

Voluntary Report – Voluntary - Public Distribution

Date: July 14, 2025

Report Number: IN2025-0040

Report Name: State of Maharashtra Hikes Excise Duty on Distilled Spirits

Country: India

Post: Mumbai

Report Category: Beverages, Agricultural Situation, Market Development Reports, Wine

Prepared By: Dhruv Sood

Approved By: Karen Richards

Report Highlights:

Maharashtra has increased excise duties on Indian-made foreign liquor and Indian-made Indian liquor, but exempted both imported and domestic beer and wine. While the measures are expected to generate an additional \$1.6 billion annually, the rising costs may be passed on to customers in hospitality sector, potentially affecting the sales of imported products, including U.S. distilled spirits.

Sharp Increase in Liquor Duty and Licensing Fees

On June 24th, the Maharashtra government increased the excise duty on Indian-made foreign liquor (IMFL) to over four times the declared manufacturing cost and increased the duty for Indian-made Indian liquor (IMIL) by 15 percent. IMFL refers to alcoholic beverages that are manufactured, produced, or compounded in India, and are designed to resemble the taste, appearance, and style of foreign (imported) liquors such as whisky, brandy, rum, or gin. Under the new duty rates and pricing rules, the minimum price for 180 ml bottles of premium foreign brands widely available at retail will rise by 70 percent to \$4.30 (INR 367.92), while prices for larger bottled-in-origin (BIO) brands will remain unchanged.

The government has also announced an increase in licensing fees, raising FL-2 retail licenses by 15 percent and FL-3 hotel and restaurant licenses by ten percent. Industry sources indicate that retail and hospitality liquor prices are expected to rise by over 25 percent and 14 percent respectively. Importers indicate that around 40 percent of U.S. distilled spirits sales in Maharashtra, which fall within the premium segment, occur on-premises — in bars, hotels, and restaurants. Steep price increases may drive consumers toward cheaper, lower-quality alternatives, reducing both choice and quality. In 2024, U.S. exports of wine, spirits, and beer totaled approximately \$10 million, with nearly 92 percent of those shipments arriving at ports in Maharashtra, underscoring the state's strategic importance. This concentration highlights Maharashtra's logistical and commercial importance and makes it a critical hub for U.S. exporters looking to expand their footprint in India. Consequently, any regulatory changes affecting this region, such as the recent hike in excise duties, have the potential to disproportionately impact U.S. alcohol exports.

Wine and Beer Exempted from Duty Increase

Maharashtra's new liquor policy exempts beer and wine from excise duty hikes, offering relief to companies in these segments. Beer was excluded due to its lower alcohol content and already high retail prices in the state. Wine remains supported as a priority industry, given its export potential and its importance to grape-farming livelihoods in Maharashtra.

Industry Concerned About Margin Pressures

Industry sources are concerned that the duty hike could undermine the industry's push for premiumization. The proposed higher rates could force U.S. exporters targeting Maharashtra market to focus on affordable/budget and entry level spirits. Higher license fees could squeeze margins for retailers and hospitality businesses, forcing them to absorb or pass on costs. This shift is expected to impact pricing, consumption patterns, and sourcing strategies. Restaurateurs and pub owners warn the policy may deter new entrepreneurs and cause existing ones to rethink expansion plans.

Higher Revenue to Support State Welfare Schemes

Maharashtra has been facing a cash crunch due to payout schemes like the Ladki Bahin Yojana, which provides eligible women direct cash transfers of about \$18 (INR 1,500) per month, set to increase to around \$25 (INR 2,100) in 2025. The government aims to raise revenue to \$6.7 billion—up \$1.6 billion from the \$5.1 billion collected in FY 2024. These additional funds will support welfare programs, including farmer subsidies and social initiatives, ahead of elections across 29 municipal corporations. In FY 2024, the alcohol excise duty contributed six percent of the state's tax revenue, which the government plans to raise to ten percent by FY 2026.

Disclaimer: This summary is based on a cursory review of the subject announcement and therefore should not be viewed under any circumstance, as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests.

Details of Notification: Notification No. MIS 0425/C.R.82/Exc-2 - Seeks to amend the excise duty rate and maximum retail prices formula for Indian-made foreign liquor, and the excise duty rate for domestic liquor.

Type of Regulation: Notification.

Public Notice Date: June 24, 2025.

Date of Adoption: Effective June 25, 2025.

Products Affected: Indian Made Foreign Liquor and Domestic Liquor

Agency in Charge: Home Department, State Government of Maharashtra

NOTIFICATION

Home Department,
Madam Cama Marg,
Bhamburda Rajguru Chowk,
Mantralaya, Mumbai. 400 032.
Dated the 24th June, 2025.

Maharashtra
Prohibition
Act,

No. MIS 0425/C.R.82/Exc-2.- Whereas, the Government of Maharashtra considers that the following rules further to amend the Maharashtra Potable Liquor (Fixation of Maximum Retail Prices) Rules, 1996, should be brought into force with effect from 25th June, 2025 and therefore, the rules should be made without previous publication as provided by the proviso to sub-section (3) of section 143 of the Maharashtra Prohibition Act (XXV of 1949); (hereinafter referred to as "the said Act")

Now, therefore, in exercise of the powers conferred by sub-clause (ii) of clause (h1) of sub-section (2) read with the proviso to sub-section (3) of section 143 of the said Act and of all other powers enabling it in that behalf, the Government of Maharashtra hereby makes the following rules further to amend the Maharashtra Potable Liquor (Fixation of Maximum Retail Prices) Rules, 1996, as follows, namely:-

1. These rules may be called the Maharashtra Potable Liquor (Fixation of Maximum Retail Prices) (Amendment) Rules, 2025.
2. In rule 5 of the Maharashtra Potable Liquor (Fixation of Maximum Retail Prices) Rules, 1996, in clause (A), for sub-clause (ii), the following shall be substituted, namely:-
“(ii) (a) 6.5 times of the manufacturing cost, if manufacturing cost per bulk litre of Foreign Liquor (Spirits), including Imported liquor bottled in India, does not exceed Rs. 260 (Rupees Two Hundred and Sixty only) plus sales tax at the prevalent rate.

(b) 5 times the manufacturing cost increased by 4 times the manufacturing cost in excess of Rs. 260 (Rupees Two Hundred and Sixty only) per bulk litre, if the manufacturing cost per bulk litre of Foreign Liquor (Spirits), including Imported liquor bottled in India, exceeds Rs. 260 (Rupees Two Hundred and

Sixty only) plus sales tax at the prevalent rate.

Examples-

1. If manufacturing cost of 750 ml IMFL bottle is declared as Rs. 202 the Maximum Retail Price shall not exceed $[202 \times 5 + (202-195) \times 4] + 40\%$ Sales Tax, i.e. Rs. 1038 + 415.20 = 1453.20.

2. If manufacturing cost of 180 ml IMFL bottle is declared as Rs. 50 the Maximum Retail Price shall not exceed $[50 \times 5 + (50-46.80) \times 4] + 40\%$ Sales Tax, i.e. Rs. 262.80 + 105.12 = 367.92.

By order and in the name of the
Governor of Maharashtra,



(Ravindra Aute)

Deputy Secretary to Government.

NOTIFICATION

Home Department,
Madam Cama Marg,
Hutatma Rajguru Chowk,
Mantralaya, Mumbai. 400 032.
Dated the 24th June, 2025.

Maharashtra
Prohibition
Act.

No. MIS 0425/C.R.82/Exc-2.- In exercise of the powers conferred by sub-section (1) of section 105 of the Maharashtra Prohibition Act (XXV of 1949), the Government of Maharashtra amends, the Government Notification, Home Department, No. ARM. 1096 / 21 / 2 / Exc-3, dated the 13th September 1996, with effect from 25th June 2025, as follows, namely:-

In the said notification, in the Schedule,


(i) for entry 8, the following entry shall be substituted as under, namely:-

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| | | |
|-------|---|--|
| 8(a) | Local Liquor manufactured by using spirit produced from cashew-apples, mhowra flowers or any other fermentative bases of fruits and flowers which are produced locally in the state. | Rs. 50 per proof litre of alcohol contents. |
| 8 (b) | All sorts of spirits other than those specified in entries 6, 7 and 8 (a) mentioned above but excluding denatured spirit manufactured in India and Country Liquor as defined in Maharashtra Country Liquor Rules, 1973. | |
| | (i) if the declared manufacturing cost is up to Rs. 260 per bulk litre | 450 per cent. of the manufacturing cost or Rs. 750 per proof litre of the alcohol contents, whichever is higher. |
| | (ii) If the declared manufacturing cost exceeds Rs. 260 per bulk litre. | 300 per cent. of the manufacturing cost. |

- (ii) In entry 10, in sub-entry (c), for the figures and words "Rs. 180 per proof litre" the figures and words "Rs. 205 per proof litre" shall be substituted."

By order and in the name of the
Governor of Maharashtra,



(Ravindra Aute)
Deputy Secretary to Government.

Attachments:

No Attachments.