

Voluntary Report – Voluntary - Public Distribution

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Report Name: Promoting US Alcohol from New Delhi to the Gateway of South India

Country: India

Post: New Delhi

Report Category: Beverages, Export Accomplishments - Marketing, Trade Events and Shows, Promotion Opportunities, Wine, SP1 - Expand International Marketing Opportunities

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Report Highlights:

As the world's largest whiskey consumer and a rising consumer of wine, India provides numerous opportunities for U.S. alcoholic beverage exports. To capture greater market share and generate enthusiasm and demand for U.S. alcohol, the Foreign Agricultural Service in New Delhi conducted U.S. alcoholic beverage promotions in New Delhi and Chennai, on March 10 and April 8, 2022, respectively. Through these events, premium, new-to-market U.S. craft spirits and California wines were demonstrated to leading importers, distributors, and hotel and restaurant stakeholders. These activities have attracted renewed interest in U.S. wines and spirits, with new U.S. product sales expected later this year.

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

REPORT OVERVIEW

India's alcoholic beverage sector, valued at \$35 billion, continues to grow with an increasing openness to diversifying tastes and trade opportunities. India is also among the largest whiskey consumers in the world with average per capita consumption in 2022 estimated to reach 2.6 liters, valued at \$19 billion.¹ While much smaller in value, India's wine market is estimated at \$150 million, with imports accounting for 30 percent of total sales. Policy reforms, including the lowering of the drinking age from 25 to 21 years in New Delhi and the introduction of a streamlined label registration process in the state of Maharashtra, have indicated some openness to increasing alcoholic beverage trade.²

In 2021, India's total wine and distilled spirits imports grew to \$319 million, a 40 percent year-on-year (YoY) increase. With an easing of COVID-19 restrictions in India, U.S. alcoholic beverage exports were also able to regain a foothold and grew to \$6.9 million in 2021, a 113 percent increase YoY increase (See GAIN: [IN2022-0028, Opportunities in India to Highlight American Wines and Craft Distilled Spirits at Upcoming Trade Shows](#)). However, consumer knowledge about the variety and quality of U.S. alcoholic beverages remains low, compared to other international origins.

Last year, to build awareness among Indian importers and consumers about U.S. wine and spirits, the Foreign Agricultural Service offices in New Delhi and Mumbai launched the "Alcoholic Beverage Market Promotion Program." Through the initiative, FAS India has featured innovative products from California wineries and U.S. craft distilleries, showcasing to an Indian audience the wide range of premium U.S. alcoholic products, including wines, spirits, and ready-to-drink beverages. In September 2021 FAS New Delhi (Post) started the campaign by conducting two in-person tasting demonstrations of California wines and craft spirits from midwestern states to leading importers, hotel and restaurant sector (HRI) stakeholders, bartenders, and influencers.

A Night of American Craft Spirits Heritage

On March 10, 2022, Post resumed the initiative through a demonstration of "American Craft Spirits Heritage." The event occurred at the Leela Palace Hotel, New Delhi, and was attended by approximately 70 importers, retailers, and other stakeholders in the national capital region. Through a sit-down tasting session conducted by a leading alcoholic beverage promoter, Post highlighted the American colonial whiskey heritage and unveiled spirits from craft distilleries in Virginia, Delaware, New Jersey, and Kentucky.

Featured American Distilleries

- Catocin Creek Distillery (Virginia)
- BarreSmith (Connecticut)
- Painted Stave Distilling (Delaware)
- Laird & Company (New Jersey)
- Templeton Rye (Iowa)

¹ Source: [Statista](#); India Consumer Markets.

² See USDA GAIN: [IN2021-0046](#).



(Left) Among the American craft spirits featured included Catoctin Creek, Templeton, Painted Stave Distilling and Laird & Company; (Right) U.S. Embassy Chargé d'affaires Patricia Lacina giving opening remarks for the attendees at the New Delhi tasting event

Wine Down South

On April 8, 2022, Post, in collaboration with U.S. Consulate General Chennai unveiled a selection of new-to-market California wines at the Taj Coromandel Hotel, Chennai. The event was attended by over 100 persons, including key HRI stakeholders, local press, and top social media influencers, all who marveled at the quality of the wines, in addition to a selection of American craft spirits that Post highlighted. Local media wrote glowing stories, publishing digital content reviewing the California wines (see, DT Next, [From California to Chennai: American wines to tickle Indian taste-buds](#), and [Hindu Business Line](#).” The event was the first of its kind in-person event conducted by Post in Chennai since 2017.



(Left) Six wines were profiled during the sit-down tasting, (Right) participants enjoying the event.

Featured California Wineries

- Schramsberg Vineyards
- Signorello Estate
- Murphy Goode Winery
- Pine Ridge Vineyards
- J. Lohr Vineyards & Wines
- Ménage à Trois Wines

Southern India is a significant driver for the country’s alcoholic beverage sector. Five states, including Andhra Pradesh, Telangana, Tamil Nadu, Karnataka, and Kerala, account for half of India’s total liquor consumption. Tamil Nadu, whose capital is Chennai, is the largest consumer of liquor in the country, representing 13 percent of total alcohol consumption,³ closely followed by Karnataka (Bangalore) at 12 percent (Source: [Financial Express](#)). Chennai’s hotel and restaurant industry has slowly rebounded from the pandemic with business returning to near, pre-pandemic levels.⁴ These hotel chains have routinely expressed interest to expand their portfolios of American wines and spirits, including bourbons and gin.

Import Restrictions

Despite its high-quality reputation, U.S. alcohol, particularly California wines, is difficult to procure in Tamil Nadu, due to a lack of brand awareness and significant import restrictions. Tamil Nadu’s alcohol market is controlled by the Tamil Nadu State Marketing Corporation Limited (TASMAC), a parastatal entity that oversees and controls the entire supply and import process for alcoholic beverages, including alcohol registration, distribution, and retail across the state. TASMAC maintains a tight grip on liquor sales and prohibits the marketing and promotion of alcohol in any form. However, upscale hotels accredited as either four or five-star establishments can bypass TASMAC restrictions and purchase alcoholic beverages from regional distributors and can warehouse imported liquor.

India’s Southern Wine Culture

Despite being a region that consumes little wine traditionally, Southern India, including Chennai, is slowly growing its oenophile culture.⁵ Today, many wine clubs and societies are active in every major city, and they promote and appreciate wines from throughout the world, including the United States. There is also a significant increase in the number of urban wine consumers, including female drinkers, where alcohol was previously taboo. During the April 8 event in Chennai, Post received great responses from both wine enthusiasts and hotel stakeholders, both of whom expressed keen interest to obtain new brands and diversify their wine portfolios. Post is following up on these leads and results are awaited.



(Left) Master Sommelier Magandeeep Singh led the wine discussion, in partnership with Vikram Achanta with the Tulleeho Beverage Academy, (Right) pouring wines for the tasting

³ Brandy is overwhelming the drink of choice in Tamil Nadu, due to its cost and availability in the state-controlled liquor shops.

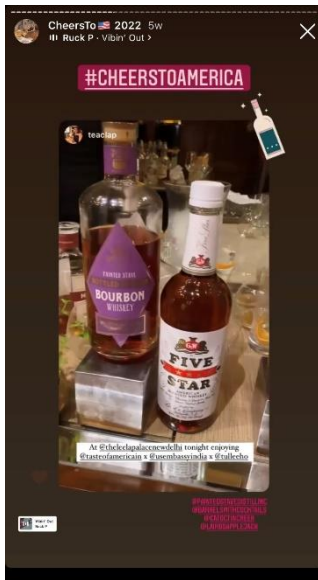
⁴ Throughout the country, India’s hotels have continued to rebound with greater occupancy rates, including in higher “leisure” markets (See: [India Hotel Performance Continues to Eclipse Pre-Pandemic Levels](#); Hospitality Net, May 17, 2022).

⁵ TASMAC maintained just 14 registered wine labels in its distribution system in 2021, representing 0.17 percent market share of the state’s total alcoholic beverage sales (Source: TASMAC presentation).

Next steps

Demand for U.S. wines and spirits is growing throughout India, and exporters who remain interested in India as a future marketplace may see great long-term results. Initial feedback received from these events has demonstrated strong interest to introduce new products including craft spirits and California wines. FAS offices in Mumbai and India will also continue to facilitate any meetings between U.S. distilleries/wineries and Indian importers for potential business development. FAS New Delhi is expected to begin its third iteration of the Alcoholic Beverage Market Promotion Program in 2023.

Select FAS India Social Media Coverage



Attachments:

No Attachments.