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To be utilized in conjunction with primary section of "Comprehensive Study of the Indian Wine Market," prepared for Wine Institute by JBC International. For more information, contact James Gore at jgore@moinc.com.

COMPREHENSIVE STUDY OF THE INDIAN WINE MARKET

REFERENCE GUIDE SECTION

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Indian Wine Market Analysis

1.1 SWOT chart

Strengths	Weaknesses
• Indian wine consumption has grown 25-30% annually over a 5 year period. • Good climate for grape growing • Urban population is increasing. • Youth are craving an alternative to hard liquors and developing a more refined taste. • Wine is becoming more acceptable to women and youth.	• Wine remains an elite taste. • Wine is difficult to store in India due to lack of cellars and refrigeration. • Less than 50 percent of the population is legally old enough to drink (25 yrs. old). • 400 million persons are 18 years old or younger. • Poor awareness of wine and infrastructure.
Opportunities	**Threats**
• 100 million persons will be legally allowed to drink alcohol (25 yrs. old) in the next 5 years. • Supermarkets are emerging to support wine distribution infrastructure. • Domestic market with increasing disposable income. • Growing tourism industry.	• The Indian constitution discourages alcohol consumption. • Wine viewed as a "sin" by some. • Indians still prefer whisky. • Advertising for alcoholic beverages is banned. • Domestic wine production is coddled by state governments.

Summarized from many sources as cited in this report

2. Alcohol in Indian Culture

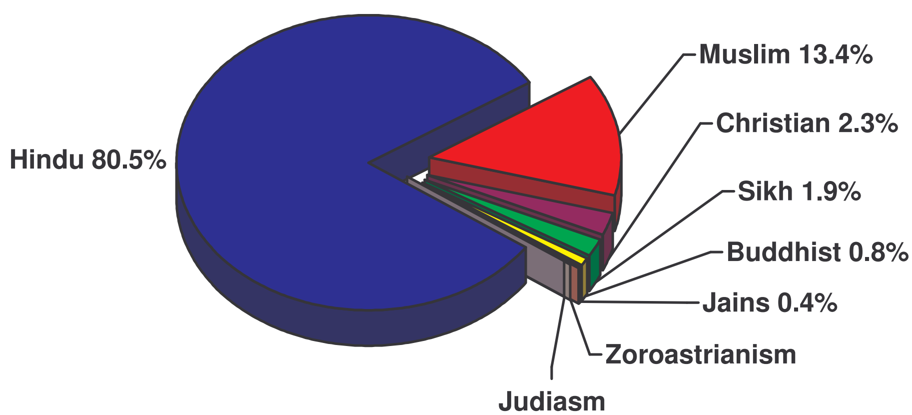
Wine is one of the highest taxed products in India as it is considered a luxury, not a necessity. The use of wine is discouraged by Indian Constitution. The central government normally declares the federal customs duties applicable to imports during the union budget held on the last week of February. Customs duties for most products have declined since the year 2000; however, taxation on alcohol has been an exception to this decline, and, as it is considered a negative product, the duty has actually increased to its current rate of 150% ad valorem.

2.1 Constitution

Mahatma Gandhi and Dr. Bhimaro Ambedkar, two leaders in the drafting of the Indian constitution, were teetotalers in their day, but believed that it was the responsibility of the states to regulate alcohol. Moreover, Article 47 of the Indian Constitution states that, "The State shall regard the raising of the level of nutrition and the standard of living of its people and the improvement of public health as among its primary duties and, in particular, the State shall endeavor to bring about prohibition of the consumption except for medicinal purpose of intoxicating drinks and of drugs which are injurious to health". Wine has traditionally been considered a type of liquor whereby the government morally obligates itself to protect Indian citizens from its misuse. Methods of alcohol control include: serving alcohol only at specific outlets or during specific hours; prohibiting alcohol in religious places, educational institutions and underage drinkers; and the official age of legal alcohol consumption being established at 25 years old. Most Indian states, however, have not prohibited alcohol and some (e.g. Maharashtra) even facilitate wine grape growing and wineries as an important sector of agriculture.

2.2 Religion

Over 800 million Indians, or about 80.5% of the country's population, are Hindu. The next-largest religious group is Islam, which makes up 13.4% of the population. Other religious groups include Christians (2.3%), Sikhs (1.9%), Buddhists (0.8%), Jains (0.4%), Zoroastrians(0.01%), Jews(0.0005%), Bahá'ís and others who's percentages are not significant enough to include.[1]



The relationship between these religions and alcohol can be summarized as follows:

Hinduism: Alcohol consumption is decided by the individual and how it fits in with their personal way of life.
Islam: In Islam, intoxication by alcoholic beverages is generally forbidden, but Alcohol is allowed to be used for medical and other purposes, for example industrial use. Several Qur'anic verses and sayings of Muhammad prohibit the consumption of alcohol, and dealing with such a beverage.
Christian: Christianity has historically had wine as a part of everyday life and also as substance in holy rites and rituals. Many Christians take a moderate approach to alcohol consumption and take care to avoid drunkenness as a form of sin, but delights in wine as a social staple. Some Christian sects have moved to complete abstinence from alcohol; however, the traditional view is most common among Christians worldwide.

[1] Wikipedia: http://en.wikipedia.org/wiki/India.

Sikh: The Sikh Code of Conduct states, "A Sikh must not take hemp, opium, liquor, tobacco, or any intoxicant." At the time of initiation, a Sikh vows not to use any intoxicant. Drinking alcohol is forbidden for Sikhs.
Buddhist: The Buddha was against any form of alcohol consumption, even in moderation, because of the effect it has on the mind. Mindfulness is central to Buddhist philosophy. This concept requires a constant awareness of changes occurring in the mind and body. Mindfulness enables the individual to react wisely to emotions and sensations when they arise. Alcohol distorts the mind and makes it impossible to practice this tenet.
Jains: Intoxication is something to be avoided in Jainism because it relinquishes control over ones body. Many Jains do not consume alcohol.
Zoroastrianism: Many Zoroastrians drink alcohol. They have no prohibition.
Judaism: Alcohol is only prohibited during the Passover. Alcohol is moderately consumed by Jews.

3. Population, Demographics and Consumer Segmentation

3.1 Potential Market

There has been much debate about the precise number of potential consumers in India's wine market. Major factors that hinder wine consumption are poverty, age restrictions and specific state alcohol prohibition. About half of the Indian population meets the minimum drinking age of 25 years; however, that number is greatly increasing as the Indian population matures. This maturity creates an opportunity for younger generations to acquire a taste for wine, breaking from a tradition of hard liquor. Although many Indian religions encourage abstinence from alcohol, few have formally banned its use[2]. Three Indian states maintain prohibition laws and others have set strict regulatory measures on alcohol sales. The summation of wine consumers without these limitations is demonstrated in the chart below.

Population Aspect	Percentage	Number of people
Total Population	100.0%	1,129,866,154
Those with No Religious Prohibition	85.0%	960,386,231
Those of the Legal Drinking Age or Older	42.0%	403,362,217
Those residing in States Allowing Alcohol Consumption	87.2%	351,731,853
Those with Sufficient Wealth to Afford Wine*	8.0%	28,138,548
Those listed above and have also been Educated/Exposed to Wine	85.0%	23,917,766
Potential Wine Consumers	2.1%	≈24,000,000

This information was based on the 2001 Indian Census' growth estimation for 2007[3].

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[2] Wikipedia, Islam: http://en.wikipedia.org/wiki/Islam#Etiquette_and_diet, Sikh info: www.info-sikh.com.
[3] Census information of India:
http://www.censusindia.gov.in/Census_Data_2001/Census_data_finder/C_Series/Marital_status_by_age_and_sex.htm;
and, http://www.censusindia.gov.in/Census_Data_2001/Census_data_finder/A-Z_index/A-Z_Index.html.

The process of assigning a numerical value to the diverse components that may limit consumption accounts for overlap by calculating in percentages. The estimated 24 million potential consumers figure agrees with other estimations made by Indian wine market experts, both local and international.

*Refer to Section *2.7 Other Demographics – Income and Education*

3.2 Market Segmentation and Evaluation

Population Breakdown

It is important to note that the majority of India's population is rural. Most of India's poor reside outside of developed areas. Large, densely populated cities; however, account for most of India's middle and upper classes and therefore for the majority of wine consumption in India.

Population of India

Rural	**Urban**
815,581,003	314,285,151
Total	**1,129,866,154**

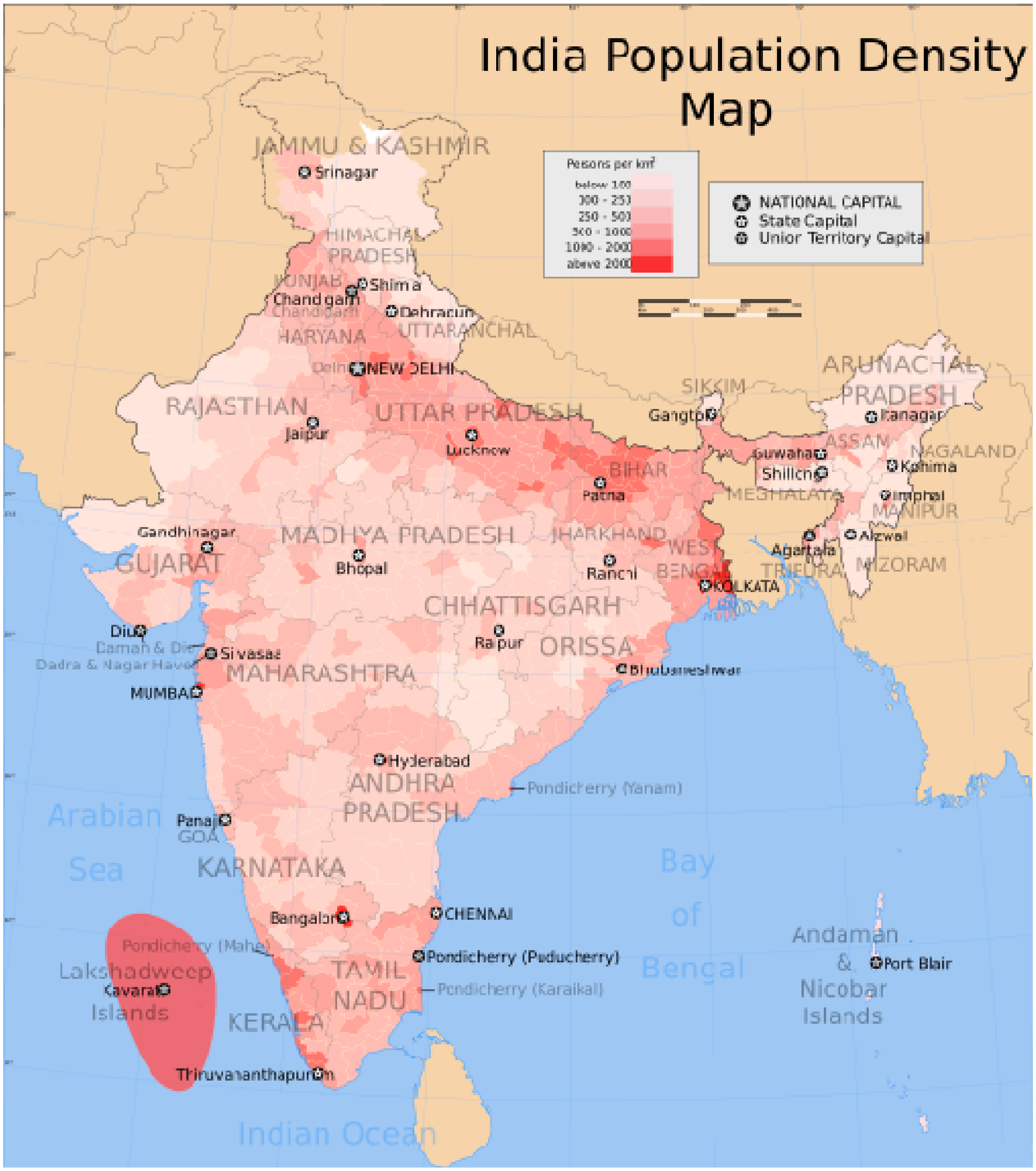
Population in Selected Indian States with high consumption of wine

	Urban	**Rural**	**Total**
Maharashtra	41,022,952	55,729,294	96,752,246
Goa	670,577	677,091	1,347,668
Karnataka	17,961,529	34,889,033	52,282,946

Selected Indian Cities/Union Territories

New Delhi	13,056,582
Mumbai	11,978,450
Bangalore	8,418,638
Kolkata	13,205,697
Chennai	6,560,242
Hyderabad	5,742,036
Pune	7,232,555
Nasik	4,993,796
Chandigarh	900,635

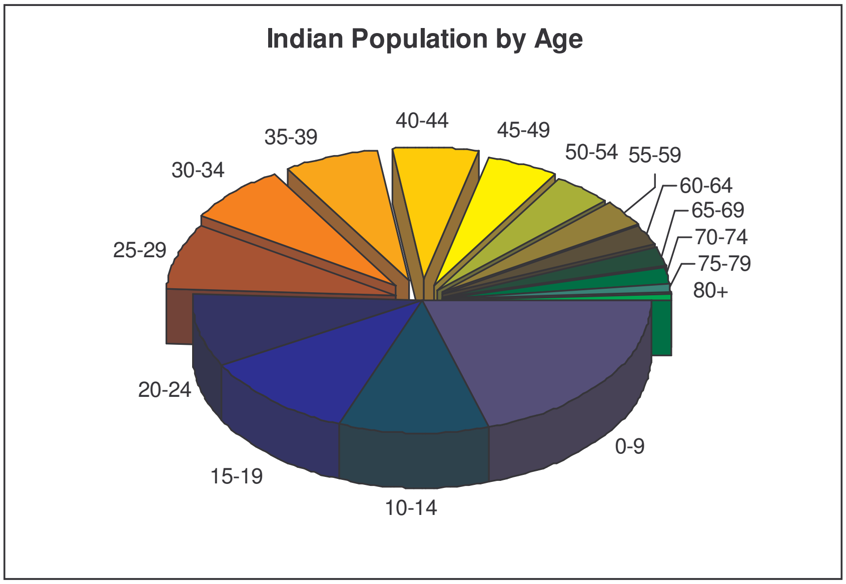
3.3 Population Geographical Concentration



India's population is concentrated 4 specific areas: North – New Delhi, West – Mumbai, South – Bangalore and the southern peak, and East – Kolkata. Three of the areas which have the highest concentration of population border the coastline and have numerous sea ports.

3.4 Age Segmentation[4]

The median age in India is about 25 years old, this demonstrates the fact that half of the Indian population is not yet old enough to drink, and one quarter of the population is under 10 years old. In the coming years, 10 percent of the current population comes of legal drinking age, bringing with them new views of wine which could influence them away from hard liquors. The strength of India is in its youth who are familiarizing themselves with the world beyond their borders.



**The raised sections of the chart show age groups that have met the minimum age for consumption*

Age	Population Estimate
Total	1,129,866,154
0-9	229,696,140
10-14	119,381,977
15-19	124,846,858
20-24	100,215,890
25-29	89,764,132
30-34	83,422,393
35-39	74,274,044
40-44	70,574,085
45-49	55,738,297
50-54	47,408,976
55-59	36,587,559
60-64	27,653,347
65-69	27,516,779
70-74	19,806,955
75-79	14,708,644
80+	8,270,078

India has an estimated 22 births per 1000 people, equaling almost 25 million births per year; roughly 1/10th of the U.S. population each year. Luckily the median age for Indian people is 25 which is also the legal age for alcohol consumption in India.

3.5 Gender Segmentation

Indian women are beginning to prefer wine as a more socially acceptable form of drinking for females. It is seen as more feminine to consume wine as opposed to the hard liquor that men are more traditionally seen consuming. Wine has a softer tone and connotation which is seen as more acceptable to consume in view of the public.[5] However, the wine industry must also consider the male demographic when marketing their products. Men, and not women, typically shop for liquor because restrictions prohibit the sale of alcohol in supermarkets or other convenience locations. Because males purchase the majority of alcohol products, it is prudent to focus on both men and women as the target demographic for U.S. wines.

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[4] http://www.censusindia.gov.in/default.aspx

[5] Through the wine glass: http://www.sommelierindia.com/blog/2007/08/through_the_wine_glass_rajeev.html.

3.6 Other Demographics – Income and Education[6]

Income

The gross national income (GNI) for India has risen to $800 per capita as recorded in 2006. This number, however, is greatly skewed because of the outliers in both extreme wealth and poverty.

Education

The education levels in India correlate with estimates for potential consumers. Those 24 million who have attained college level degrees make up the majority of potential wine consumers. The remaining 160 million or so who have finished secondary school complete the bulk of the rising middle class of India.

Education level	Urban	Rural	Total
Literate but below secondary	28,415,976	85,495,660	113,911,636
Secondary but below graduate	21,795,406	29,219,970	51,015,376
Technical diploma or certificate not equal to degree	1,298,769	933,206	2,231,975
Graduate and above other than technical degree	12,209,286	6,387,642	18,596,928
Technical degree or diploma equal to post-graduate degree	2,332,080	982,173	3,314,253
Total	66,051,517	123,018,651	189,070,168

Post-high school level education	Urban	Rural	Total
Technical diploma or certificate not equal to degree	1,298,769	933,206	2,231,975
Graduate and above other than technical degree	12,209,286	6,387,642	18,596,928
Technical degree or diploma equal to post-graduate degree	2,332,080	982,173	3,314,253
Total	15,840,135	8,303,021	24,143,156

3.7 Tastes, Preferences, and Presentation

The tastes and preferences of the Indian population err towards still wines, and more specifically, table wines. Though a market exists for champagne and sparkling wines, these varieties sell at a much lesser rate than the still wines. In general, slightly sweet wines and the varietals of Sauvignon Blanc and Chenin Blanc are fairly popular and also pair well with typical Indian dishes. Similarly, rose and blush have been projected as good fits for the Indian market; however, the majority of sales have stayed on traditional still red and white wines. In regards to presentation, wine producers have two different demographics in the Indian market upon which to focus: the upper class and the general consumer. While the upper class prefers the classic presentation, i.e. real cork, full bottle

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[6] Census information of India: http://www.censusindia.gov.in/Census_Data_2001/Census_data_finder/C_Series/Marital_status_by_age_and_sex.htm;

size, and dry red and white wines, the growing consumer class in India gravitates towards approachable wine packaging, i.e. screw caps, half bottle sizes, and sweet wines[17].

4. Geography

4.1 Climate

Due to India's large size and varied topography, many different climates exist within the country. Geographic features such as the northern Himalayas or Thar Desert create micro-climates, and hence, greatly impact wine in regards to grape growing, wine making, and distribution.

4.2 Climatic Conditions Impacting Grape Growing[7]

Grapes are grown under a variety of soil and climatic conditions in three distinct agro-climatic zones, namely, sub-tropical, hot tropical and mild tropical climatic regions in India.

> **Sub-tropical Region**: This region covers the northwestern plains corresponding to 28° and 32° N latitude including Delhi; Meerut district of Uttar Pradesh; Hissar and Jind districts of Haryana; and Bhatinda, Ferozpur, Gurdaspur and Ludhiana districts of Punjab. Vines undergo dormancy and bud break starts in the first week of March while the rains arrive in the first week of June. Therefore, only 90-95 days are available from the initiation of growth to harvest. Consequently, 'Perlette' is the only early ripening variety grown in this region. Rain damage is a problem with Thompson Seedless in this region. Single pruning and a single harvest is the accepted practice here.
>
> **Hot Tropical Region**: This region covers Nasik, Sangli, Solapur, Pune, Satara, Latur and Osmanabad districts of Maharashtra; Hyderabad, Ranga Reddy, Mahbubnagar, Anantapur and Medak districts of Andhra Pradesh; and Bijapur, Bagalkot, Belgaum, Gulberga districts of northern Karnataka lying between 15° and 20° N latitude. This is the major viticulture region accounting for 70 percent of the area under grapes in the country. Vines do not undergo dormancy and double pruning and a single harvest is the general practice in this region. Maximum and minimum temperature is 42°C and 8°C, respectively. The major problems in this region are soil and water salinity and drought. Berry growth is impaired and in certain locations pink blush sometimes develops on green berries due to temperatures that drop to a low of 8°C. Thompson Seedless and its clones (Tas-A-Ganesh, Sonaka), Anab-e-Shahi, Sharad Seedless and Flame Seedless are the varieties grown in this region.
>
> **Mild Tropical Region**: An area covered by 10° and 15° N latitude including Bangalore and Kolar districts of Karnataka; Chittoor district of Andhra Pradesh and Coimbatore; and Madurai and Theni districts of Tamil Nadu fall in this

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[7] Folder F:\JBC Clients\India wine project\Marketing\Grape growing in India http://www.fao.org/docrep/003/x6897e/x6897e06.htm.

region. Maximum temperatures in a year seldom exceed 36°C, while the minimum is about 12°C. Principal varieties are Bangalore Blue (Syn. Isabella), Anab-e-Shahi, Gulabi (Syn. Muscat Hamburg), and Bhokri. Thompson Seedless is grown only with limited success. Except for Thompson Seedless, two crops are harvested in a year.

5. Availability and Price Structure of Wine

5.1 Currency and Measurement Conversions

Indian Currency – Rupee (Rs.)

Large values of Indian rupees are counted in terms of thousands, lakh (100 thousand, in digits 100,000), crore (100 lakhs, in digits 10,000,000) and arawb (100 crore, in digits 1,000,000,000). The terms Million or Billion are rarely used. ATMs usually give Rs. 100 and Rs. 500 notes, but not Rs. 1000 notes. Therefore, Rs. 1000 notes are analogous to the higher valued notes of the United States dollar and the euro. In most parts of India, the rupee is known as the rupee, roopayi, rupaye, rubai or one of the other terms derived from the Sanskrit *rupyakam*, raupya meaning silver; rupyakam meaning (coin) of silver.

The modern rupee is subdivided into 100 *paise* or *paisa* for a singular coin.
- Frequently used coins include a 25, 50 paise, Rs. 1, Rs. 2, and Rs. 5. Rarely used are the 5, 10, 20 paise coins.
- Frequently used banknotes include: Rs. 5, Rs. 10, Rs. 20, Rs. 50, Rs. 100, and Rs. 500. Rarely used is the Rs. 1000

1 Rupee = 0.025176 Dollars
1 Dollar = 39.72 Rupees

5.2 Organized Retail

The growth trend of the organized retail sector presents significant opportunities for California agricultural exporters. Organized retail outlets provide a solidified distribution system for California wines exported to India. These retailers allow for a timely and streamlined flow of goods to the consumer, which translates into a more attractive option for the U.S. wine industry.

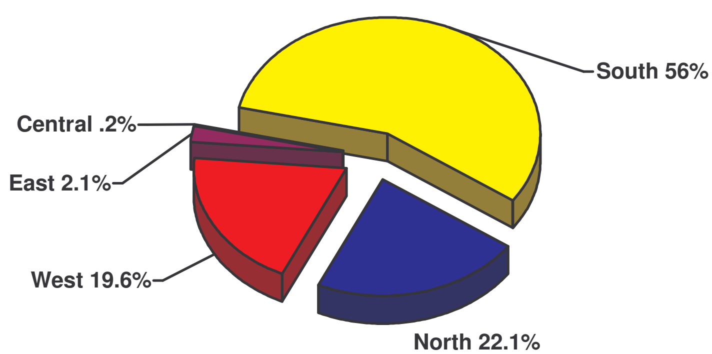
The retail sector in India is divided into two categories: unorganized and organized retailing. Unorganized retailers or traditional retailers are small, independent, single outlet, family-owned operations, also known as kirana stores. Unorganized retailers represent approximately 99.2 percent of the food and grocery retail sector in 2005/06.Organized retailers include cash and carry, discount, hypermarkets, supermarkets and convenience stores. Imported products are predominantly available at organized retail chains and grocery stores that cater to high-end consumers in major urbanized cities, although some fresh fruits have limited distribution in independent shops and vendors.

Organized retailers, specifically hypermarkets and supermarkets, offer the best potential for the sale of imported California products due to better infrastructure and distribution systems. As organized retail expands, distribution opportunities for California products are likely to grow. Currently, the organized sector represents only 0.8 percent of the market; however, organized retail is expected to expand at a growth rate of 30 to 35 percent each year. Although approximately 40 percent of the organized retailers are currently located in smaller cities, the most significant expansions in the modern retail sector are occurring in urban areas including Mumbai, Delhi, Pune, Hyderabad, Bangalore, Chennai, and Kolkata.

Regional Differences

India's retail sector is highly segregated by geography. Historically, retailers were primarily located in Southern India; however, in recent years the Western and Northern areas of India have developed and more retailers have expanded their stores to these two regions. California agricultural products are more likely to penetrate the more developed regions of India (South, West and North) where organized retailers are expanding and consumers are more likely to know about imported offerings and more able to afford them.

Percentage of Indian Retail Stores by Region



Southern India: Historically, most organized retail has been concentrated in Southern India due to better distribution technology, cheaper real estate, and a greater degree of Western influence in the region. Importantly, the Southern region offers more organized transportation systems and cold storage facilities.

This infrastructure provides reliable delivery and minimizes product deterioration and damage. As a result, modern retail began here and it continues to be one of the leading regions for organized retail.

Western India: Due to favorable consumer characteristics and higher incomes, many retail chains have recently expanded to Western and Northern India. Western India has the highest per capita income in India and the strongest consumer product awareness. Residents in the West receive the highest level of education and are well traveled (internationally) compared to other regions. Mumbai, one of the major cities and the financial capital of India, is located in West India.

Northern India: Northern India is another region influenced by Western culture. The growing population in Northern India has been a key factor in the significant growth of organized retailers in the region. The North is considered an emerging retail market for international brands and national retailers and is one of the leading regions in organized retailing. The capital of India, Delhi, is located in North India.

Eastern India: The Eastern region of India is still highly underdeveloped and will not likely be a potential market for California products in the short-term. The East has the lowest average per capita income (Rs. 10,315 or US$264) across India. Due to financial barriers, most consumers do not have the means to purchase imported products and shop almost exclusively in unorganized retail outlets.

The infrastructure available at the supermarkets and hypermarkets presents a viable point of distribution for California produce. Supermarket stores typically have 3,000 to 6,000 square feet of floor space and are usually located within 3 to 4 km (1.9 to 2.5 miles) from consumers' residences. Supermarkets - such as Foodworld, Tinethra and Nilgiri's - focus on weekly and monthly needs of consumers while hypermarkets and larger discount stores cater to consumers' bulk shopping needs. Hypermarkets are large - 25,000 to 100,000 square feet - and carry both food and non-food items in large packages. A few, key retail centers exist, such as Wal-Mart, Pantaloon Retail, and Big Bazaar[18].

Wal-Mart: Bharti Enterprises and Wal-Mart Stores have signed an agreement to establish Bhart Wal-Mart Private Limited, a joint venture for wholesale cash-and-carry and back-end supply chain management operations in India, in line with Government of India guidelines. Under the agreement, Bharti and Wal-Mart will hold a 50-50 stake in Bharti Wal-Mart Private Limited. Start of the operations will be by the end of 2007.[8]

Pantaloon Retail: Pantaloon Retail (India) Limited, is India's leading retailer that operates multiple retail formats in both the value and lifestyle segment of the Indian consumer marker. Headquartered in Mumbai (Bombay), the company operates over 5 million square feet of retail space, has over 450 stores across 40 cities in India and employs over 18,000 people.[9]

[8] Source: WalMart: http://www.walmartfacts.com/articles/5206.aspx.
[9] Source: http://www.pantaloon.com/companyinfo.htm

Reliance Fresh and **Shoprite Hyper** are two major retail chains spreading across India.

Big Bazaar: Big Bazaar is also a subsidiary of Pantaloon that has adopted Wal-marts business model. They have food sections entitled "Food Basaar" where Wine will be sold.

5.3 Wineries/Tasting rooms

On-premise sales occur at "outlets where consumers buy beverages for immediate consumption at or near the point-of-sale[19]." These locations typically involve hotels, restaurants, and specialty shops with wine tastings. On-premise locations are not only readily accessible to the consumer, but they also incorporate the import tariffs and duties within the price of the wine at the time of sale.

5.4 Hotels, Restaurants, and Specialty Shops

Pubs

"Pubs" are still largely confined to Bangalore and Bombay. Pubs have begun to appear in Pune over the last two years as well as Delhi. Rajasthan has recently liberalized its on-premise sales and Punjab has allowed sales in department stores from April 2004.[10]

Hotels

With India's ever increasing tourist sector, the amount of people staying at Indian hotels is also rising. In 2003, only about 10,000 hotels existed; by 2007, this number grew to 20,000 hotels. Of these, the hotels that boast at least three stars have an average of 2 restaurants per hotel. Due to their affluent clientele, such upper-class locations are likely candidates to import various goods, including California wines. About 45% of the industry wine volume sells through on-premise outlets, and mainly in 5 Star hotels. These transactions all qualify as "duty free" due to the special drawing rights that hotels receive for duty free wine against their foreign exchange earnings. According to the U.S. Foreign Agricultural Service, Indian luxury hotels allocate 40% - 60% of their liquor budget to imported alcoholic beverages. To put this number in context, food and beverage sales comprised 25% of hotel revenue in 2006. The major hotel chains in India are Taj Hotels, Oberoi Hotels, Ashok Group Hotels, and Leela Places and Resorts[20].

Restaurants

Currently, Indian restaurants receive many of their products locally, and they only import certain value-added goods. However, a large potential for importation exists due to trends in consumption and spending. An estimated, annual growth rate of 7 to 8 percent in the restaurant market over the coming years results from the rising disposable incomes of the Indian population. Furthermore, India's large, young adult population (20-34 years of age) and increasingly popular trend of eating outside the home create opportunities for California wines in restaurants[20].

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[10] The IWSR 2007 F:\JBC Clients\India wine project\Trade Reports

Specialty Shops
Though not as prominent as restaurants or hotels, specialty shops provide an innovative and effective method of exposure for California wines. These shops and wine bars come in different forms, such as Sula's serene wine shop located at the winery itself or Chateau Indage's many sheik wine bars located throughout India. While Sula's takes a classical approach, other wine bars, such as those established by Chateau Indage, accommodate the newer, younger wine consumers. For instance, Olive's Kitchen and Bar or The Tasting Room in Mumbai serve celebrities and affluent, younger people alike. Outside of the wealthy demographic, companies also target people with less income. Chateau Indage, India's largest wine producer, plans "on opening 1,000 casual wine bars - Starbucks-style across the country to expose Indians of lesser means to the pleasures of sipping primarily Indian wine with their local cuisine[21]."

6. Marketing and Advertising

6.1 Television

Television advertisements for alcoholic products are illegal in India, so other means have been devised to present alcoholic beverages to the public. Many companies participate in "surrogate" advertising by which they present an advertisement that only mentions the name of the company without any direct allusion to their alcoholic beverage.[11]

6.2 Magazines

Magazines are also prohibited from advertising alcohol except for the *Sommelier India* magazine which is dedicated to the wine trade in India. The magazine is written by Indian and international writers, and contains articles and information about the wine culture in India as well as wine profiles that critique different wines.[12]

6.3 Expos

Wine Expos and wine shows like IFE-India, Vinitaly India in Delhi, and Annapoorna India in Mumbai have become important vehicles for wine companies to do market surveys and have wine tasted by potential customers. Many expos and shows take place throughout India and are generally posted on *Indianwine.com* and *Sommelier India*.

6.4 On-Site

On-site promotion can often be allowed although it is far less common. In Delhi, it is prohibited to promote/advertise alcohol products; therefore, many companies engage in surrogate advertising, in which they advertise their brand names without referencing alcohol (a common example is for a company to say "Johnny Walker" but have no mention or picture of the whiskey.

[11] In country evaluation
[12] http://www.sommelierindia.com/bg.html

7. Educational Institutions

The Institute of Vine and Wine
The Institute will be built by the University of Adelaide, Australia. It will be operational in 2008 and will be located 80km from Pune, Maharashtra. There will be a 3 year diploma program, a 4 year degree program, and a 2 year masters program in many areas of wine making, grape growing, marketing and finance.[13]

7.1 Clubs

Wine clubs serve a crucial purpose in making, selecting and, purchasing wines for their members, among other tasks. These institutions make the entire process approachable and easy for the consumer, and they also provide a selling outlet for the producer. By making wine less intimidating, wine clubs involve people who would otherwise be discouraged by it.

Delhi Wine Club
Subhash Arora
247, FF, East of Kailash
Sant Nager, Delhi - 65
Tel: 9111-51622892
Fax: 9111-26438755
www.delhiwineclub.com
Email: arora@delhiwineclub.com

The club, founded in 2002 to promote wine culture and awareness, is the premier wine club of India. It has a membership of over 170 carefully selected persons who enjoy wine with the desire to learn. About twenty events are organized each year. Traditionally, five different wines are paired with 5-course meals at each dinner. Accent is on different

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[13] http://www.sommelierindia.com/blog/2007/09/indian_institute_of_vine_and_w.html and http://inhome.rediff.com/money/2007/mar/19wine.htm.
[17] http://www.forbes.com/2008/02/20/lists-wine-india-forbeslife-cx_pl_0220indiawine.html
[18] Source: India Wine Report by Bryant Christie, p.8-12 (Reference Entire Section on Organized Retail)
[19] www.pepsiamericas.com/about/glossary.shtml
[20] Source: India Wine Report by Bryant Christie, p.9-15
[21] http://www.indiamarks.com/guide/India's-Fine-Wine-Hot-Spots/275
[22] http://www.delhiwineclub.com/news/Bombay_Wine_Club.asp?serialwise=933
[23] http://indianwine.com/bwc/index.htm
[24] http://www.indianwineacademy.com/about_us.asp

cuisines, wine variety and enjoying wine and learning a little. Cheese and wine evenings and serious wine tastings are organized occasionally. Wine is the only beverage served.

Indian Wine Academy
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The Indian Wine Academy is a New Delhi-based market development consultancy firm with extensive contacts among food and beverage professionals and hotel management institutes around the country.

The Academy was launched in 2003 by Subhash Arora, President, Delhi Wine Club, Net entrepreneur, and author, and Sourish Bhattacharyya, a food and wine journalist with 22 years behind him in the profession.

Together, they launched delWine, the country's first eNewsletter on wine, food business, retail and hospitality sectors, which is now in its 134th edition and is being circulated to 5,500 wine producers in 28 countries as well as food and wine importers, hospitality decision-makers, retail sector heads and hotel management institutes. They have co-authored the Italian Wine Guide, a guide to Italian wines listed in Indian hotels and restaurant, for the Italian Trade Commission (ICE).[24].

The Wine Society of India
The Wine Society of India
1407, Maker Chambers V
Nariman Point
Mumbai 400 021
Phone: 022-2285-2286/7 and ask for Member services
Fax: 022-2285-2288
Email: memberservices@thewinesocietyofindia.com

The Wine Society of India began operating in 2006 with a mission to educate the people of India about the many aspects of wine. The Wine Society of India provides this service through a developing range of online and offline program, including home-study wine courses, a helpline to answer wine-related queries, newsletters, and access to edited portions of Decanter Magazine, a global vineyard visit program, restaurant partnerships, wine storage systems and supply of wine accessories. Secondly, it plans and organizes wine events - both informal wine appreciation events and more formal sit-down winemaker dinners. Additionally, it tests wines four times a year and selects a group of wines which it recommends to its members, imports, distributes, and sells through retailers. The Board of Wine Advisors includes: Steven Spurrier, Sanjay Menon, and David Branford.

Bombay Wine Club
Vishal Kadakia
Contact Information
Email: vskadakia@yahoo.com
Phone: +91-982 085 8618
Address: Bombay, India
www.bombaywineclub.com

The Bombay Wine Club, the first of its kind in the city, was initiated by Vishal Kadakia, a serious aficionado whose wine travels include Burgundy and La Rioja. The goal of the Bombay Wine Club is to bring together wine lovers from across the city to learn, enjoy and experience wines[22].

Bangalore Wine Club
Alok Chandra 102, Golden Threshold,
13 Alexandria Street, Richmond town
Bangalore
Tel.: 080-22241238, 98450 16517
Website: www.bangalorewineclub.com is under construction

The Bangalore Wine Club was formed in September by a Group of wine aficionados – and as such is really a collection of friends (and friends of friends). Founding members were Alok Chandra (President), Nina Kanjirath (Treasurer), Kalyan Ganguly, Chippy Gangjee, Sunil Chainani, and Rekha & Vijayan Menon[23].

Hyderabad Wine Club
Balaji Rao BK, President,
Senior Deputy General Manager,
BHEL (R&D), Vikasnagar,
Hyderabad - 500 093
Cell: 9985306537
www.hyderabadwineclub.com

Hyderabad Wine Club associated with Mr. Remie Law of Happyvines, Singapore in an effort to bring wine culture to corporations in Hyderabad. Their goal is to boost confidence in their staff to handle international clients with wine knowledge and Western etiquette. Mr. Remie Law is a renowned wine educator, International wine judge, and instrumental in bringing many a wines to Singapore, suiting Asian palate.

Tulleeho
Vikram Achanta
C-9/9386, Vasant Kunj
New Delhi, India

Tel: : +91 (0)11 26124568
Fax: : +91 (0)11 26138798
Email: tulleeho@tulleeho.com
Website: www.tulleeho.com

Tulleeho is a wine shop dedicated to the promotion of wine and uses a large website to market its products and inform wine enthusiasts. Tulleeho offers a variety of training courses around the area of the appreciation of alcoholic beverages for individuals, corporates and food and beverage professionals. Courses offered cover wine appreciation, cocktail making and Scotch and Single Malt appreciation. The faculty is the best in the country, and includes mixology experts, sommeliers and expert bartenders. They also are pioneers in the field of Wine Tourism offering package tours to Indian wine country.

7.2 Websites

Indiawine.com
Indiawine.com is a very informative website that has articles, stories, blogs, links, and a calendar for events having to do with the development of the wine industry and the popularity of wine in India.

INDIA WINE PROJECT SUPPLY CHAIN REPORT

1. Current Situation in India

India has tremendous potential to become the primary source of agricultural products, more specifically food products in the world. It has about 53% of arable land - land available for cultivation of crops as compared to a measly average of about 11% for the rest of the world. Despite being such a large producer of goods, India still does not rank as one of the top 10 food exporting countries.

However, if one had to point out at one single reason as to why the Indian agricultural industry is such a laggard when pitted against the global standards, it could be the difficult state of the logistics, distribution and an inefficient supply chain.
India faces an acute problem of large amounts of food wasted away due to the lack of a proper cold storage, cold chain and frozen food distribution system.

2. Role of Supply Chain in Indian Organized Retail. [14]

Warehousing goods
The infrastructure in India in terms of road, rail, and air links are not sufficient. Therefore warehousing plays a major role as an aspect of supply chain operations.

Supply Chain Council to Explore Solutions
The Indian Supply Chain Council have been formed to explore the challenges that a retailer faces and to find possible solutions for India.

3. Refrigeration and Air Conditioning Equipment in India[15]

Air Conditioning is a luxury
The Government of India (GOI) considered air conditioning and refrigeration products as luxury items about 10 years ago and assigned high duty rates to the products.

Refrigeration is now allowed for importers
Imports of air conditioners and refrigerators continue in small quantities. Indian exporters import these products for their own use rather than for resale. Until recently, the import of refrigerators was restricted. Foreign firms are now allowed to establish joint ventures with local manufacturers. Indian industry looks forward to technology collaborations with other countries including the U.S.

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[14] Supply Chain: Role of Supply Chain in Indian Organized Retail, URL for this Website: http://business.mapsofindia.com/india-retail-industry/role-of-supply-chain-in-indian-organized-retail.html

[15] Supply Chain: Refrigeration and Air Conditioning Equipment in India, World Biz.com Website for this article: http://today.worldbiz.com/article_list.php?country=India&countryID=5&a (Subscription)

The GOI (Government of India) has simplified import procedures and has reduced import duties to encourage imports of capital goods and raw materials. Import liberalization is expected to continue as a part of the new economic policies of the GOI.

4. Road System and Transportation

India's infrastructure of roads, rails, ports and airports is the most vulnerable part of its supply-chain presence. India's roads consist of 2.4 million kilometers of paved roads and more than a million kilometers of unpaved roadway. In both cases, much of this network is questionable as to reliability for modern transportation needs. While India's rail network exceeds 63,000 kilometers, the best two-thirds are broad-gauge and old.

5. Ports of Entry

India's major ports are Haldia, Vishakhapatram, New Mangalore, Mumbai, Jawaharlal Nehru Port Trust and Kandla. (Mumbai appears to be gaining fast. The new government is planning on building new facilities in New Mangalore and Krishnaptnam.) But according to Sinker, Sri Lanka ports are serving India now for large container ships. Still, even these are very congested. This can mean many extra days, or weeks, to get goods to or from an importer or exporter in India.

6. Service Providers for Transport Logistics

The three major international carriers have made large investments in India and play a vital role. UPS is investing in new UPS Stores in New Delhi, Mumbai, Pune and Bangalore. DHL has been a service provider in India for decades in rail, truck and sea logistics.

7. Cold Chains in India

What is a Cold Chain? - A cold chain is basically a logistics system. It helps in maintaining and providing a series of facilities for ensuring ideal storage conditions for the perishables from the point of origin to the point of sale.

India Report: Trade

1. Regulatory Structure

1.1 Import Procedures in India

1.1.1 Nature of Import Procedures and Timeline

According to the World Bank report "Doing Business 2008," the following is an average timeline for the procedures necessary to import a standardized cargo of goods in India:[16]

Documents Preparation	8 days
Customs Clearance and Technical Control	5 days
Ports and Terminal Handling	5 days
Inland Transportation and handling	3 days

1.1.2 Import Documents

The following is a list of documents that the World Bank report "Doing Business 2008" states are the documents necessary to import a standardized cargo of goods in India:[17]

- Bill of lading
- Cargo release order
- Certificate of origin
- Commercial invoice
- Customs import declaration
- Inspection report
- Packing list
- Technical standard/health certificate
- Terminal handling receipts

1.2 Quotas

There are no quotas on imports of alcoholic beverages in India.[18]

1.3 Customs

1.3.1 Customs Valuation

Customs duties are determined under the Customs Valuation Rules, written in 1998 and most recently amended in 2001. Under these Rules, the value of

[16] http://www.doingbusiness.org/ExploreTopics/TradingAcrossBorders/Details.aspx?economyid=89
[17] http://www.doingbusiness.org/ExploreTopics/TradingAcrossBorders/Details.aspx?economyid=89
[18] Trade Barriers/Sent by USDA/Indian Policy on Imports of Wines page 1

imported goods is the transaction value defined as “the price actually paid or payable for the goods when sold for export to India,” which should include costs and services incurred by the buyer as well as the cost of inputs, royalties, and license fees that are not included in the price paid (Rule 9). If the transaction value cannot be determined, the value is based on: the transaction value of identical goods sold for export to India and imported at or about the same time; the transaction value of similar goods; deductive value; computed value; or the residual method. Customs valuation procedures have been improved in recent years through increased use of online databases. India also uses reference prices to value some agricultural imports. [19]

1.3.2 Customs Clearance

With the introduction of the Risk Management System (RMS) in December 2005, routine assessment, audit, and examination of all imported goods has been discontinued. The focus is now on quality assessment, examination, and post-clearance audit of bills of entry selected by the RMS. Import declarations filed with Customs are processed electronically and produce an electronic output that determines whether the consignment needs to be appraised or examined or both, or be cleared after duty payment. In case of incomplete information at the time of import, or, if deemed necessary by the Customs Appraiser/Assistant Commissioner, goods may also be examined before assessing the duty liability at the importer’s request. Where the RMS has identified a shipment as low risk, “self-assessment by importer” and “no examination by Customs” is accorded. Imports by clients accredited under the Risk Management Program are facilitated through “no assessment” and “no examination” facilities. According to the authorities, customs clearance activities account for around 15-18 percent of the total cargo “dwell time” at ports of entry. The introduction of the RMS in major customs locations has reduced Customs time to eight hours (two hours for assessment and six hours for examination). For accredited clients, the clearance ranges from one to four hours.[20]

The mid-term review of India’s tenth Five-Year Plan called for further trade reforms through efforts to modernize customs, streamline documentation requirements, and widen the coverage of Electronic Data Interchange (EDI). Since December 2002, the National Import Database (NIDB) has been used by the Directorate General of Valuation to speed up import valuation procedures. The NIDB permits a comparison with data gathered on the value of recent imports of comparable goods and is used by all 34 EDI stations as well as by non-EDI stations through electronic mail. In addition, the RMS is due to be phased out in at all customs stations by March 2007. The RMS uses a valuation risk assessment module (VRAM) to use a weighted average value of recent like imports of sensitive goods. According to Customs, the introduction of these electronic

[19] Trade Barriers/Trade Policy Review Report by Secretariat page 91-92
[20] Trade Barriers/Trade Policy Review Report by Secretariat page 92

databases has facilitated quicker clearance of imported cargo on the basis of self-assessment.[21]

1.3.3 Customs Dispute Resolution Mechanisms

Under Chapter XV of the Customs Act of 1962, appeals against decisions made by a Customs officer are heard by the Commissioner of Appeals. Appeals must be made within sixty days from the date of communication of the decision made by Customs. Decisions by the Commissioner of Appeals will be made, where possible, within six months from the date that the appeal is filed. The Customs, Excise, and Service Tax Appellate Tribunal hears judicial appeals against decisions made by the Commissioner of Customs and the Commissioner of Customs Appeals. These appeals must be filed within three months from the date of receiving a communication from the Commissioner of Customs. The Appellate Tribunal must reach a decision, where possible, within three years from the date on which an appeal is filed. Final appeals can be made through the High Court and the Supreme Court. An alternative channel for final resolution of assessment disputes, avoiding such prolonged litigation as described above, has been created under the Customs and Central Excise Settlement Commission.[22]

1.4 Import restrictions

India monitors imports of approximately 300 items that are considered to be sensitive. Alcoholic beverages are included in this list of sensitive imports, which is monitored by a committee chaired by the Secretary of the Department of Commerce. The monitoring mechanism was set up after quantitative restrictions on imports were removed in 2002.[23]

1.5 Inter State or Intra State Movement of Imported Wines[24]

1.5.1 Warehousing:

The Indian Customs Act allows warehousing of imported items including bottled wine in custom bonded warehouses. The period of warehousing allowed is one year (12 months from date to date).

1.5.2 Interest:

There is no interest on customs duty for the first 90 days after bonding. However, interest on customs duty is payable at 15% from the date after initial period of interest free 90 days.

1.5.3 Rate of Duty:

The customs duty applicable on the date on ex-bonding is payable.
The exchange rate is fixed on the date of assessment of duty (i.e. when the stocks are cleared by customs for bonding.) This rate remains fixed for the entire duration of 12 months. This is important because the rate of customs duty is in

[21] Trade Barriers/Trade Policy Review Report by Secretariat page 92-93
[22] Trade Barriers/Trade Policy Review Report by Secretariat page 93
[23] Trade Barriers/Trade Policy Review Report by Secretariat page 109
[24] ABUJAH reference entire "section" (all 1.5's)

percentages of CIF value of stocks. Presently the total customs duty including additional duty is 161.6% of Assessable Value (AV)

1.5.4 CIF & Assessable Value:
CIF means cost + ocean freight + insurance
AV: AV is CIF +1% as landing fee. The present rate of customs duty is 161.6% of AV

1.5.5 Nature of Customs Bonded Warehouses:
There are 3 types of Customs Bonded Warehouses:-

i) Public Owned warehouses: These warehouses are owned and operated by either State of Central Govt in each state and major states.
ii) Private Warehouse: These are warehouses specifically licensed by Customs for warehousing imported stocks by imported stocks for own consumption or trade.
iii) Public Warehouses operated Privately: These warehouses are privately owned and operated by owners of warehouses. Such warehouses are presently located in Mumbai, Delhi and Goa. Facility of temperature and humidity controlled warehousing is available in these warehouses.

1.5.6 Security for Stocks in Private or Public Warehouses operated Privately:
For sensitive goods (all alcoholic beverages and tobacco come under this category), the importer has to provide a Bank Guarantee equivalent to 25% of the value of customs duty in bond.

1.5.7 Jurisdiction of Customs Office:
Each Customs Collectorate has a jurisdiction of 40 km. radius, and within this radius stocks can be moved from one bond to another bond after filing of an application and a transit bond for the duration of transit. After the stocks reach the new warehouse, they are again bonded and transit bond is cancelled.

1.5.8 Movement of stocks beyond 40 km.:
The stocks can be moved from one customs bonded warehouse to another customs bonded warehouse. If the new warehouse is within 40 km. radius, then upon execution of Transit Bond the stocks can be moved. However, for transit distance of over 40 km., say between Mumbai and Delhi, a Transit Bond and a Bank Guarantee equivalent to 50% of the value of customs duty on stocks in transit is to be submitted. There is a fixed format of such Bank Guarantee and this Bank Guarantee is valid for one year. However, the Bank Guarantee is cancelled immediately after the stocks reach the new warehouse and are bonded again at new warehouse.

1.5.9 Ex Bonding of Stocks:
The stocks in bond can be ex bonded (released) in small lots as required by importer in following manner:

i) Either against payment of customs duty at applicable rate on the date of ex bonding and interest, if any due.

ii) Or against duty free entitlement certificate issued by Govt to 5 Star hotels for buying imported alcoholic beverages.

1.5.10 State Excise:

Excise: Sale of alcoholic beverages is totally under the control of States for rules and rate of duty except customs duty. After the duty is paid or stocks are released under duty free licence, a document called, Bill of Entry for Home Consumption is issued by customs (BE) This BE is presented to respective excise office for issuing a Transport Permit (TP) i.e. for transporting the stocks from customs bond to excise bond of the wholesaler upon payment of excise duty on stocks released by customs.

From wholesaler, these stocks are delivered to retail store / restaurants/ clubs or hotels.

1.5.11 Interstate Movement of Stocks*:*

If the ex bonded stocks are to be moved from one state to another, then an excise transport permit from the excise office of destination is obtained prior to release of stocks from customs. After receipt of (TP) from the destination, the ex bonded stocks can be transported from one state to another.

1.5.12 Validity of TP:

If the stocks are to be transported within the city, then the TP is generally valid for 2 working days. If it is Inter State, then generally the TP is valid for 45 days. In case the ex bonded stocks are to be moved from one state to another, then an excise duty applicable at destination becomes due and is paid while applying for TP in that State.

1.5.13 General Practices:

The general practice followed by importers is to import the stocks at JNP (Jawaharlal Port) located at New Bombay and warehouse the stocks in public warehouses operated privately. Some of the stocks are then transferred in bond, after executing the Transit Bond and Bank Guarantee to Delhi and some stocks to Goa. The stocks in Mumbai are used for sale in Mumbai, Bangalore, Hyderabad and Chennai.

Delhi: The stocks in Delhi are used for sale in North India i.e. Delhi, Chandigarh, Haryana, Rajasthan, Punjab and UP.

Goa: The stocks in Goa are used for sale in Goa and or Bangalore.

Though the procedure appears to be time consuming in practice, it is a very well managed system and time tested. The average time period for each activity should be as under in ordinary circumstances:

Examination and Assessment by Customs	2 working days after arrival of stocks in port
Warehousing in Bond	1 day after assessment by customs
Ex Bonding	2 working days
Issuing TP	1 - 2 working days
Transfer of stocks from one State to another**	Approval from customs 2 working days and time for trucking stocks 3-4 days
Bonding at Delhi	1 day
Release of Bank Guarantee	2 working days after receipt of re-warehousing certificate from destination warehouse

**Example of shipping from Mumbai to Delhi

1.5.14 Other Relevant Matters:

The Central Govt, the issuing authority for Duty Free Licence is now putting pressures on 5 star hotels to pass on benefit of duty free purchases to consumers by reducing the rates. In turn the hotels have started squeezing the suppliers for reduced rates.

Further, due to opening of new wine/beer shops and wine bars, direct branding an opportunity for direct interaction and communication with consumers.

It is expected that within a few years the sale of wines in retail stores will far exceed the sale through hotels thus offering an added opportunity for creating brand awareness.

1.6 Import Policy and Regulations

1.6.1 Regulatory and compliance standards

The Bureau of Indian Standards (BIS) is responsible for formulating and enforcing standards for 14 sectors. It is also the WTO-TBT Enquiry Point for India, while the Ministry of Commerce and Industry is responsible for implementing and administering the WTO Agreement on Technical Barriers to Trade.[25]

1.6.2 Registration and documentation

Under India's Foreign Trade Development and Regulation Act of 1992, all importers and exporters must be authorized by the Director General of Foreign Trade (DGFT) through an importer-exporter Code (IEC) number. However, under the Foreign Trade Policy procedures, certain goods may be imported without an IEC number: imports by Central Government ministries, imports for personal use, and trade with Myanmar and Nepal valued at under Rs 25,000 per consignment.[26]

[25] Trade Barriers/Trade Policy Review Report by Secretariat page 112
[26] Trade Barriers/Trade Policy Review Report by Secretariat page 91

Three documents are required for imports: the invoice, the packing list, and the bill of lading or airway bill. Import permits for products subject to restrictions and health and sanitary certificates must be obtained prior to import from the relevant Government departments and submitted with the Customs declaration. Additional documentation may be required, such as a country of origin certificate for goods imported under a preferential trade agreement or for goods entering India under an export incentive scheme and qualifying for duty reductions.[27] The electronic data interchange (EDI) system was introduced in May 1995 to facilitate customs clearance and is applied at all major ports and air cargo complexes. The EDI system is operational in 34 customs stations and processes approximately 85 to 90 percent of import/export documents electronically. Around one-quarter of a million importers and exporters are using EDI facilities. According to Indian authorities, the EDI and risk management system at major customs ports has significantly expedited the customs clearance process. Imports declared under the EDI system do not require a formal bill of entry to be filed with Customs. However, the importer is still required to file a cargo declaration and must submit the required documents at the time that the goods are examined. Additional documents are required for imports not filed under the EDI system, including: a signed invoice, packing list, bill of lading, letters of credit, and relevant import or industrial licenses.[28]

1.6.3 Storage regulations

Imported wines have to be stored at a government-approved custom bonded warehouse. The importer/distributor must meet all mandatory requirements of the state where they plan to market the imported wines before the wines can be released from the bonded warehouse for distribution.[29]

1.6.4 SPS standards

SPS standards are governed and enforced through a number of Indian laws and agencies. The Prevention of Food Adulteration Act of 1954 is the main law on food safety and quality. India's enquiry point under the SPS Agreement is the Department of Agriculture and Cooperation in the Ministry of Agriculture for agricultural health issues.[30]

In an attempt to streamline SPS procedures and enforcement, Parliament passed the Food Safety and Standards Act in August 2006. This act, although yet to be enforced, consolidates 13 laws and establishes the Food Safety and Standards Authority (FSSA). Regulations surrounding the act's implementation are currently being formulated.[31]

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[27] Trade Barriers/Trade Policy Review Report by Secretariat page 91
[28] Trade Barriers/Trade Policy Review Report by Secretariat page 91
[29] Trade Barriers/Sent by USDA/Indian Policy on Imports of Wines page 1
[30] Trade Barriers/Trade Policy Review Report by Secretariat page 113
[31] Trade Barriers/Trade Policy Review Report by Secretariat page 115

India applies a number of SPS measures which have not been demonstrated to have a scientific basis and therefore do not conform to international standards or to the WTO SPS Agreement. India's SPS standards are restrictive and lack transparency, posing a barrier to U.S. agricultural exports to India.[32]

1.6.5 Winemaking standards

See appendix section.

1.6.6 Maximum residue levels (MRLs)

In India, MRLs are fixed by the Central Committee of Food Standards (CCFS). The CCFS is a Statutory Committee under the Prevention of Food Adulteration (PFA) Act of 1954 and Rules 1955 of the Ministry of Health and Family Welfare.[33]

1.6.7 Wholesale and distribution licensing

In several states, the importer/distributor must apply for a foreign liquor-marketing license (FL-1 license) from the state excise department. Requirements vary from state to state, but the importer must have a registered office in the state in which he/she applies for a FL-1 license. The FL-1 licensee must pay a fixed fee each year. The importer may also use the services of an approved FL-1 licensed distributor as a market intermediary to market their product in the state.

In Karnataka, the state-owned Karnataka State Beverage Corporation, Ltd. (KSBCL) has a monopoly over marketing and distribution rights. Therefore, importers in this state must market all of their products through KSBCL.[34]

1.6.8 Brand and label registration

After either acquiring a wholesale license, or securing the services of an approved licensed distributor, the importer must apply for brand and label registration with the state excise department in order to market the brand/label in the state. The state excise department charges a fixed registration fee. This registration must be renewed every year.

At the time of registration, the state excise department provides guidelines on the specific labeling requirements for sale. The state-specific labeling regulations may include the following: (1) the phrase "Alcohol Consumption is Injurious to Health" in English (and in local languages in certain states); (2) the phrase "For Sale in the State of (state name) only"; and (3) the maximum retail price.

Upon registration of the brand/label the licensed wholesaler/distributor can market their product in the state in which the brand/label is registered. This may

[32] Trade Barriers/Import Export policies (PDF) page 4-5, WorldBiz.com
[33] http://www.indianspices.com/magazine/archive/octt_05_eng.pdf page 4
[34] Trade Barriers/Sent by USDA/Indian Policy on Imports of Wines page 2

be done in government-approved retail outlets and in hotels and restaurants that have liquor licenses.

In Karnataka, the importer must apply for brand registration through the KSBCL.[35]

1.6.9 Transport permit

Upon receiving an order from a buyer, the licensed wholesaler/distributor must request a transport permit from the excise department to allow transfer of the specified quantity of the product from the custom bonded warehouse to the buyer. The state excise department will issue this transport permit after receiving the payment of a state excise duty, vend fee, and state-specific taxes. Upon presentation of the transport permit, the bonded warehouse will release the specified quantity of wine to the licensed distributor, who will then transfer the product to the buyer after paying the sales (value added) tax.[36]

1.6.10 Other regulations

Although the Bureau of Indian Standards (BIS) sets standards for various alcoholic beverages, these specifications do not apply to imported products. Furthermore, according to market sources, India does not impose any standards or regulations regarding product composition on wines at the time of import.[37]

1.6.13 11Labeling requirements

Indian labeling standards generally follow international norms and therefore do not constitute a significant barrier to trade. Requirements established under India's food safety laws are often more stringent than international norms, but their enforcement has been weak. India is seeking to harmonize any existing differences between national standards and international norms.[38]

When imported into India, wines that are bottled at origin are subject to the labeling provisions of the Standards and Weight and Measured of Packaged Commodities Rule of 1997. The labeling declaration on the wine bottle must include the following: (1) importer name and address; (2) generic or common name of the packaged commodity; and (3) net quantity in terms of milliliters or liters. In addition, the Standards and Weights and Measures (National Standards) Rules of 1988 stipulate that the alcoholic content of the wine be declared on the label as a percentage of volume with the symbol "% Vol."[39]

[35] Trade Barriers/Sent by USDA/Indian Policy on Imports of Wines page 3
[36] Trade Barriers/Sent by USDA/Indian Policy on Imports of Wines page 3
[37] Trade Barriers/Sent by USDA/Indian Policy on Imports of Wines page 2
[38] Trade Barriers/Import Export policies (PDF) page 4-5, WorldBiz.com
[39] Trade Barriers/Sent by USDA/Indian Policy on Imports of Wines page 1

1.7 Intellectual Property Rights analysis

Since 1995, India has been on the "Priority Watch List" of countries with questionable intellectual property rights (IPR) protection. Furthermore, India's weak patent protection threatens U.S. products. India's patent act prohibits patents for any invention intended for use or capable of being used as a food, medicine, or drug, or related to substances prepared or produced by chemical processes. India also fails to protect methods of agriculture. However, India's decision in August 1998 to join the Paris Convention and the Patent Cooperation Treaty, which took effect in December 1998, is a sign of improved IPR protection.

The Indian government has committed to improving its trademark regime, including national treatment for the use of trademarks owned by foreign proprietors, providing statutory protection of service marks, and clarifying conditions under which the cancellation of a mark due to its non-use is justified. In December 1999, Parliament passed a trademark bill. While trademark enforcement is improving since the bill's passage, protection of foreign marks in India is still difficult. Guidelines for foreign joint ventures have prohibited the use of foreign trademarks on goods produced for the domestic market, although in October 1991 several well-known U.S. firms were authorized to use their own brand names. The required registration of a trademark license has been described by U.S. industry as "highly bureaucratic" and "time consuming", and has been repeatedly refused on the grounds of not being in the public interest, not promoting domestic industry, or for balance of payments reasons. The Foreign Exchange Regulation Act (FERA) restricts the use of trademarks by foreign firms unless they invest in India or supply technology.[40]

2. Tax and Duty Structure

2.1 Federal taxes and duties

Federal taxes are applied at a uniform rate on all imported wines. This rate ranged from 156 percent to 264 percent until July 3, 2007. The tax was then capped by eliminating the ACD and increasing the basic customs duty to a mandatory 150 percent. This made high end wines even more expensive because the lower rate offered on premium wines through the ACD was no longer in effect. The new tax is valid in each state no matter its individual policy on wine imports.[41]

2.1.1 Customs Duties

In international trade, standard 750 ml bottles of wine are classified on the Harmonized Tariff Schedule as HTS 2204.69. The Indian federal government charges a 150% ad valorem basic customs duty and a 1% assessment charge on these imported wines.[42] In addition, India imposes an Extra Additional Duty (EAD) of 4% on imported wines.

[40] Trade Barriers/Import Export policies (PDF) page 5-8, WorldBiz.com
[41] India Wine Report (rewritten report from Subhash) page 20
[42] India Wine Report (rewritten report from Subhash) page 10

2.2 State taxes and duties

India has 28 states and seven union territories, each one governing itself as a separate country. Each state levies taxation on alcohol at its own determined rates. Excise duties vary according to the power and policy of each individual state. Besides the national import duty, every state charges an excise duty which ranges from 30 percent to over 100 percent, as well as a sales tax and a vending fee. Wine importers must also procure licensing clearances for distribution and sale of wine in every state where they intend to market. These licensing procedures also vary by state, further complicating the project of achieving clearance from the state governments in targeted markets. [43] Leading states like Maharashtra (Capital-Mumbai and home to Nasik) have tax free status for local wineries, but a 200% tax for retail distribution for other state and foreign wines (leading importers are well aware of the tax structures and label registration requirements by state).

Although exempted from central import duties, hotels and restaurants must pay state excise taxes and other duties. In the states that have adopted a Value-Added Taxation (VAT) system, the VAT on wines is 20 percent plus an education cess on the sales price. In addition, there is a central sales tax of 4 percent if the wine is stored in a customs-bonded warehouse in one stated and marketed in another state. [44]

2.2.1 Specific Marketing Fees and Labeling Regulations for Imported Wine in Delhi

FL-1 License Fee	Rs. 200,000 per annum
Brand/Label Registration Fee**	Rs. 3000 per annum
Vend Fee	Rs. 150 per bottle (750 ml)
**every label of a Brand requires registration	

Labeling Regulations

"MRP Rs. xxx.xx"

2.2.2 Specific Marketing Fees and Labeling Regulations for Imported Wine in Maharashtra (including Mumbai)

FL – 1 License Fee	Rs. 660,000 per annum
Brand Registration Fee	Rs. 10,000 per annum
Label Registration Fee**	Rs. 7,500 per annum
Special Fee	Rs. 150.25 per bottle (750 ml)
** e.g. registration of four label of a brand total fee = Rs. 40,000 per annum	

In Mumbai, the city authorities charge an additional Octroi fee of 8 percent on the total cost of the product (including all duties and taxes).

Labeling Regulations:

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[43] Trade Barriers/Sent by USDA/Indian Market for Imported Wines page 1
[44] Trade Barriers/Sent by USDA/Indian Policy on Imports of Wines page 3

"MRP = Rs. xxx.xx"

"For Sale in Maharashtra Only".

2.2.3 Maharashtra State Excise Policy

In 2001, the Government of Maharashtra established the following policies governing its grape processing industry:

1. Declaration as a preferential area: The state will be declared a preferential area for the wine industry, which will enable financial institutions to grant loans to the wine industry.

2. Declaration as a small scale industry: The wine industry within the state will be considered a small scale industry so that it falls within the investment regulations prescribed for small scale industries in India.

3. Concessions in excise duties: For those wine industries whose production was started before September 19, 2001, the excise duty will be charged at the rate of 50 percent of the production expenditure incurred by such units instead of the current 100 percent rate. For those wine industries whose production was started or would be started on or after September 19, 2001, the excise duty is charged at the rate of 25 percent of the production expenditure incurred by such units. These concessions will be admissible for a five year period.

4. Concessions in sales tax: All Indian states had previously set the floor rate of sales tax on liquor at 20 percent. However, the Maharashtra government will submit a request to the Empowered Committee of Finance Ministers to reduce the floor rate of sales tax on wine.

5. Wine sales license: Both beer bars and wine bars will be permitted to sell wines.

6. Wine sales license fee: A license fee of Rs. 5000 per year will be charged for wine sales. This rate will not be changed for the next ten years.

7. Simplification of the licensing system and permission for wine production: Investment in wine production through wine parks will enable producers to receive a production license at the district level at the time of plot allotment. Outside of wine parks, production licenses must be issued to investors/producers within 30 days.

8. Establishment of wine institute: To maintain the quality of wine at the international level, a separate wine institute will be established. To set up the wine institute, the government will allot the plot at the nominal rate as given to

other educational institutes. This institute will look after training and wine quality control as well as serve as a research and information center for the wine industry.

9. One window system: For the wine industry, essential license, plot, electricity supply, and infrastructure will be made available with the one window system.

10. Establishment of a grape board: A Grape Processing Industry Board will be established for the wine and grape processing industry in Maharashtra. The board will consist of representatives from the wine industry, grape growing farmers, the state government, government laboratories, and the previously mentioned wine institute. The jurisdiction of the grape board will be to inspect and control the quality of grape growing and wine production; approve labels; inspect quality and standard norms; and draft various schemes for the international sale of processed grape products.

11. Facilities of food processing industries: Wine production units will be given the status of food processing units

12. Wine production units – permission for tourists: In Maharashtra, tourists will be permitted to visit wine production units for wine tasting. These wine production units will also be given licenses to sell wine on a retail basis.

13. Taxation on imported wine: An excise duty cannot be charged on imported wine. Likewise, no fee on labels or brands will be charged on imported wine. However, this type of fee is charged on wine produced in the state and the country.[45]

2.2.4 Specific Marketing Fees and Labeling Regulations for Imported Wine in Karnataka (including Bangalore).

Brand/Label Registration Fee	Rs. 10,000 per annum
Literage Fee	Rs. 1.45 per bulk liter
Special Fee	Rs. 70 per bulk liter

Labeling Regulations:

“MRP = Rs. xxxx”

“For Sale in Karnataka Only”.

“Consumption of Alcohol is Injurious to Health”.

Please note that KSBCL is the monopoly wholesaler/distributor in the state of Karnataka. There is no specified policy for marketing of imported wines bottled

[45] Trade Barriers/Maharashtra State Excise Policy

at origin in the state of Tamil Nadu and thus in Chennai. Whatever small quantities available in Chennai are through the gray market.[46]

3. Trade Policy

3.1 WTO

<u>3.1.1 Membership</u>
India has been a WTO member since January 1, 1995.

<u>3.1.2 Doha development agenda</u>
In the Tshwane IBSA Summit Declaration issued on October 17, 2007, Indian Prime Minister H.E. Dr. Manmohan Singh, Brazilian President Lula da Silva, and South African President Mbeki reaffirmed the commitment of the developing countries to the Doha round of WTO negotiations.[47]

<u>3.1.3 Dispute DS360: India – Additional and Extra-Additional Duties on Imports from the United States</u>

<u>Complainant:</u> United States
<u>Respondent</u>: India
<u>Third Parties</u>: Australia, Chile, European Communities, Japan, Vietnam

March 6, 2007: The United States requested consultations with India with respect to "additional duties" or "extra additional duties" that India applies to imports from the United States, which include wines and distilled products (HS 2204, 2005, 2206, and 2008). These measures include: Sections 2 and 3, and First Schedule, of the Customs Tariff Act, 1975 ("basic customs duty", "additional duty" and "extra additional duty"; Section 12 of the Customs Act, 1962 ("basic customs duty"); Customs Notification No. 5/2004 (8 January 2004) ("basic customs duty" *inter alia* on spirits); Customs Notification No. 20/1997 (1 March 1997) ("basic customs duty" *inter alia* on wine); Customs Notification No. 32/2003 (1 March 2003) ("additional duty" *inter alia* on wine and sprits); Customs Notification No. 19/2006 (1 March 2006) ("extra additional duty" *inter alia* on wine and spirits); as well as any amendments, related measures or implementing measures. The United States claimed that the measures are inconsistent with Articles II:1(a) and (b), III:2, and III4 of the GATT 1994.

March 16, 2007: The European Communities requested to join the consultations.

[46] Trade Barriers/Sent by USDA/Indian Policy on Imports of Wines page 4
[47] Trade Barriers/WTO website info/Tshwane IBSA Summit Declaration http://www.dfa.gov.za/docs/2007/ibsa1018.htm

March 21, 2007: Australia requested to join the consultations as well. India subsequently informed the DSB that it had accepted the request of the European Communities to join the consultations.

May 24, 2007: The United States requested the establishment of a dispute panel.

June 20, 2007: At its meeting, the DSB established a dispute panel. Australia, Chile, the European Communities, Japan, and Vietnam reserved their third-party rights.

July 3, 2007: The dispute panel was composed.[48]

As a member of the World Trade Organization (WTO), India agreed to cap all federal tariffs and taxes on wine imports at 150 percent. However, imported wines still faced a combined import charge of 150-264 percent. The Indian central government imposed three types of import duties on wines and spirits. First, customs duties were set at rates of 100 percent and 150 percent for wines and spirits, respectively. Second, the central government levied an ad valorem additional duty (AD) of 20-75 percent for imported wines and 25-150 percent for imported spirits, which varied inversely with the cost, insurance, and freight (CIF) value of the imported goods. Third, the central government put a four percent extra additional duty (EAD) on most imported products, including all imported wines and spirits. The AD and EAD were calculated based on the value of the goods, including the basic customs duty. India claimed that the AD was intended to offset various excise taxes that Indian state governments levied solely on domestically produced wines and spirits. However, in at least some Indian states, these excise taxes appeared to be lower than the AD. Moreover, an Educational Cess Tax of three percent was charged on the aggregate of all the aforementioned tariffs and taxes.

As most wine producing countries were already WTO members, there existed an understanding that these tariffs and taxes being imposed by the Indian government exceeded provisions of Indian WTO membership. These taxes ultimately functioned as a difficult barrier for many wine exporting countries to overcome. Therefore, under the auspices of the WTO, the United States and the European Union initiated dispute resolution cases to address the issue. The EU filed the first case, and the U.S. followed with its own filing on July 24, 2007. Along with these two independent filings, the countries of Australia, Japan, Chile, and Vietnam filed to reserve their rights to participate in panel proceedings as third parties to both dispute cases.

In the period between the EU and U.S. filings, the Indian government removed the AD. However, it simultaneously proposed to empower state governments to levy taxes on imported products. Furthermore, Indian Customs raised the basic

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[48] Trade Barriers/WTO website info/WTO dispute
http://www.wto.org/english/tratop_e/disput_e/cases_e/ds360_e.htm

customs duty on wines from 100 percent to 150 percent, therefore negating any positive effect resulting from the removal of the AD. In response to these actions, Mumbai, the largest city in India, introduced a 150 percent tax on imported wine and spirits that continues to be levied. As the EU case focused on the removal of the now obsolete AD, the case has been suspended. Alternatively the U.S. case was begun with the ability to address Indian import policy in addition to the AD (i.e., state excise taxes, EAD, etc.).

At the time of the printing of this report, the WTO dispute panel had ruled on the side of India; however, the Office of the United States Trade Representative (USTR) subsequently appealed the case and continues to push the case forward.

Some of the primary goals of this case continue to be: (1) assurance that the AD will not be re-imposed; (2) Assurance that any actions taken by individual Indian States (e.g. excise taxes for out of state/country wine) are non-discriminatory; and (3) forewarning that the U.S. will still push forward for the removal of the EAD levied at a rate of four percent, which would push the federal tariffs over the 150 percent threshold that India is committed to under its WTO obligations.[49]

3.2 Bilateral Trade Agreements

Please note: The following is a list of all bilateral trade agreements to which India is either a signatory to previously-negotiated agreements or a negotiating party in agreements currently being discussed. However, elaboration has only been provided on those trade agreements which affect wine trade between the U.S. and India.

3.2.1 India-EU Strategic Partnership

India and the EU recognize the social and economic importance for both parties to develop and preserve a dynamic and productive agricultural sector. The EU and India have agreed to take the following actions in order to foster the conditions necessary for an efficient, modern, and diversified agricultural sector: exchange views in relation to their respective agricultural policies including modernization and other issues; explore issues of reciprocal interest in agricultural trade; and reinforce the dialogue in the restructured Working Group on Agriculture and Marine products. Both parties will identify new areas of cooperation in this Working Group and collaborate with the Joint Working Group on Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT).[50] India and the EU agreed to establish an SPS/TBT Working Group to hold its first meeting before the end of 2005, in order to deepen the dialogue on SPS and TBT issues with a view to facilitate bilateral trade and increase market access.[51]

3.2.2 CECA between India and Singapore

[49] Trade Barriers/WTO dispute case review - FIVS
[50] Trade Barriers/Bilateral Trade Agreements http://commerce.nic.in/India-EU-jap.pdf page 17
[51] Trade Barriers/Bilateral Trade Agreements http://commerce.nic.in/India-EU-jap.pdf page 21

Under this trade agreement, all wine products classified as subheadings under HTS code 2204 are excluded from duty concessions.[52]

3.2.3 Framework Agreement with GCC States

3.2.4 Framework Agreement with ASEAN
India and the ASEAN countries have agreed to full tariff elimination by the year 2011.[53]

3.2.5 Framework Agreement with Thailand

3.2.6 Framework Agreement with Chile

3.2.7 India-Nepal Trade Treaty
Under this treaty, alcoholic beverages and their concentrates are on the most-favored nation (MFN) list of articles which will not be allowed preferential entry from Nepal to India on the bases of certificate of origin.[54]

3.2.8 India-China Trade Agreement

3.2.9 India-Japan Trade Agreement

3.2.10 India-Korea Trade Agreement

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[52] Trade Barriers/Bilateral Trade Agreements http://commerce.nic.in/ceca/anx2a.pdf page 170
[53] Trade Barriers/Bilateral Trade Agreements http://commerce.nic.in/agree_asean.htm
[54] Trade Barriers/Bilateral Trade Agreements http://commerce.nic.in/nepal.doc page 19

4. PRODUCTION, DISTRIBUTION & TAXATION ON Bottled In Origin (BIO) & DOMESTIC WINES in specific markets

Terms used in this note:
VAT: Value Added Tax on sales
CIF: Cost + Ocean freight + Transit Insurance
Assessable Value: CIF + 1%
Customs Duty: The import duty charged by Central Government on all imports.
State Excise Duty: The excise duty charged by State Government on production and sale of wine.
MIDC: Maharashtra State Industrial Corporation
MRP: Maximum Retail Price
Octroi: This is the tax levied only in Maharashtra in major cities as entry tax for all items coming into the city for sales. Octroi on wines is 7.14%
Label: Label means one brand e.g. white and red wine of same brand constitute 2 labels.

Maharashtra State:

Domestic Wines

The Nasik and Sangli Districts in Maharashtra are major producers of wines for their state; Nasik is well established in wine production while Sangli is the major upcoming district in Maharashtra.

The state government, through MIDC, is the nodal agency for development of wine production in Maharashtra. It has established wine parks in Nasik, Sangli, Solapur, and Pune. MIDC has established central grape crushing and bottling facilities in these wine parks. MIDC also gives land on lease in Wine Parks for establishing wineries.

Each winery has to declare a manufacturing price and the MRP is allowed to be 4 times that of the declared manufacturing price. All margins except VAT producer's gross profit, wholesale margin, retail marring and Octroi are to be covered within the MRP allotted.

Licenses for the production of wines are easily available and issued by the State Government. The Central Government has a scheme of giving a subsidy of 50% of investment in building, plant and machinery - although it is subject to a ceiling of Rs 5 Million. The Central Government gives a subsidy of 50% on VAT for five years and the State Governments has deferred excise duty for 5 years, which is usually 50% of declared manufacturing price. Thus wine produced and sold in Maharashtra will be zero for the next 5 years. There is no label registration fee.

Domestic Wines Produced outside Maharashtra but sold in Maharashtra:

Excise duty	150% of declared manufacturing price.
Annual license fee	Rs 750,000/
Annual Label Registration fee	Rs 5000/
MRP	4 times of declared manufacturing price.

BIO Wines:

Custom Duty	161.6% of CIF
Excise Duty	200% of AV subject to a minimum of Rs 1800/ per case of 9 liters
Label Registration fee	Rs 5000/ per label

The State Excise department is considering imposing a MRP and excise duty based on declared manufacturing price as applicable for domestic wines.

The importer can warehouse the BIO wines in private or government warehouses for a period of 1 year. The first 3 months are interest free but after 3 months interest @ 15% pa is charged on customs duty amount. The stocks can be ex warehoused in small lots as required by importer.

Distribution:

Distribution of domestic and BIO wines is free and in private hands subject to the distributor obtaining a license from the Excise Department. Retail trade is also in private hands and subject to license from the Excise Department.

VAT

VAT is Nil on domestic wines and 20% on BIO wines.

Goa State

Taxation and all policies are common for domestic and BIO wines. There is an excise duty of Rs 450/case of 9 liters. Minor Duties like State Health Access and Import fees are at Rs 5/ case of 9 liters.

Distribution

Distribution of domestic and BIO wines is free and in private hands subject to distributor obtaining a license from Excise Department. Retail trade is also in private hands and subject to license approval from the Excise Department.

VAT

VAT is 20% on domestic and BIO wines.

Bangalore

Domestic Wines

A New Wine policy is in the public domain for public objection or suggestions. The main features of new proposed policy are:

Excise Duty	Rs 630 / per case*
VAT	Nil
Annual Label Fee	Rs 20,000/ per label

*This may be reduced

Sale of wine at a winery would be allowed and the establishment of wine bars would be at nominal taxes.

BIO

A fee of Rs 630 /- is charged per case but there are proposals to increase this fee to Rs 200/- per liter (Rs. 1,800/case) under the new policy.
Annual Label Fee: Rs 10,000/- per label

Distribution

The State has a monopoly control over distribution through Karnataka State Beverages Corp Ltd (KSBCL). All supplies are made to KSBCL which in turn supplies beverages to retailers, hotels and restaurants. KSBCL levies a margin of 7% on landing price and Payments are released by KSBCL on a fortnightly basis based on stock depletion from its warehouse. Retail trade is in private hands.

Delhi:

Domestic Wines

The State levies an excise duty assessment fee of 25% + Rs 10 per case on landing rate. Every company has to open a depot in Delhi for stock transfer from winery to depot. Stocks are sold from depot to retailers, hotels, or restaurants.

There are private parties who have warehouses and they are appointed by wineries under a Power of Attorney to operate these depots. These private operators manage all logistics of warehousing, excise compliance, local delivery and payment collection against a mark up fee of around 5%.

Annual Depot fee	Rs 500,000/
Brand Fee	Rs 50,000/per label
Label Registration Fee	Rs 3000/ per label
Security Deposit	Rs 200,000/ one time.

Almost all retail stores are owned by the State Government, however, the Government has now allowed establishment of retail stores by private parties and about 15 such stores have been established.

BIO Wines

Every importer has to have a separate bond against an annual fee of Rs 250,000. However, some private parties have obtained these bonds and they deal in BIO wines.

Taxes on BIO wines	Rs 150/ per bottle
Label Registration fee	Rs 5000/per label per annum

VAT

20% on domestic and BIO wines.

Haryana:

The main city that generates wine sales in Haryana is Gurgaon, where sales are very good due to high industrialization and the large development of the IT Industry. Both domestic and BIO wines fall under the same legislation.

Excise Duty	Nil
Label Registration fee	Nil
VAT	20%

Distribution

Both distribution and retail are in private hands.

Chandigarh

Both domestic and BIO wines fall under the same legislation.

Excise Duty	Rs 45 / per case
Label Fee	Rs 6000/ per label
VA	4%

Distribution

Both distribution and retail are in private hands.

Andhra Pradesh

The State has a monopoly control over supply of alcoholic beverages in the State through its agency Andhra Pradesh Beverages Corp (APBCL). All rules and taxation are the same for domestic and BIO wines except retailing of BIO wines. Payment is released by APBCL on fortnightly basis on stock depletion.

Taxation	
Excise Duty	Rs 480 / case
APBCL margin	24.25% on landing price + VAT
VAT	70%
Label Registration	Rs 10,000/per label

Retailing

Retailing is in private hands.

BIO:

BIO wines can not be sold in retail stores. The sale of BIO wines is restricted to hotels.

Tamil Nadu

The State has a monopoly over the supply of alcoholic beverages. All domestic beverages have to be produced within the State. However, an exception is made for wines, domestic and BIO because wines are not produced in the State. The monopoly procurement is through TASMAC, a State Government agency. However, wines can be sold directly to hotels and clubs. The sale of wine is not allowed in retail trade. Taxation is similar for domestic and BIO wines.

Import Fee	Rs 433/ per case
Excise Duty	Rs 113.25 per Proof Liter
Label Registration fee	Nil
VAT	70%

Business Opportunities:

Establish own winery

Establishing a winery requires high investment but there are high opportunities in establishing own brands in a growing economy and growing wine market.

Contract bottling with an Indian winery

This requires a lower investment yet has the same benefit as establishing a winery

Import and Sale of BIO wines

This opportunity is suggested for entry level wines from California to take advantage of negligible presence of Californian wines in India. Requires a low investment but has a gestation period of 2-3 years.

Sourcing good quality entry level Indian wines under own label for exports to China at better rates because of lower cost of production.

This would require a low investment.

The above business options are not mutually exclusive but can be implemented in combination for high growth.