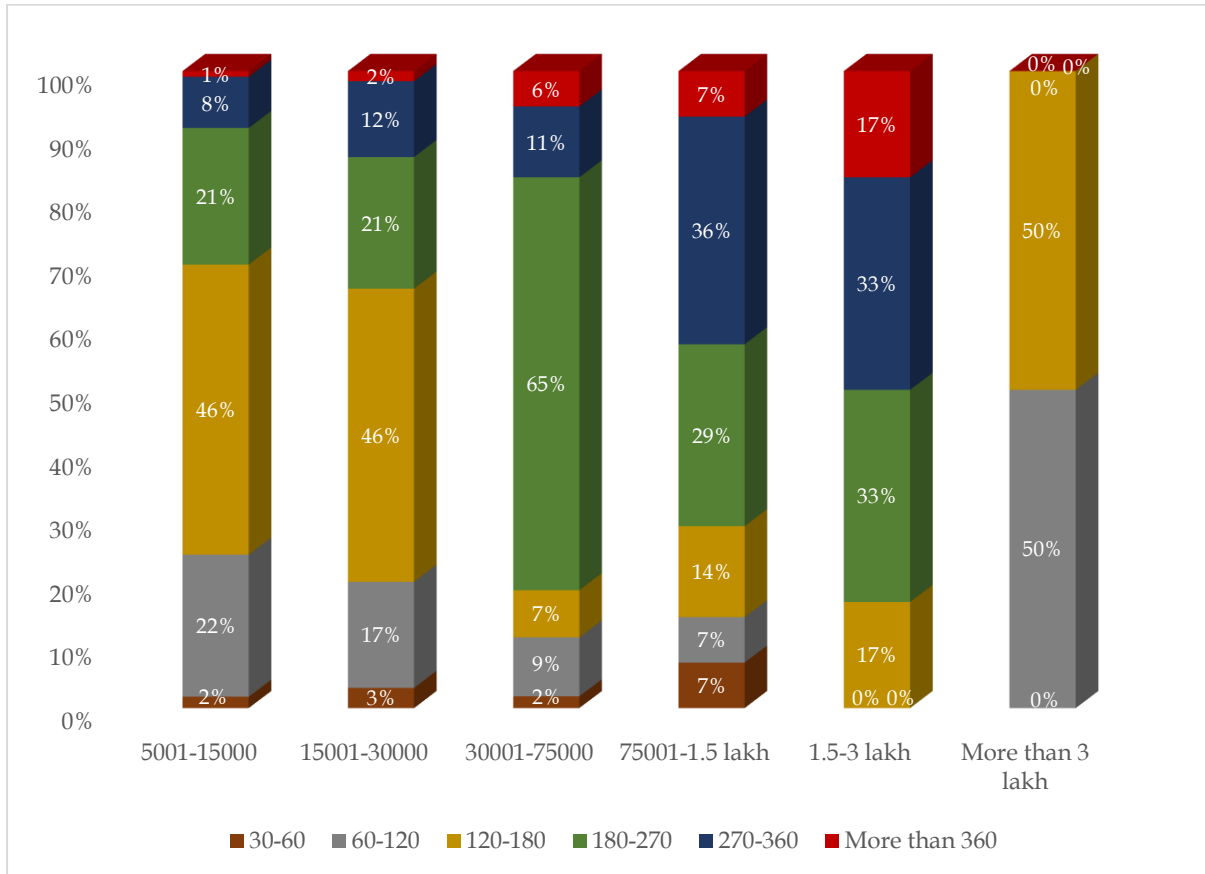




**Figure 7: Middle Income Group Consumes an Average of 9 Drinks Per Sitting at Pub/Clubs**



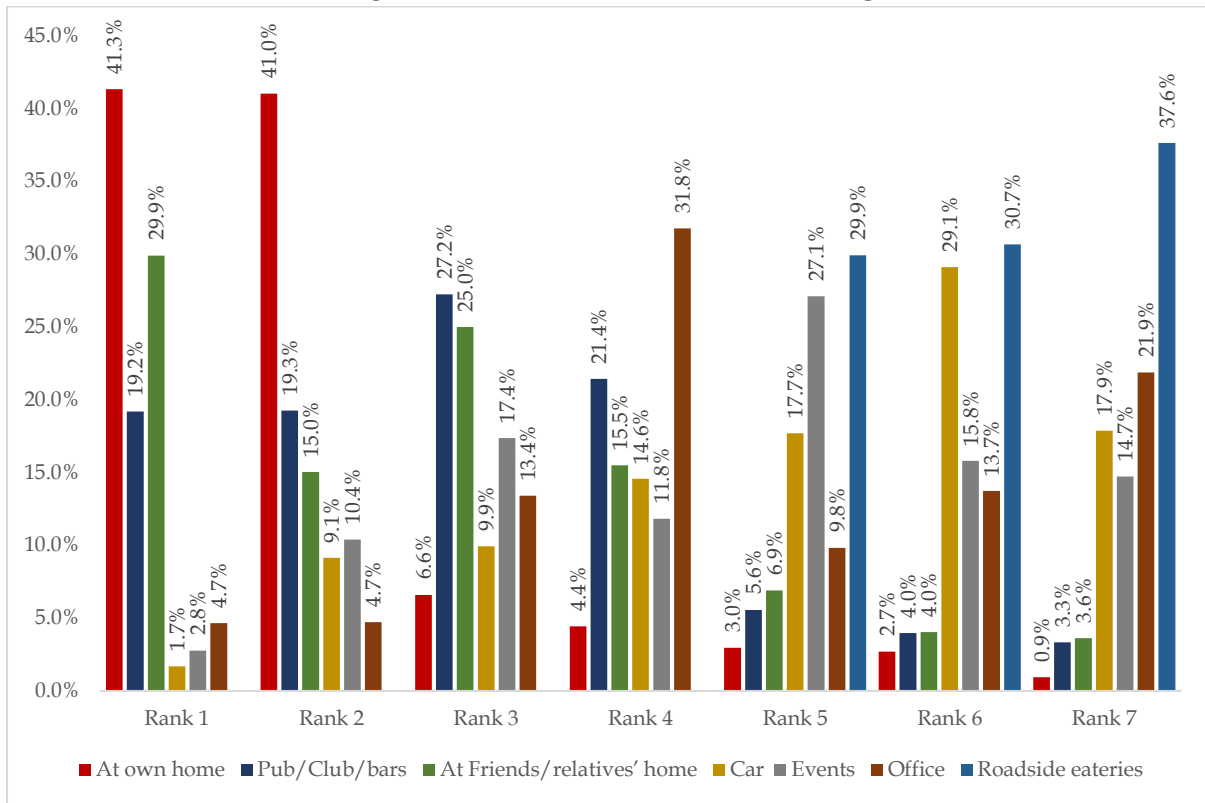
**Figure 8: Upper Middle Income Groups Consume 12 Drinks Per Sitting at Home**



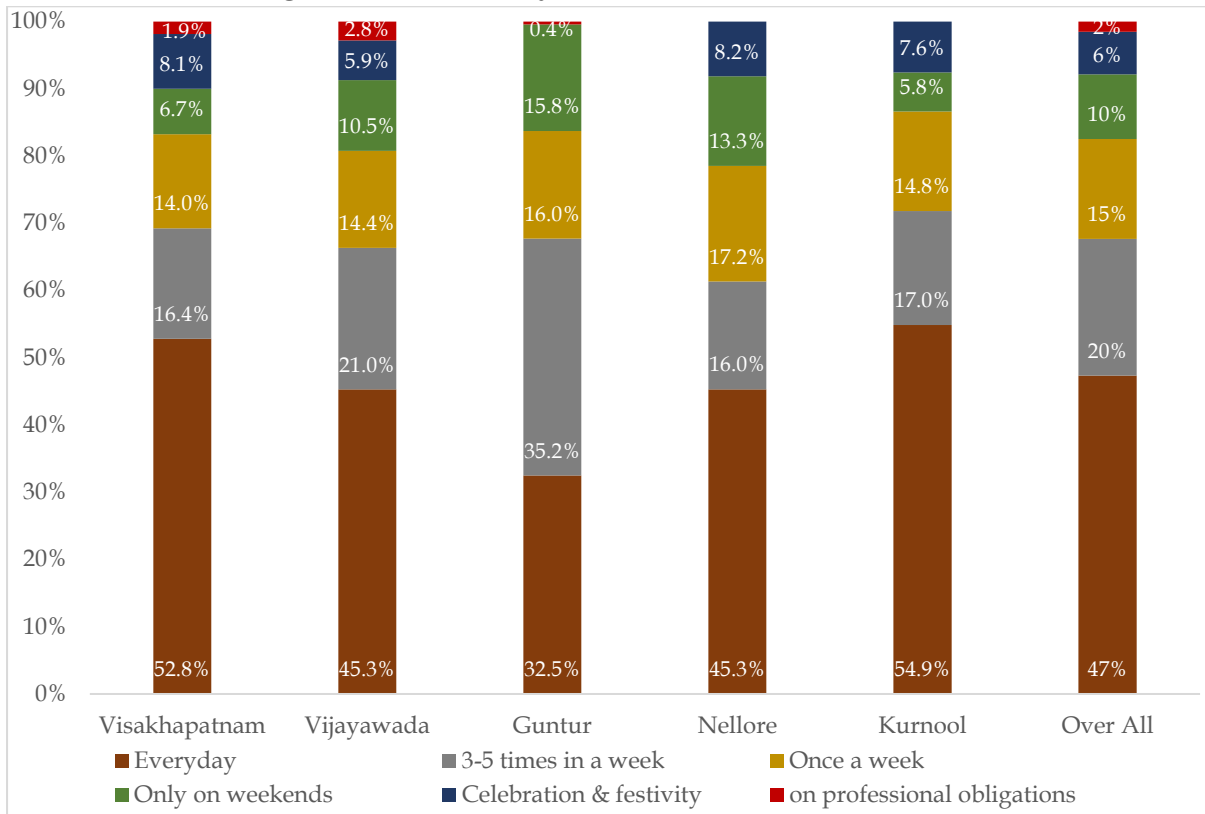




**Figure 9: Preferred Place of Drinking**

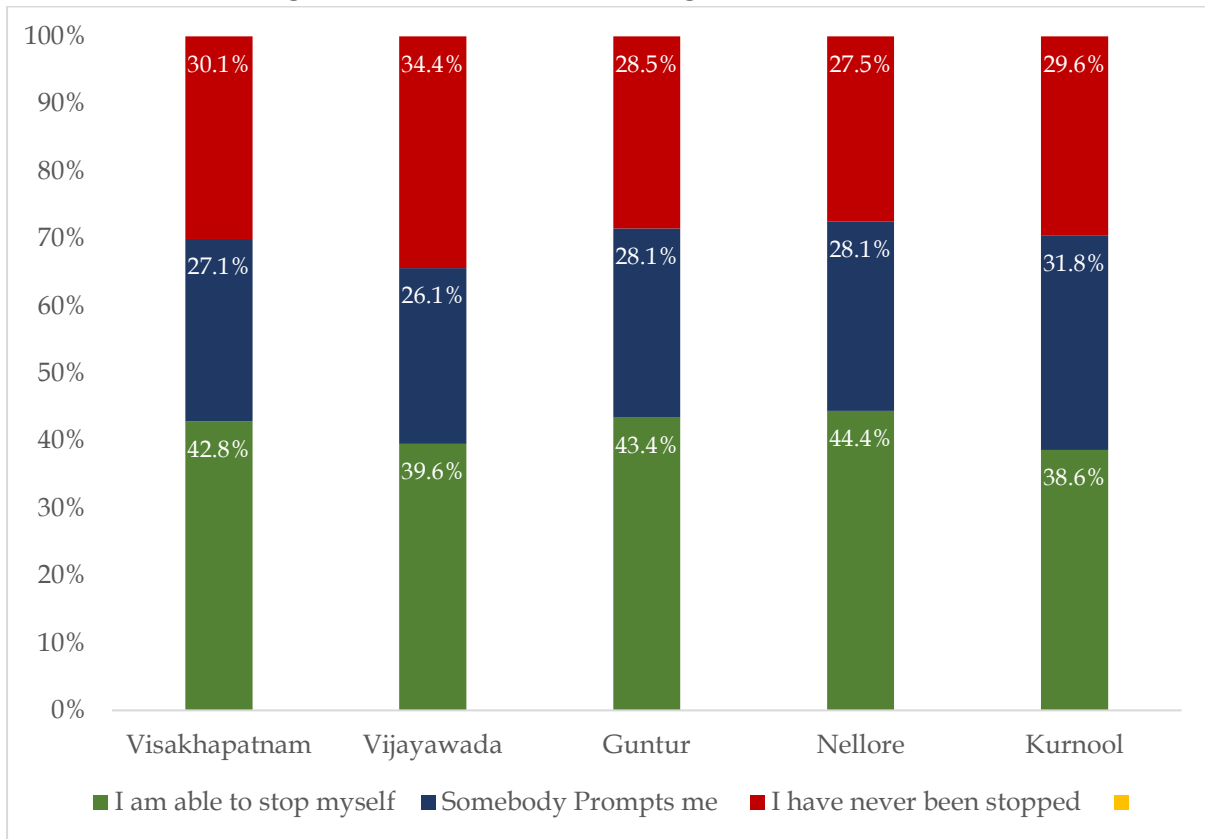


**Figure 10: Frequency of Consumption of Alcohol**

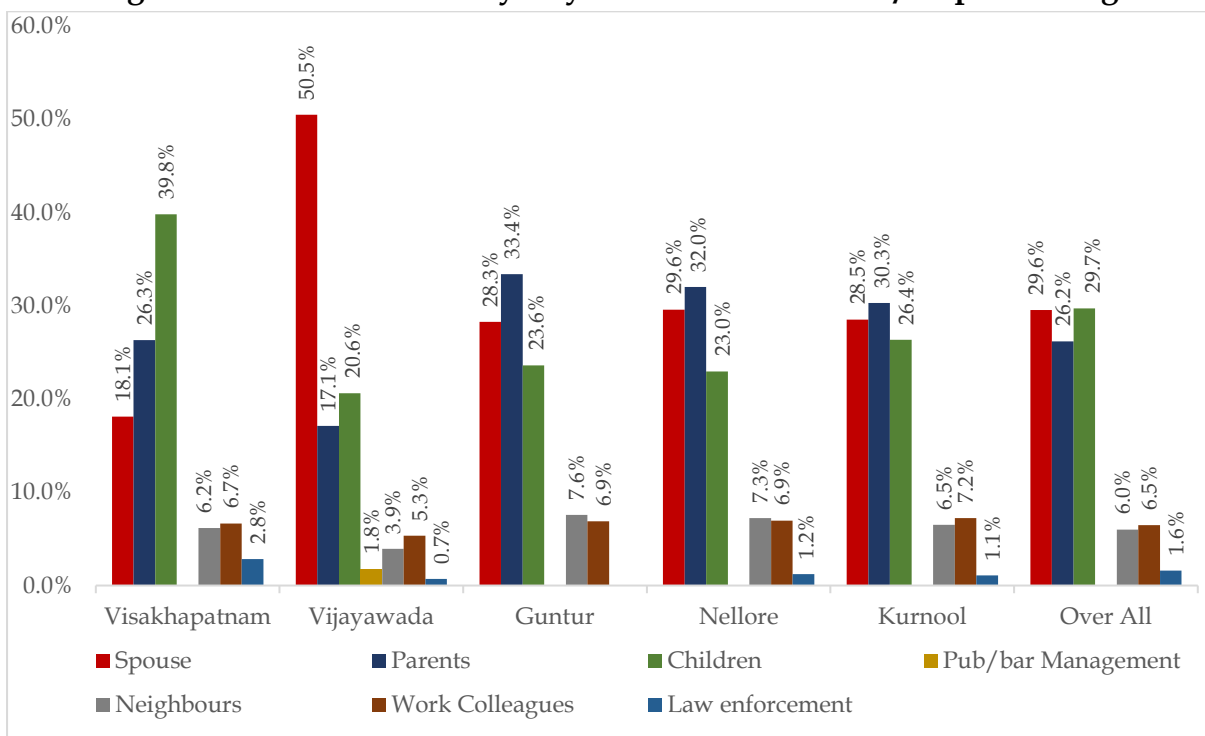




**Figure 11: Low Understanding of Personal Limit**



**Figure 12: Immediate Family Key Influencer to Reduce/Stop Drinking**

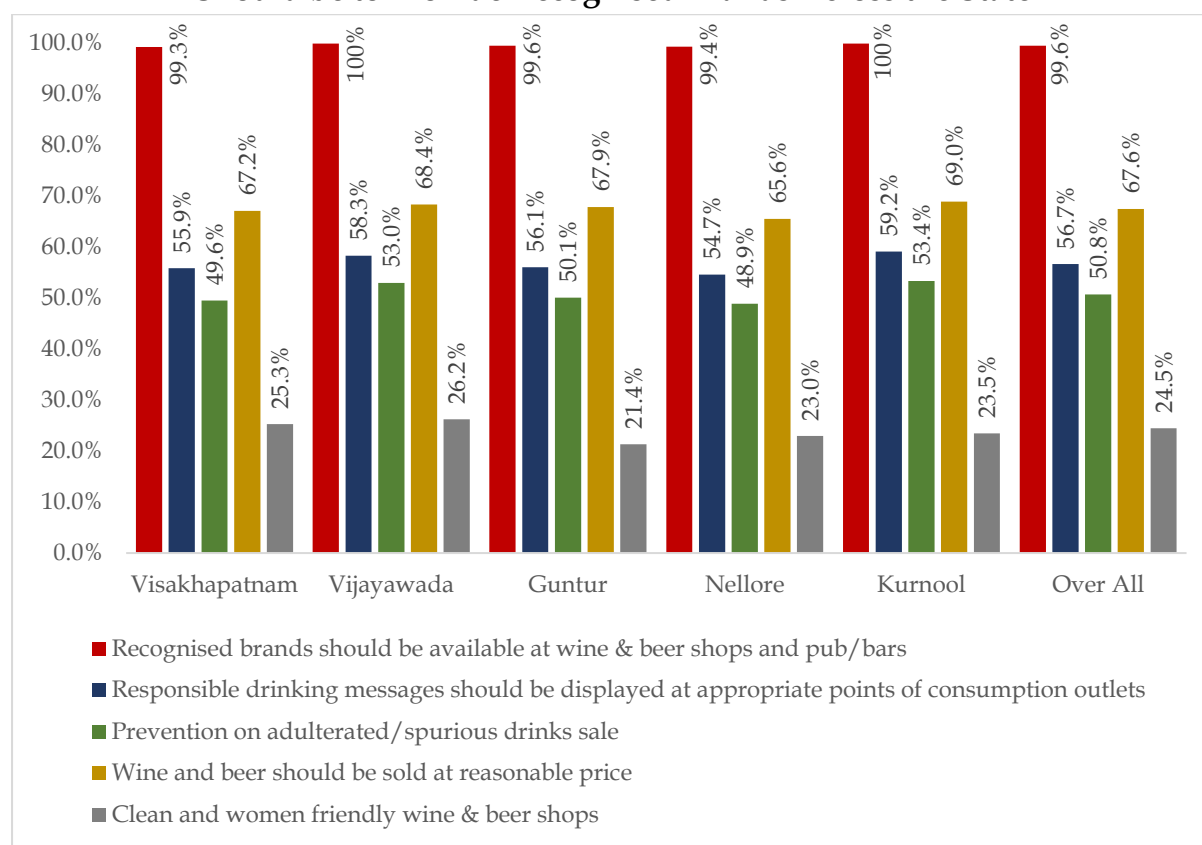




## 8. The Role of the Government and Industry in Promoting Responsible Drinking

While citizens are key stakeholders in adopting responsible drinking, it is the responsibility of both government and industry to promote responsible drinking. Citizens have a clear expectation of the government in promoting responsible drinking. The most important role that the government is seen playing is in providing good reliable brands of alcohol at correct prices, ensuring that adulterated and spurious alcohol is not sold, and ensuring that responsible drinking messages are displayed at points of sale. This expectation of the citizens is in line with the government's own experience of finding an increase in spurious alcohol and smuggling of alcohol during the initial phase of the intended prohibition<sup>8</sup>.

**Figure 13: 100% Believe that the Government's Role in Responsible Drinking Should be to Provide Recognised Brands Across the State**



On the other hand, the role of industry would mainly be to support the government in its policy initiatives to promote responsible drinking. These could include suggestions on suitable policy instruments for health promotion in the form of policy

<sup>8</sup> <https://www.hindustantimes.com/andhra-pradesh/jagan-s-policy-of-phased-liquor-prohibition-goes-for-toss-prices-drop-to-prevent-smuggling/story-y1LLRMgqsLVbgS33FUzwqJ.html>

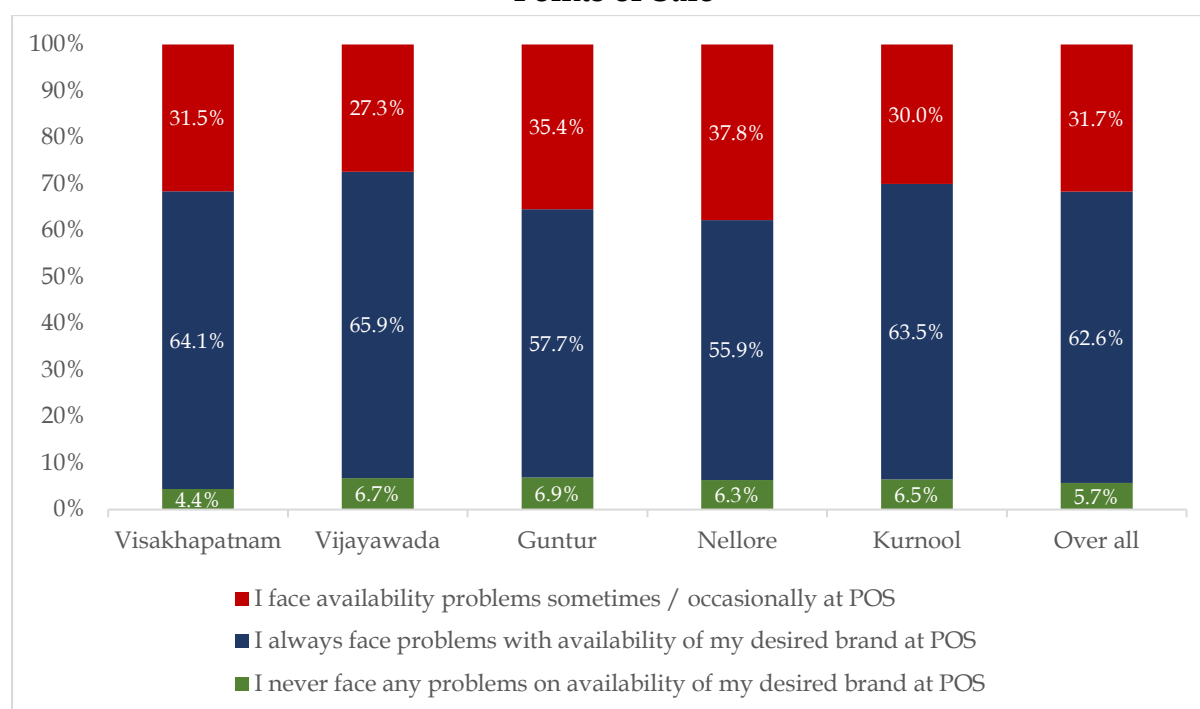


guidance for alcohol, nutrition and physical activity, creating awareness and influencing programmes on binge drinking among adults, actively supporting drunk driving regulations on road traffic through awareness and training programs with relevant state and private partners, and creating an ecosystem that supports strict implementation of policies that aim to reduce the prevalence of problematic drinking.

## 9. Challenges Faced by the Citizens

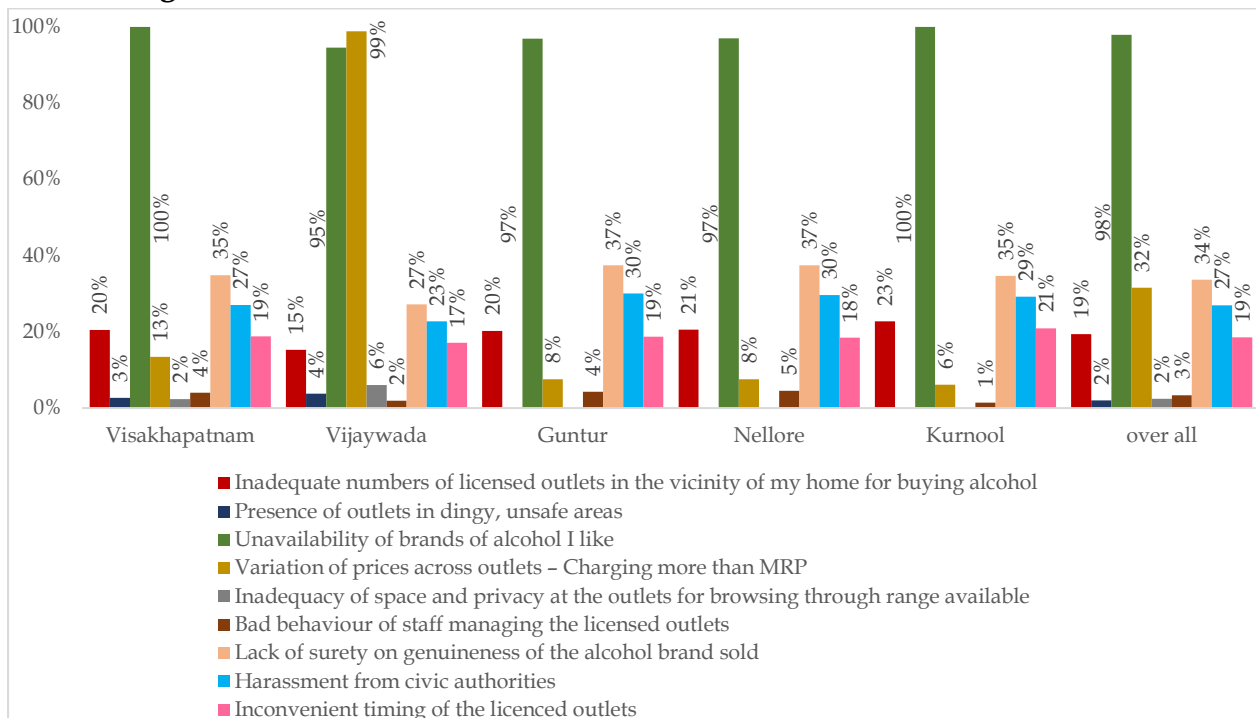
The changes carried out in the distribution of alcohol by the Andhra government in the recent past have resulted in presenting multiple challenges for the citizens of the state. Almost 100 per cent of the sample believed that there was an unavailability in reliable and recognised brands. For 90 per cent of the sample, their preferred brand of alcohol is no longer available in Andhra Pradesh and they have been forced to change their brand. Furthermore, 34 per cent of the respondents stated that there is also a lack of surety on the genuineness and quality of the brands of alcohol that are being currently sold. Another 32 per cent of the respondents also stated that there is price difference in the same brand and quantity of alcohol across outlets. Only a miniscule 10 per cent stated that they have changed their brand due to a change in taste or because they have consciously moved to a better brand.

**Figure 14: More than 90% of Citizens Face Problems In Finding Desired Brands at Points of Sale**

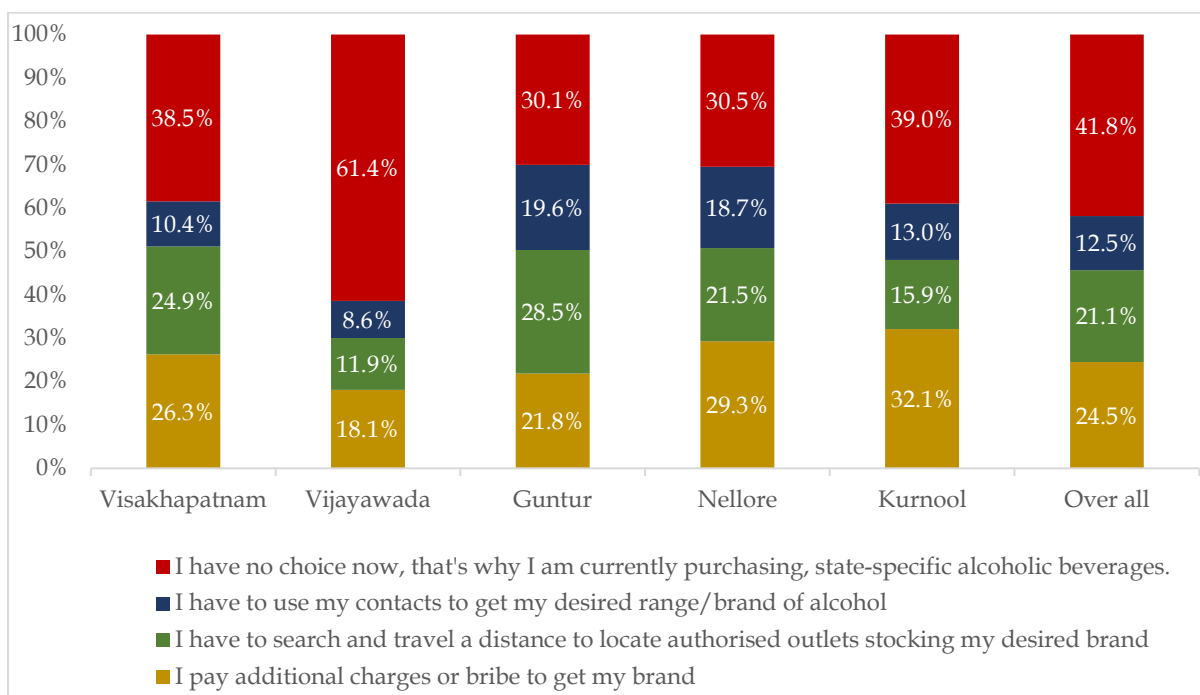




**Figure 15: 100% of Citizens Do Not Get the Brand of Their Choice**



**Figure 16: 40% of Citizens Forced to Buy What is Available and 60% Forced to Find Other Sources**



## 10. Summary of Findings

Certain key findings from the survey stand out. The first and most important is that citizens of Andhra Pradesh are not just open but also keen to learn about responsible



drinking. The second finding is that while the government has put in place many supply side restrictions in order to curb the consumption of alcohol, it has had little impact, by their own admission. Third, these supply side restrictions have unfortunately created significant challenges for citizens, the most prominent of these being the non availability of their preferred brands and the lack of trust in the quality of and genuineness of alcohol that is being sold. Fourth, as per the survey, Andhra Pradesh has a large number of consumers of alcohol, of which most have stated that they have little knowledge of their own personal capacity. There are keen to not become a public nuisance when they drink and hence are willing to be educated on responsible drinking. Fifth, there is a clear case for promoting responsible drinking in the state, which would be a better way of motivating behavioural changes in people when it comes to consumption of alcohol and also ensuring a more socially acceptable ecosystem for the consumption of alcohol.

## **11. Recommendations**

Based on the findings of the report, we make four recommendations for the consideration of both policymakers and industry.

1. The government must ensure that it listens to the voices of its citizens and ensures that preferred brands of alcohol are made available. This will not only reassure the citizens of the genuineness of alcohol that is being sold, but will also help bring down the trade of illicit liquor.
2. The government, in consultation with industry, should create a campaign on responsible drinking that is visible ubiquitously including points of sale and consumption and public transport, as desired by the citizens.
3. The government and industry should have more open discussions on the concept of responsible drinking and target the youth since 50 per cent of the citizens stated that they started drinking between the ages of 21 and 24.
4. Family members of consumers of alcohol are important influencers in driving responsible drinking and therefore responsible drinking messages must also be created to educate and inform this group.

■



**Pahle India Foundation**

**B-22, 1<sup>st</sup> Floor, Defence Colony, New Delhi - 110024**

**Tel: +91 11 41551498**

** [facebook.com/pahleIndia](https://facebook.com/pahleIndia)  [@pahleindia](https://twitter.com/pahleindia)**

**[www.pahleindia.org](http://www.pahleindia.org)**