

Economic Impact Analysis of Supreme Court Judgement Prohibiting Sale of Alcohol on Highways

Report

The study was sponsored with the financial support of NITI Aayog,
Government of India and conducted by Consumer Unity & Trust Society
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Disclaimer

Consumer Unity and Trust Society (CUTS International), Jaipur has received a grant-in-aid under the Research Scheme of NITI Aayog to produce this study. However, NITI Aayog shall not be held responsible for findings or opinions expressed in the study. This responsibility rests with the Consumer Unity and Trust Society (CUTS International), Jaipur.

Acknowledgments

The present study would not have been possible without the financial support of NITI Aayog, Government of India, New Delhi. We are particularly thankful to Governance and Research Division of NITI Aayog for providing valuable and timely feedback which enabled us to fine tune this study.

Our deepest gratitude goes to all the individuals, departments, ministries and business units who provided necessary data and perspectives required for analysis in the study.

In particular, I would like to thank Ministry of Road Transport and Highways (MORTH), Excise Departments of Rajasthan, Haryana, Delhi and Uttar Pradesh, Traffic Police Departments of Rajasthan, Haryana, Delhi and Uttar Pradesh, Federation of Hotels and Restaurant Associations of India (FHRAI), and numerous business units, their owners and staff. A detailed list of all the contributors is provided in Annexure 9.

I would also like to acknowledge the contribution of my colleagues Abhishek Kumar, Sanjaya Kumar Lenka, Priyam Purohit and Prashant Sharma whose dedication and hard work ensured quality analysis and timely completion of this study.

Our collective gratitude also goes to Pradeep Singh Mehta, Secretary-General, CUTS International for his invaluable guidance throughout the course of this study.

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Contents

Executive Summary	8
1. Background	12
2. Problematique	14
3. Objective of the study	15
4. Methodology	16
4.1. Location	16
4.2. Key Components Analyzed:	16
4.3. Duration:	19
4.4. Primary Research:	19
4.5. Secondary Research:	19
4.6. Limitations:	19
5. Case Studies	21
5.1. Uttar Pradesh (UP):	21
• Impact on State Revenue	21
• Impact on Retail Outlets	25
• Impact on Hotels and Restaurants	29
• In Lieu of Conclusion	30
5.2. Delhi	31
• Impact on State Revenue	31
• Impact on Retail Outlets	35
• In Lieu of Conclusion	38
5.3. Haryana	40
• Impact on State Revenue	40
• Impact on Retail Outlets	41
• Impact on Hotels & Restaurants – Primary Survey	44
• In lieu of Conclusion:	45
5.4. Rajasthan	46
• Impact on State Revenue	46
• Impact on Retail Outlets	47
• In Lieu Conclusion	54
6. Estimation of Aggregate Impact of Supreme Court Judgment on Retail Outlets	56
6.1. Summary of Impact on Retail Outlets in Four States through Change in Procurement Levels	56

6.2.	Aggregate Notional Impact of Supreme Court Judgment.....	57
6.3.	Disaggregate Analysis of Estimated Impact of the Supreme Court Judgment	58
•	Estimated Impact in Uttar Pradesh.....	58
•	Estimated Impact in Delhi.....	59
•	Estimated Impact in Haryana.....	60
•	Estimated Impact in Rajasthan.....	60
6.4.	Aggregate Estimated Impact of the Supreme Court Judgement on the Retail Outlets	61
7.	Impact of Supreme Court Judgment on Road Accidents	63
•	Primary Survey	66
8.	Conclusion and Recommendations:.....	68
9.	Annexures	71

List of Tables

Table 1: Key Components of Analysis	17
Table 2: Units of Measurement of Categories of Alcohol	19
Table 3 Loss of state revenue from affected retail outlets in Meerut.....	23
Table 4: Calculation of Projected Loss to various categories of affected retail outlets in Meerut	24
Table 5: Estimated Revenue and Job loss in Hotel and Restaurants in Uttar Pradesh (in Meerut and Ghaziabad) from April to September, 2017	29
Table 6: Summary of Impact on State Revenue and Retail Outlets in Uttar Pradesh.....	30
Table 7: Amount of License Fee collected from Retail Outlets shut down on Department's Order	32
Table 8: Categories of Percentage Change in Excise Duty collected from Retail Outlets shut down in Delhi from April-August, 2017.....	33
Table 9: Amount of Excise Duty collected from various Retail Outlet categories in Delhi in 2016-17 and 2017-18	33
Table 10: Excise Duty Collected from Retail Outlets closed on Department's Order, 2017.....	34
Table 11: Monthly Collections of State Revenue by Delhi Excise Department in 2017-18.....	35
Table 12: Share of Revenue Loss in total State Revenue collected in 2017-18 by Delhi Excise Department.....	35
Table 13: Calculation of Total Loss of Revenue of Categories of Retail Outlets in Delhi	36
Table 14: Estimated Revenue and Job Loss in Hotel and Restaurants in Delhi from April to August, 2017	37
Table 15: Summary of Impact on State Revenue and Retail Outlets in Delhi.....	39
Table 16: Estimated Revenue and Job loss in Hotel and Restaurants in Haryana (in Gurugram and Rewari) from April to September, 2017	44
Table 17: Summary of Impact on State Revenue and Retail Outlets in Haryana	45
Table 18: Year-on-Year Increase in Guarantee Amount of Country Liquor Vends in Rajasthan (Jaipur and Alwar)	48
Table 19: Year-on-Year increase in Guarantee Amount of Country Liquor (in INR Crores) Year-on- Year increase in Guarantee Amount of Country Liquor (in INR Crores).....	51

Table 20: Year-on-Year increase in Procurement of IMFL (in Lacs Bulk Litre)	52
Table 21: Year-on-Year increase in Procurement of Beer (in Lacs Bulk Litre)	53
Table 22: Summary of Impact on State Revenue and Retail Outlets in Rajasthan	55
Table 23: Incidents of Drunken Driving in Uttar Pradesh (in Meerut and Ghaziabad Districts).....	63
Table 24: Number of Challans issued for Drunken Driving in Delhi	64
Table 25: Incidents of Drunken Driving in Haryana (in Rewari and Gurugram Districts).....	64
Table 26: Number of Accidents due to Drunken Driving in Rajasthan (in Jaipur and Alwar Districts).....	65
Table 27: Number of Challans issued for Drunken Driving in Rajasthan (in Jaipur and Alwar Districts).....	65
Table 28: Summary of Primary Survey of On the Spot Challans for Drunken Driving in Jaipur (at Transport Nagar and Kunda Check Posts).....	66

List of Figures

Figure 1: National Highway stretch for the study	16
Figure 2: Aggregate State Revenue collected from Meerut and Ghaziabad in Uttar Pradesh	21
Figure 3: State Revenue collected from Meerut and Ghaziabad: Disaggregated	22
Figure 4: State Revenue collected from Ghaziabad.....	22
Figure 5: Aggregate Foreign Liquor Procurement by Hotels	25
Figure 6: Aggregate Country Liquor Procurement	25
Figure 7: Aggregate Procurement of Beer by Hotels in Ghaziabad and Meerut	26
Figure 8: Aggregate Procurement of beer by vends in Uttar Pradesh (Ghaziabad and Meerut).....	26
Figure 9: Aggregate Procurement of Foreign Liquor by vends in Uttar Pradesh (Ghaziabad and Meerut)	26
Figure 10: Procurement of Country Liquor in Meerut.....	27
Figure 11: Procurement of Country Liquor in Ghaziabad	27
Figure 12: Procurement of Foreign Liquor by vends in Meerut	27
Figure 13: Procurement of Foreign Liquor by vends in Ghaziabad.....	27
Figure 14: Procurement of Beer by Vends in Meerut.....	28
Figure 15: Procurement of Beer by vends in Ghaziabad	28
Figure 16: Procurement of Foreign Liquor by Hotels in Meerut	28
Figure 17: Procurement of Foreign Liquor by Hotels in Ghaziabad	28
Figure 18: Procurement of Beer by Hotels in Meerut.....	28
Figure 19: Procurement of Beer by Hotels in Ghaziabad	28
Figure 20: Aggregate Excise Revenue Collected in Haryana (Gurugram and Rewari).....	40
Figure 21: Components of State Revenue collected from two districts in Haryana in 2016-17 (in INR Crores)	41
Figure 22: Components of State Revenue collected from two districts in Haryana in 2017-18 (in INR Crores)	41
Figure 23: Aggregate Procurement of Foreign Liquor by Vends in Haryana (Gurugram and Rewari)	42
Figure 24: Aggregate Procurement of Country Liquor by Vends in Haryana (Gurugram and Rewari)	42
Figure 25: Procurement of Beer by Vends in two districts of Haryana (Gurugram and Rewari).....	42

Figure 26: Procurement of County Liquor by vends in Rewari	43
Figure 27: Procurement of Country Liquor by Vends in Gurugram.....	43
Figure 28: Procurement of Foreign Liquor by Vends in Gurugram	43
Figure 29: Procurement of Foreign Liquor by Vends in Rewari	43
Figure 30: Procurement of Beer by Vends in Rewari	43
Figure 31: Procurement of Beer by Vends in Gurugram	43
Figure 32: Procurement of Foreign Liquor by Hotels in Gurugram	44
Figure 33: Procurement of Beer by Hotels in Rewari.....	44
Figure 34: Aggregate Excise Revenue collected in Rajasthan (from Jaipur and Alwar).....	47
Figure 35: Share of Aggregate Excise Revenue collected from Rajasthan (from Jaipur and Alwar).....	47
Figure 36: Aggregate Guarantee Amount of Country Liquor Vends in Rajasthan (from Jaipur and Alwar).....	48
Figure 37: Aggregate Procurement of IMFL by vends in Rajasthan (Jaipur and Alwar).....	49
Figure 38: Aggregate Procurement of Beer by Vends in Rajasthan (Jaipur and Alwar)	49
Figure 39: Share of Procurement of IMFL and Beer in Jaipur and Alwar in Rajasthan.....	50
Figure 40: Share of Aggregate Guarantee Amount of Country Liquor in Rajasthan	51
Figure 41: IMFL lifted by Hotels/Bars: Alwar	53
Figure 42: IMFL lifted by Hotels/Bars: Jaipur (Rural)	53
Figure 43: Beer lifted by Hotels/Bars: Jaipur (Rural).....	54
Figure 44: Beer lifted by Hotels/Bars: Alwar	54

Executive Summary

On December 15, 2016, the Supreme Court of India passed a judgement¹ prohibiting sale of alcohol on National and State Highways within a distance of 500 metres across India to rein in accidents due to drunken driving. Since, India is one of the fastest growing alcohol markets in the world with Indian alcohol market growing at a CAGR of 8.8% and expected to reach 16.8 billion litres of consumption by the year 2022², any disruption is likely to have a significant impact on the economy.

This study looks at the economic impact of the judgement and effect of the same on drunken driving in select locations flanking select highways in four states namely Uttar Pradesh, Delhi, Haryana and Rajasthan for a period of six months from April to September, 2017. The study is based on case study approach with each state treated as a separate case on account of high degree of variance in data and the data collection system across states.

With regards to the economic impact, there are mainly two components that have been analysed in each state. These are, 'Impact of the judgement on State Revenue' and 'Impact of the judgement on retail outlets' which include vends, clubs, bars, restaurants and hotels, amongst others. The State revenue analysis further focusses on two aspects, namely Excise Duty and License fee as these are the two main revenue components for respective excise departments of states. The impact on retail outlets is calculated in terms of change in procurement levels. In addition to this, notional impact on retail outlets (retail vends, hotels and bars) in select districts from which the highway stretch passes is also estimated.

From the evidence provided in the study, it can be concluded that significant adverse economic impact was felt at the retail outlet level and the impact peaked during April 2017 to September 2017, whereas the state revenue did not see any significant adverse impact except in the Delhi. In Delhi, a significant excise duty was forgone with respect to 97 retail outlets. However, even in case of Delhi the adverse impact was felt only for 97 outlets out of a total 1733 retail outlets.

Revisions in components like Excise Duty and License Fee helps to keep the state revenue afloat. Even in state like Maharashtra, state revenue from excise for 2017-18 saw an increase despite a fall in consumption of alcohol after the Supreme Court judgment³.

As of March, 2018, most of the disrupted retail outlets have resumed operation either at the same location or with relocation.

The following table provides a snap overview of overall economic impact of the judgement in select locations in four states.

¹ In the case of State of Tamil Nadu Vs. K Balu&Anr. (Civil Appeal Nos. 12164-12166 of 2016 arising out of Special Leave Petition SLP (C) Nos. 14911-14913 of 2013)

² [Indian Alcohol Consumption Report 2017](#)

³ [Liquor Sales in Maharashtra drops after Supreme Court 2017 Ban](#)

Summary of Impact on State Revenue and Retail Outlets in the four states				
	Uttar Pradesh	Delhi	Haryana	Rajasthan
Impact on State Revenue (In INR Crores)				
State Revenue Collection from Select Locations within States	-0.38	-62.96	78.21	37.66
	Decreased	Decreased	Increased	Increased
Impact on Retail Outlets				
Country Liquor (Procurement)	In Lac Bottles	N.A.	In Proof Litres	Guarantee Amount paid in INR Crores
	-15.70		-3.00	-3.83
	Decreased		Decreased	Decreased
IMFL*-Retail Vends (Procurement)	In Lac Bottles	Revenue Loss in INR Crores	In Proof Litres	In Lac Bulk Litres
	5.99	-98.56	-11.38	2.03
	Increased	Decreased	Decreased	Increased
Beer- Retail Vends (Procurement)	In Bulk Litres	N.A.	In Bulk Litres	In Lac Bulk Litres
	3.07		-102.93	8.02
	Increased		Decreased	Increased
IMFL-Hotel/Bar (Procurement)	In Lac Bottles	N.A.	N.A.	N.A.
	-0.02			
	Decreased			
Beer-Hotel/Bar (Procurement)	In Bulk Litres	N.A.	N.A.	N.A.
	-0.37			
	Decreased			
Impact on Hotels and Restaurants (Sample Survey)				
Number of Hotels, Restaurants and Bars	3	8	3	N.A.
Change in Estimated Revenue (INR Crores)	-3.70	-25.24	-4.80	N.A.
Percentage Change in Estimated Revenue	-20-30%	-25-50%	-30-40%	N.A.
Loss of Jobs	30	225	103	N.A.
Source: CUTS analysis *Indian Made Foreign Liquor				

The above impact on the retail outlets was translated into monetary terms in order to estimate the change in business revenue.

The total economic loss of retail outlets (retail vends, hotels, restaurants and bars) in the select districts through which the highway stretch passes is estimated to be approximately INR 180 Crores.

The above estimated impact on retail outlets is presented in the following table:

Aggregate Estimated Impact on Retail Outlets (in INR Crores)						
Sr. No.	Particulars	Uttar Pradesh	Delhi	Haryana	Rajasthan	Total
1.	Retail vends	30.77	-98.56	-124.60	48.75	-143.64
2.	Hotels and Bars	-4.56	-25.24	-4.97	-1.32	-35.09
	Aggregate Estimated Impact	26.21	-123.80	-129.58	47.43	-179.74
Source: CUTS Analysis						

Hence, for every 1000 kilometer of similar highway stretch which passes through contiguous regions with similar socio-economic and cultural backgrounds, the notional negative impact on the business for the period from April to September, 2017 could be estimated to be around INR 496 Crores.

Aggregate Estimated Impact on Select Districts in Four States			
1.	Aggregate Estimated Impact in select districts	In INR Crores	-179.74
3.	Notional Impact per kilometre of highway	In INR Crores	-0.496
4.	Estimated Impact per 1000 Kms of highway	In INR Crores	-496.54
Source: CUTS Analysis			

The impact of the judgment could vary from region to region. Hence, a nation-wide impact of the judgment would be difficult to estimate without a granular study like the above. However, the hospitality industry, which came into the purview of the judgment on March 31, 2017 which clarified that the order applies to not only shops but also bars in hotels & restaurants, stated an estimated impact of the judgment to be nearly INR 10,000-15,000 Crores and job losses of 100,000. NITI Aayog CEO, Amitabh Kant, tweeted that the ban will adversely impact the whole tourism sector and thus the job losses maybe in the range of one million.⁴

⁴ [Liquor Ban Impact estimated at Rs 65k crores in revenue foregone by states and hospitality industry](#)

Ambiguities in the judgement such as lack of clarity on how to measure the distance of 500 metres or 220 metres (in case of areas with less than 20,000 of population) have raised questions on implementability of the judgement.

Overall, the evidence suggests (based on official data as well as primary survey) that there is no significant reduction in drunken driving cases subsequent to the judgement. On the other hand, the evidence also suggests that policing is an ineffective mechanism to rein in drunken driving incidence.

These facts raise a serious question about the effective implementability of the judgement and therefore it is recommended that when an issue concerns a substantive economic dimension, the courts in India will do well to assess the impact ex-ante. This could be done by setting up an expert committee under the directions of the Court. Such a committee must also look into implementability of judgement in addition to assessing economic costs.

1. Background

On December 15, 2016, the Hon'ble Supreme Court of India, in the case of *State of Tamil Nadu Vs. K Balu & Anr.* passed a judgement prohibiting the sale of alcohol along the national and state highways in the country. The judgement came in the wake of high incidents of road accidents allegedly taking place due to drunken driving in the country. The root of the judgement emanated from an advisory of the Ministry of Road Transport and Highways (MORTH) issued to all State and Union Territories (UT) in 2011 to rein in drunken driving in the country (**Annexure 1**). Amongst other things the advisory took note of 2009 statistics on accidents due to drunken driving in the country which stood at 27,152 per annum at that time. The advisory exhorted states to strictly enforce Section 185 of Motor Vehicles Act 1988 (MVA) dealing with drunken driving⁵, abstain from issuing fresh licenses to liquor vendors on National Highways, remove liquor shops along National Highways, take corrective action in cases where a license has been issued in the past and submit an action taken report by end of 2011.

Subsequently, due to the non-compliance of MORTH advisory this issue was contested in the High Courts of Punjab & Haryana and Madras respectively.⁶ The Madras High Court while pronouncing the judgement also brought State highways under the purview of the ban that it imposed on sale of alcohol along the highways in the state. The Madras High Court judgment was later challenged in the Supreme Court of India by State of Tamil Nadu and on 15th December 2016, the Supreme Court pronounced its judgement and laid down the following specific directions:

1. All States and Union Territories were to cease and desist from granting licenses for the sale of liquor along National and State highways with immediate effect
2. The prohibition was to include stretches of such highways which fall within the limits of a municipal corporation, city, town or local authority
3. The existing licenses which were renewed prior to the date of the judgement were to continue until the term of the license was to expire but no later than 1st April 2017
4. All signages and advertisements of the availability of liquor were also prohibited while the existing ones were to be removed with the immediate effect from both National and State highways
5. No shop for the sale of liquor was to be visible from a National or State highways, directly accessible from a National or State highway, situated within a distance of 500 meters of the outer edge of the National or State highway or of service lane along the highway

⁵ As per Section 185, Motor Vehicles Act, 1988, driving under the influence of alcohol or drugs is a punishable offence.

⁶ The aforementioned Civil Writ Petitions (CWP) in the High Courts of Madras and Punjab and Haryana were filed in the year 2012. However, the petitions were not related to each other.

6. All UTs and States were mandated to strictly enforce the directions of the court. It was also directed that Chief Secretaries and Director General of Police will within one month chalk out a plan for enforcement in consultation with the State revenue and Home departments. Responsibility was to be assigned to District Collectors and Superintendent of Police, amongst other competent authorities and compliance was to be strictly monitored by calling for fortnightly report.

While the judgement entailed several directions as can be seen above, there were also certain ambiguities. This was amply clear as the Court had to make subsequent clarifications in its order dated March 31st, 2017 and later in July 2017. Specific clarifications by the court on March 31st, 2017 were as follows:

1. The scope of judgement included not just liquor shops or vends but any establishment situated on the highways that is involved in the business of ‘selling liquor’ for consumption within or outside the premises, thereby bringing within the purview of the judgement Hotels, Bars, Restaurants and Clubs.
2. The distance for the location of those vends which fall within jurisdictions of local bodies with a population of less than 20,000 was reduced to 220 m from the outer edge of highways as a favorable response to the plea from local bodies that small clusters having 20,000 or less population developed along the highways would be adversely affected by 500 meter requirement. –
3. For states where excise licenses were to end on dates other March 31st 2017, the licenses were allowed to continue until the term expires in any event not later than 30th September 2017.
4. States of Meghalaya and Sikkim were exempted from the application of 500 meters’ requirement

In addition to the above, on 11th July 2017, the Supreme Court further clarified that the above judgement does not prohibit licensed establishments within the municipal areas. Be that as it may, certain ambiguities were still left unaddressed. For instance, the Court did not clarify whether the distance of 500 meters or 220 meters (as in the case of areas with population less than 20,000) is motorable distance or aerial distance.

2.Problematique

India is one of the fastest growing alcohol markets in the world. Rapid increase in urban population and sizable middle class population with rising spending power are amongst significant reasons behind increase in consumption of alcohol in India. The Indian alcohol market is growing at a CAGR of 8.8% and it is expected to reach 16.8 Billion litres of consumption by the year 2022⁷.

This implies that the size of alcohol economy is significant in India and also contributes to a significant amount to the revenue for states⁸ as well as retail outlets which mainly include vends, clubs, bars, restaurants and hotels. Given this, disruption in any part of the alcohol economy is likely to have an economic impact.

An important question to consider here is whether the aforementioned judgement of the Supreme Court resulted in the desired consequence of reining in accidents due to drunken driving or did it lead to an exercise in vain at the cost of disruption to the economy?

⁷ https://www.researchandmarkets.com/research/3l5kdm/indian_alcohol

⁸ Excise Duty on alcohol is a state subject under Schedule 7 of the Constitution of India

3.Objective of the study

Given the above, the objective of the study is as follows:

- a) To analyze economic impact of the judgment on states' revenue and retail outlets
- b) Evaluate, if indeed the judgment had any impact on drunken driving

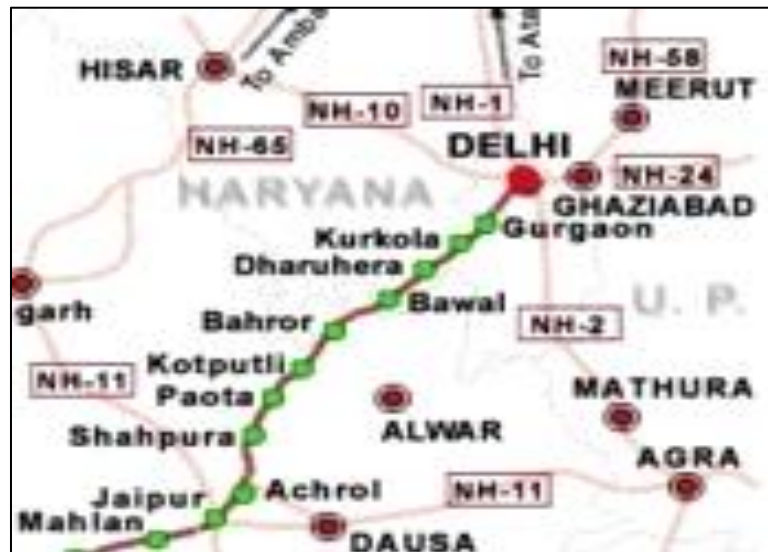
4. Methodology

This section is divided into the five main categories namely location, key components under analysis, primary research, secondary research and limitations to the research.

4.1. Location

To achieve the above objective, the National Highway from Meerut to Ghaziabad in UP (NH 58 and NH 24 from Ghaziabad to Delhi) via municipal areas of Delhi and ending at Jaipur in Rajasthan via Gurgram and Rewari in Haryana (NH 8) was chosen (**Figure 1**).

Figure 1: National Highway stretch for the study



But the strict focus from Highway had to be broadened to include certain districts from which the highways passed as the data for highways alone was either not available or was difficult to procure in the time frame of the study. The district level data therefore has been dissected and analyzed in such a way so as to keep it pertinent to the study. These districts fall within four states, namely, Uttar Pradesh (UP), Delhi, Haryana and Rajasthan.

4.2. Key Components Analyzed:

The economic impact of the Supreme Court judgment is analysed through procurement details of retail outlets from select districts through which the highway stretch passes. In addition to this, a notional economic impact of the judgment is also estimated. The following table shows the focus areas of the study in different states in detail:

Table 1: Key Components of Analysis			
Sr. No.	Name of the State	Name of the Sub Area	Key Components Analysed
1	Uttar Pradesh	Two Districts in Meerut Excise Zone: Ghaziabad and Meerut	<ul style="list-style-type: none"> State: District Revenue (Excise Duty and License Fee together) Businesses: Economic impact on retail outlets through procurement details of retail outlets at district level Notional economic impact on retail outlets Impact on select hotels and restaurants on the highway
2	Delhi	All affected Vends in various locations	<ul style="list-style-type: none"> State: Impact on Excise duty and License Fee separately Businesses: Economic Impact on various affected retail outlets Impact on select Hotels and Restaurants on the Highway
3	Haryana	Gurugram District and Rewari District	<ul style="list-style-type: none"> State: Impact on Excise duty and License Fee separately Businesses: Economic impact on retail outlets through procurement details of retail outlets at district level Economic Impact on retail outlets Impact on select Hotels and Restaurants on the Highway
4	Rajasthan	Jaipur District (Jaipur Urban & Jaipur Rural) and Alwar District	<ul style="list-style-type: none"> State: Impact on Excise duty and License Fee together Businesses: Economic impact on retail outlets on the highway through procurement details Notional economic impact on retail outlets Impact on select hotels and restaurants on the highway
5	All Four States (Uttar Pradesh, Delhi, Haryana and Rajasthan)	Traffic Data	<ul style="list-style-type: none"> Accidents due to drunken driving On the spot traffic checking with Police Assistance to assess impact of the judgement

The study endeavours to extrapolate the best causal relationship from the above parameters, in particular between the impact on excise revenue⁹ and retail outlets. Further, except in the case of Delhi, the impact on retail outlets has been estimated along the following categories:

⁹ Excise Revenue is the sum total of different types of revenue namely Excise Duty, Licence Fee, Permit Fee, Special Vend Fee and fines or penalties amongst others. For the purpose of this study only Excise Duty and License Fee have been considered as they form the main chunk of the revenue for the state. **License Fee** is the amount paid by all entities involved in the business of alcohol to operate a facility. These would typically include manufacturers who pay license fee to operate a distillery and brewery, wholesalers who pay license

- Country liquor vends,
- Indian Manufactured Foreign Liquor (IMFL) retail vends
- Beer retails vends
- Hotels and bars

However, since the data for the above categories was provided in greater detail, the following categorisation has been done for impact analysis at the retail level:

- Country liquor retail vends,
- IMFL retail vends (not including beer)
- Hotels and bars (only IMFL)
- Beer retails vends
- Hotels and bars (only Beer)

For Delhi, the economic impact at retail outlets is based on license category. It may be noted that Delhi has seventeen (17) different types of retail license categories, nine (9) out of which were affected due to the judgement.

- *Additional analysis for Hotels and Restaurants*

For the purpose of measuring the impact of the judgment on the business of hotels and restaurants, a two-step process was followed. The data of projected loss due to the judgment provided by Federation of Hotels and Restaurants Association of India (FHRAI) was relied upon to form the basic premise of the analysis.

Important parameters already identified by FHRAI such as category of hotels and restaurants, location, name of the highway, employment loss and revenue loss (**Annexure 2**), were then considered for the field assessment which included a larger sample for select highways than was included in FHRAI data. It may be noted that FHRAI data of the projected revenue loss was calculated annually. The same was then calculated on a pro-rata basis to make it relevant for the study period. During the field survey projected losses were compared against actual losses and no significant difference was found.

fee for operating wholesale business and retailers who pay license fee to operate a retail outlet be it retail-off or retail-on outlet.

- **Permit fee** is typically an amount paid by a retailer to enable it to procure alcohol from a wholesaler. Special Vend Fee is a component of the total license fee paid by the vend to the state excise department and is paid at the time of issue of alcohol in bulk litres to the vend. It is paid separately and not at the time of paying the license fee to operate a vend. License fee on the other is paid right before the commencement of the validity of license or excise year.
- **Penalties/Fines** are levied only in such case where a minimum stipulated quality of alcohol procurement is mandated upon retailer and therefore if a retailer fails to procure the minimum volume, the liability to pay penalty falls upon such a retailer. Penalties are also levied for operating business beyond the Close of Business (COB) time.
- **Excise duty** is the amount levied on the manufacturing of alcohol, collected by different states

4.3. Duration:

As for the duration of the study, examination of data has been done from 1st April 2017 to 30th September 2017. This is because it is expected that the effect of the judgement peaked during these months due to the Supreme Court directions which first mandated that retail licenses could continue no later than 1st April 2017 and later revised it to no later than 30th September 2017. Given this, the period from 1st April 2017 to 30th September 2017 has been considered most sensitive and relevant for the purpose of this study.

4.4. Primary Research:

The study also relied on primary data. The primary data obtained related to revenue and procurement details provided by respective excise jurisdictions and state governments, field surveys, physical verification of retail outlets and police records on drunken driving.

4.5. Secondary Research:

The secondary data was relied upon to study the judgments and proceedings at various High Courts and the Supreme Court, excise laws (Acts, Rules and Policies) in four states, reports on road accidents by MORTH and advisories issued by it pertaining to drunken driving. Secondary data from **FHRAI** was also used to arrive at economic loss for hotels and restaurants on the highway.

In addition to this, the price list of various categories of alcohol approved by the excise departments of the respective states was also taken into consideration (**Annexure 6**).

Given the above and owing to a high degree of variance in data received from each state, a *case study* format has been adopted for the study where each state forms a separate case study.

4.6. Limitations:

- **Variance in units of measurement**

In order to evaluate the economic impact on retail outlets in terms of change in alcohol procurement, data on procurement by retail outlets from the select districts was collected. However, the unit of measurement of the procurement data are different across different alcohol categories. The following table depicts the variance in units of measurement in different states:

Table 2: Units of Measurement of Categories of Alcohol				
Type of alcohol	Uttar Pradesh	Delhi	Haryana	Rajasthan
Country Liquor	Bulk Litres	No Data	Proof Litres	INR (in Rs)
IMFL	Lac Bottles	No Data	Proof Litres	Bulk Litres
Beer	Lac Bottles	No Data	Bulk Litres	Bulk Litres

Within each category, different prices prevail owing to different varieties of alcohol which is available in different brands, labels and sizes. Hence, in order to estimate the notional impact on retail outlets, average price of alcohol for every state was taken into consideration.

- **Insufficient data**

In many places, economic impact could not be shown due to unavailability of data. This is mostly the case with Delhi.

- **Limitations on using uniform econometric tools to establish correlation between the Judgement and liquor business**

Since, liquor business is based on addiction and habit amongst other things, the sale of liquor depends upon the location, geography, socio economic background and demography amongst many other factors. This also means that normal demand-supply rationale also does not apply in this case. Therefore, any uniform econometric tool could not be applied to concretely establish that change in business at retail level occurred only because of the judgement. Similarly, since states are constantly in pursuit of increasing their revenue, it cannot be concretely said on the basis of this study that impact on state revenue is because of the judgement. However, in limited instances a positive correlation is evident.

5. Case Studies

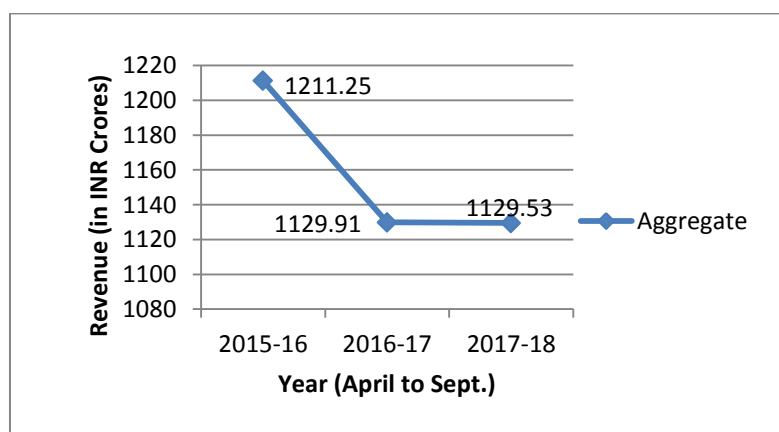
5.1. Uttar Pradesh (UP):

- **Impact on State Revenue**

The UP case study is based on the districts of Meerut and Ghaziabad, which fall under a common excise zone, namely Meerut zone. Upon comparison between the two districts it appears that Meerut district contributes to a much larger share of revenue compared to Ghaziabad. It must be noted that the revenue data provided by the authorities in UP is not bifurcated on the basis of Excise and License fee components.

When an aggregate comparative view is taken for the two districts together for 2015-16, 2016-17 and 2017-18, a sharp fall in revenue between 2015-16 and 2016-17 is observed, which amounts to a total of INR 82 Crores.] However, the revenue for 2016-17 and 2017-18 are at par (**Figure 2**).

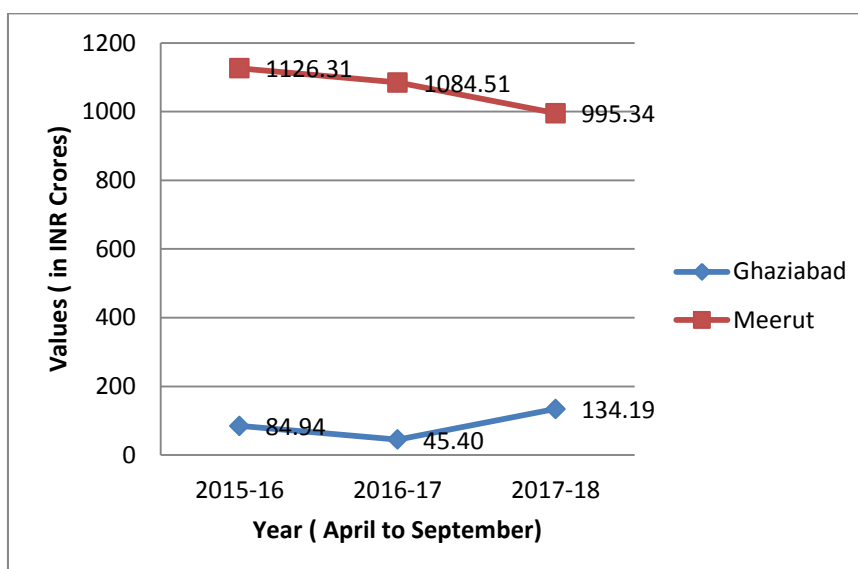
Figure 2: Aggregate State Revenue collected from Meerut and Ghaziabad in Uttar Pradesh



In other words, in the year 2017-18, when the judgment came into effect, no change in revenue was observed compared to the previous year. But when viewed separately, the data indicates that during the time when the impact of the judgment was supposed to have peaked¹⁰, the revenue of Meerut district had declined whereas it had surged in Ghaziabad (**Figure 3**).

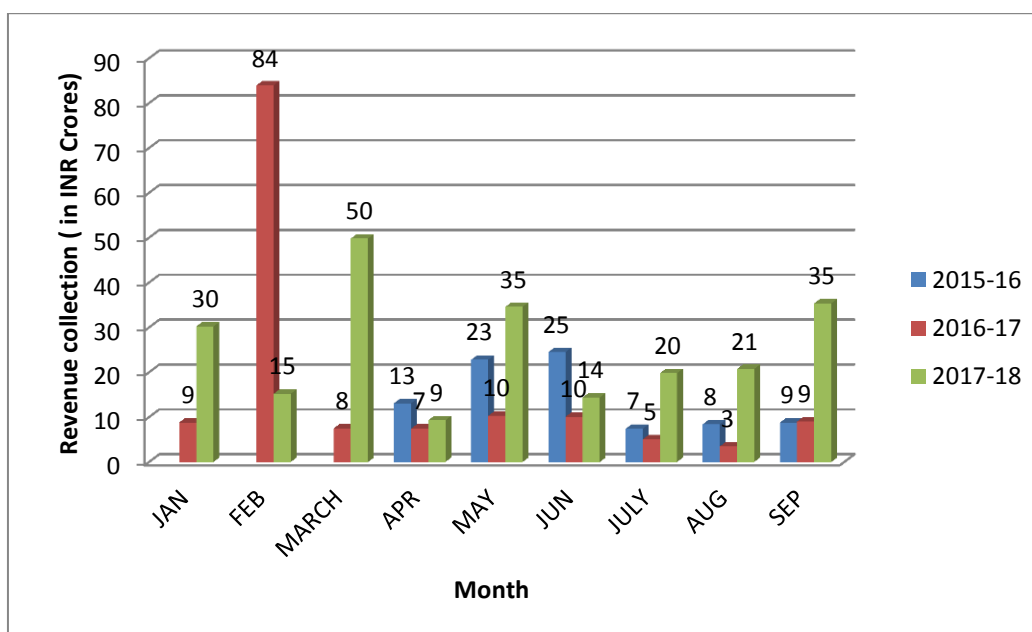
¹⁰ i.e. period between 1st April 2017 – 30th September 2017

Figure 3: State Revenue collected from Meerut and Ghaziabad: Disaggregated



A disaggregated analysis is therefore in order to better understand why no change was observed between revenues of 2016-17 and 2017-18 for the two districts. When revenue generation in Ghaziabad alone is observed, a few trends can be highlighted. These trends can be seen in the month of May, July, August and September. Observed closely, they show that in these months, the state revenue from Ghaziabad in 2017-18 had surged very sharply compared to the previous year. This is also evident when a cumulative view from April to September for 2017-18 is taken (**Figure 4**)

Figure 4: State Revenue collected from Ghaziabad



It must be noted that the Excise year¹¹ in Uttar Pradesh follows April- March cycle. This means that licenses are usually valid from 1st April to 31st March, the fee for which is called-in in the months of February and March of the preceding year. However, the accounting of the license fee is done on the date of actual receipt, i.e. the day on which the fee is received. This implies that if the license fee for a license for the financial year starting from April 1, 2017 is received in April, 2017, it will show in the State revenues of 2017-18. However, if the same had been realised within the month of March, 2017, it would have shown in the revenue figures of 2016-17, i.e. the previous year. In addition, in some special cases where stipulated licenses are not allotted in the initial window i.e. February and March of the previous year, they could be auctioned during the excise year, i.e. the year in which License will be valid

Therefore, when state revenue collected from Ghaziabad is analysed closely, it can be observed that in the month of April the overall revenue collection was rather modest when compared to the revenue collected in the following months.

As explained above, this could be due to collection and realisation of license fee in the months of February and March of 2017 i.e. the previous financial year. (refer to Figure 4)

Further, the same figure also indicates that a consistent and uniform surge in revenue collection from July, 2017 to September, 2017 may have taken place due to the impact of the Supreme Court clarification in July, 2017 that exempted municipal areas from the purview of the judgment. Hence it may be possible that the outlets falling in the municipal areas were allowed to re-open afterwards and the license fee for the same was collected on an annual basis during the excise year.

When revenue generated from Meerut is analysed closely, a consistent, though not drastic decline can be observed in the years 2015-16, 16-17 and 17-18 (refer to figure 4)

Subsequent to the judgment, in the Meerut district, 208 of the 412 outlets were adversely affected due to the judgement. This included Country Liquor vends, Foreign Liquor vends, Beer vends, Model shops and Bars (Table 3).

Table 3 Loss of state revenue from affected retail outlets in Meerut								
Sr. No.	Category of Retail Outlets	Total Outlets in Meerut Zone	Retail Outlets located on National Highway	Retail Outlets shifted away from National Highway	Retail Outlets that could not be shifted	Retail Outlets in Municipal Jurisdiction	Total Affected Retail Outlets	Loss of State Revenue from Affected Outlets
								(in INR Crores)
1	Country	180	66	34	32	17	15	11.35

¹¹ Excise year is the year for which license is valid

	Liquor Vends							
2	Foreign Liquor Vends	105	58	41	17	15	2	0.75
3	Beer Vends	98	59	43	16	15	1	0.40
4	Model Shops	14	10	5	5	5	0	0
5	Bars	15	15	4	11	11	0	0
Total		412	208	127	81	63	18	12.50
Source: District Excise Office of Meerut, Uttar Pradesh								

Even though, all but 18 outlets have resumed business as of March 2018, nearly all of the outlets initially affected could have led to a projected loss of approximately INR 90 crores to the state revenue. (**Table 4**)

Table 4: Calculation of Projected Loss to various categories of affected retail outlets in Meerut			
Category of Affected Retail Outlets	Retail outlets located on Highway	Average State Revenue Loss per Retail Outlet	Estimated Loss of State Revenue from affected vends
		(in INR Crores)	(in INR Crores)
Country Liquor Vends	66	0.70	46.20
Foreign Liquor Vends	58	0.37	21.75
Beer Vends	59	0.40	23.60
Model shops	10	0.00	0.00
Bars	15	0.00	0.00
Total	208		91.55
Source: CUTS Analysis			

Incidentally, the gap between revenues collected in 2016-17 and 2017-18 is nearly INR 90 Crores and corresponds to the increase in revenue in Ghaziabad in 2017-18 as compared to 2016-17.

While this may be purely coincidental but since both Ghaziabad and Meerut districts are in the same excise zone and therefore under the same authority, the surge in revenue in Ghaziabad could also be explained by deliberate action of the authorities to offset the proportionate loss in revenue that occurred in Meerut district. This conclusion is only tentative and a separate study is required to establish a positive correlation.

As of March 2018, most of the outlets have resumed business and the remaining 18 outlets that continue to be shut contribute to the loss of INR 12.5 crores to the state treasury (**Table**

3). It is expected that such losses across the state will in part or full be compensated through increased Minimum Guarantee Quota (MGQ)¹² for the year 2018-19. In this regard, it may be noted that the excise policy of 2018-19 specifically mentions an increase by 8% in the MGQ as a response to the Supreme Court judgment (**Annexure 4**)

This implies that while the state revenues through adjustments in License Fee or Excise duty can be made to remain unaffected in the wake of externalities like the Supreme Court judgment, the retail outlets have no option but to bear the brunt. Hence, a business level analysis is well in order.

- **Impact on Retail Outlets**

An aggregate picture from two districts on business of retail outlets in UP is shown below in figures

Observed closely, it can be seen that it is mainly the country liquor vends (**figure 6**), hotels and bars (**Figure 5 and 7**) that have registered a fall in procurement in ‘Bulk litres’ and ‘Lac Bottles’ respectively.

Figure 5: Aggregate Foreign Liquor Procurement by Hotels

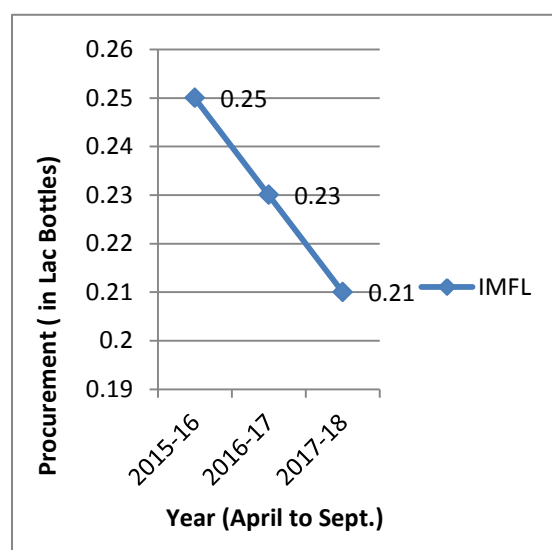
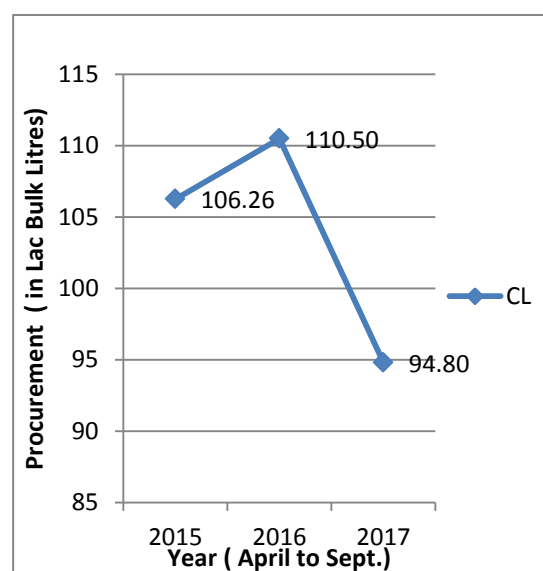
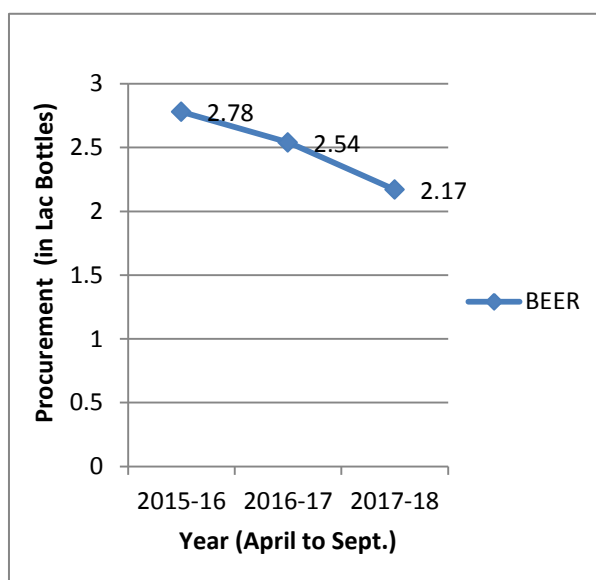


Figure 6: Aggregate Country Liquor Procurement



¹² Minimum Guarantee Quota is the minimum quantity of alcohol a retailer guarantees to procure from the distributor.

Figure 7: Aggregate Procurement of Beer by Hotels in Ghaziabad and Meerut



Further, it can be seen that the IMFL and Beer retail vends have registered a consistent increase in procurement across 2015-16, 2016-17 and 2017-18 (**Figure 8 and 9**), while, the IMFL and beer procurement in hotels and bars has consistently come down

Figure 8: Aggregate Procurement of beer by vends in Uttar Pradesh (Ghaziabad and Meerut)

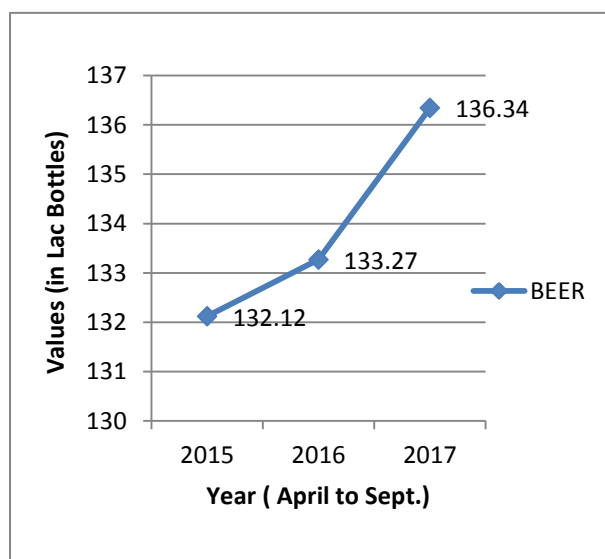
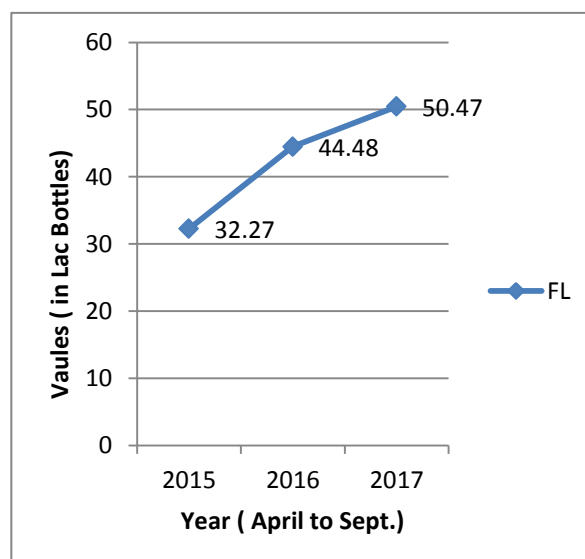


Figure 9: Aggregate Procurement of Foreign Liquor by vends in Uttar Pradesh (Ghaziabad and Meerut)



In the disaggregated analysis it is observed that country liquor vends in both Meerut and Ghaziabad districts have shown a sharp decline in procurement levels in 2017-18 compared to the previous year (**Figure 10 and 11**).

Figure 10: Procurement of Country Liquor in Meerut

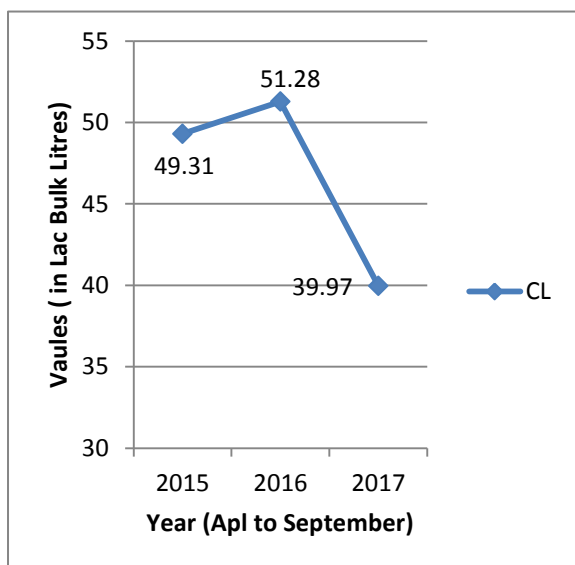
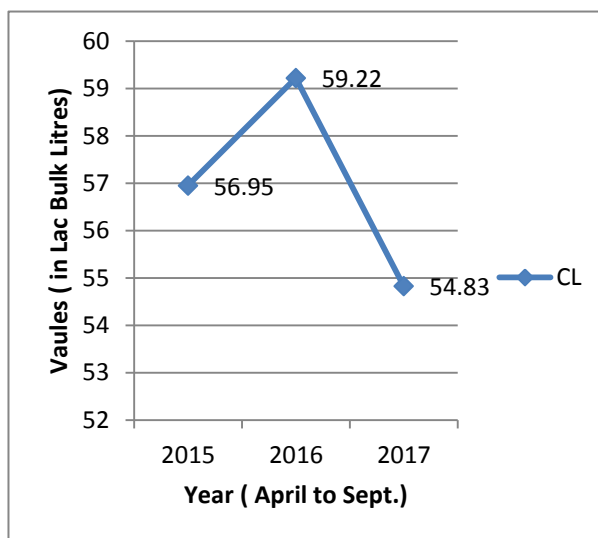


Figure 11: Procurement of Country Liquor in Ghaziabad



With respect to all other categories the district of Ghaziabad has shown greater resilience in procurement as compared to Meerut district (**Figure 12 to 19**). This is further clear when the trends are juxtaposed to each other. In doing so, Meerut shows an increase in IMFL procurement at the vend level but not for hotels & bars. A decrease in procurement is also evident for beer at hotels while a marginal increase is observed in case of beer at the vend level. On the contrary the Ghaziabad picture suggests a noticeable increase in all these categories except IMFL procurement at hotels, where a negligible decrease can be noticed.

Figure 12: Procurement of Foreign Liquor by vends in Meerut

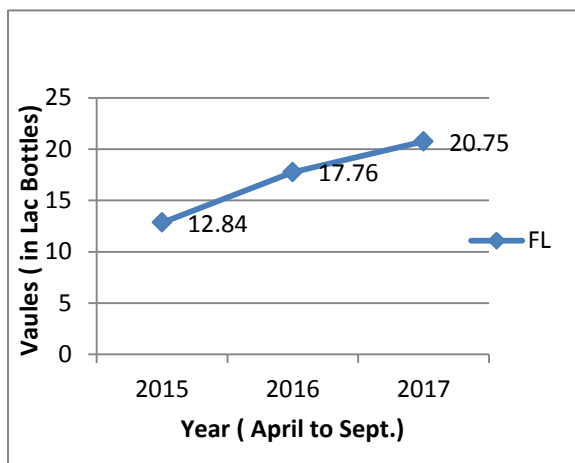


Figure 13: Procurement of Foreign Liquor by vends in Ghaziabad

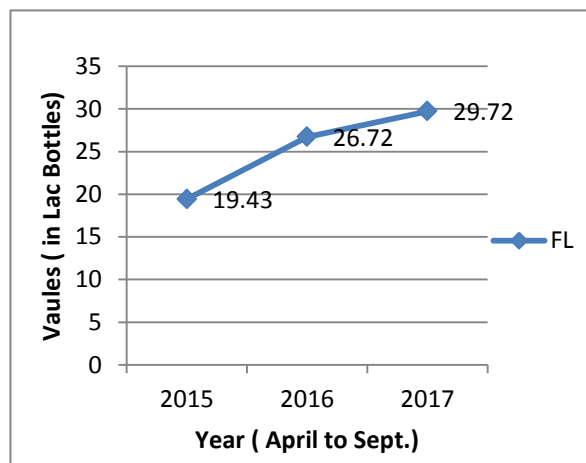


Figure 14: Procurement of Beer by Vends in Meerut

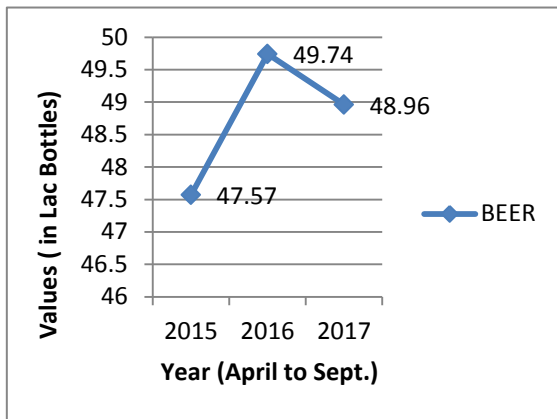


Figure 15: Procurement of Beer by vends in Ghaziabad

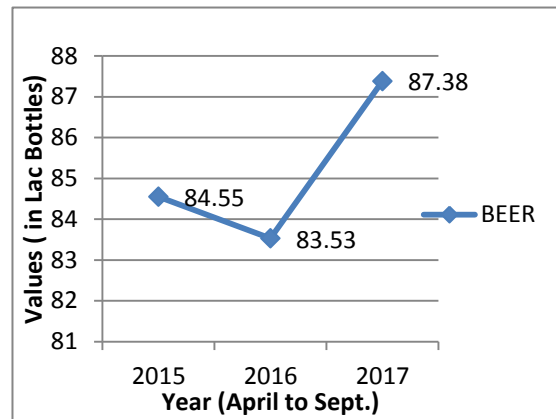


Figure 16: Procurement of Foreign Liquor by Hotels in Meerut

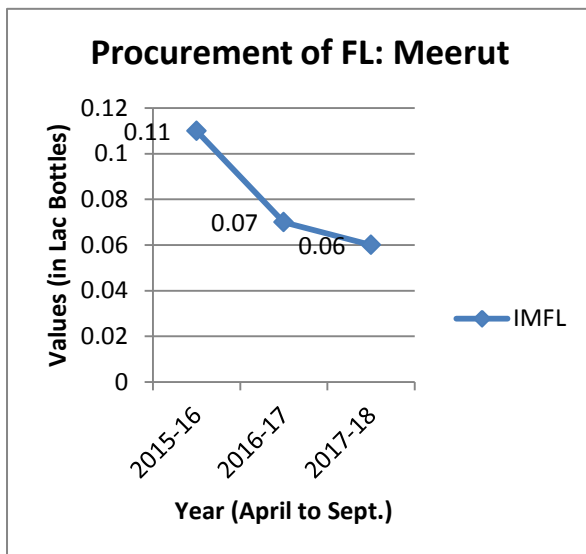


Figure 17: Procurement of Foreign Liquor by Hotels in Ghaziabad

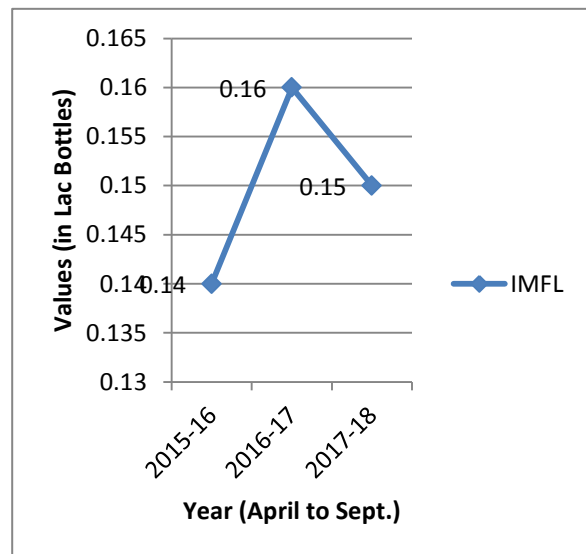


Figure 18: Procurement of Beer by Hotels in Meerut

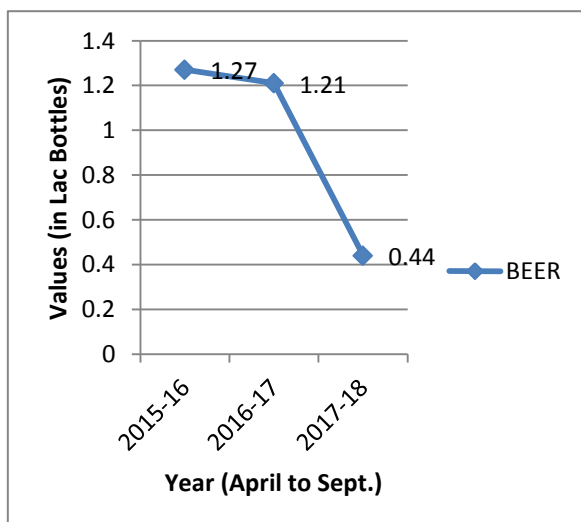
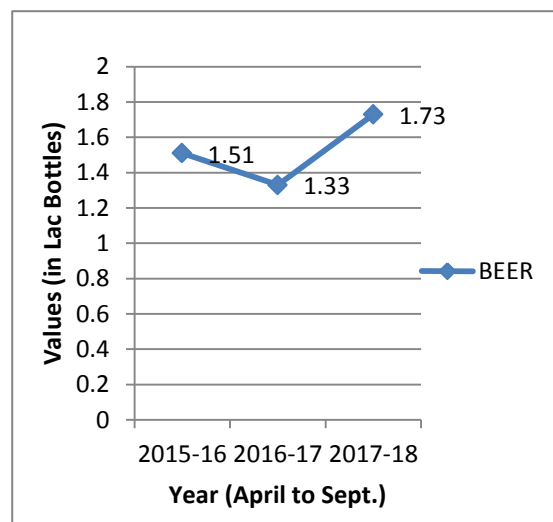


Figure 19: Procurement of Beer by Hotels in Ghaziabad



To sum up, it appears that Ghaziabad has off-set the decrease in procurement across all categories in Meerut except Country Liquor. This picture when seen in the context of revenue statistics indicates a certain consistency, i.e. it appears that the overall state revenue from these two districts remained unchanged. With the given data, it appears this may have happened on account of increased number of new outlets in Ghaziabad in 2017-18, thereby increasing the license fee collection from Ghaziabad.

- **Impact on Hotels and Restaurants**

In addition to the procurement data, the economic impact on hotels and restaurants has also been assessed through primary survey for a limited sample of three hotels based on the methodology mentioned in **Section 4**. From the ground survey, it was found that estimated revenue loss of hotels and restaurants which belong to 4 star or 5-star categories on NH 58 ranged between 20% and 30% of the overall revenue. In absolute terms, the estimated revenue losses ranged between INR 50 Lac to INR 2 Crore with an average estimated job loss of 10 people per hotel.

Table 5: Estimated Revenue and Job loss in Hotel and Restaurants in Uttar Pradesh (in Meerut and Ghaziabad) from April to September, 2017							
Sr. No.	Type	Star Category	Location	Highways	Six month revenue loss during ban period	Six month revenue loss during ban period	Loss of jobs during ban period
	(R- Restaurants H-Hotels)				(in INR Crores)	(% of Total Revenue)	
1	R &H	5 star	Baghpat Crossing, Bypass Road, Meerut	NH-58	0.50	20%	5
2	R	5 star	Delhi-Roorkee Highway, Bypass Road, Partapur, Meerut	NH-58	1.20	30%	15
3	R	4 star	Mohan Nagar		2.00	20%	10
Total					3.70		30
Source: Primary Survey							

- **In Lieu of Conclusion**

The picture that emerges from the two districts in UP is as follows:

1. As far as impact on state revenue is concerned, it appears that adjustments in components like License fee or Excise Duty can absorb the impact of an externality.
2. To some extent deficit in previous year revenue can also be compensated through mechanisms like MGQ, another tool at the hands of excise department to ensure that revenue consistently increases and covers for the deficit of the previous year either in part or in full.
3. While in Meerut and Ghaziabad it appears that there was no net revenue loss, the same cannot be said for the entire state.
4. It appears that the retail outlets bore the brunt in Meerut while the same was compensated by Ghaziabad.
5. Vends which are solely engaged in the business of selling alcohol alone are the most affected parties
6. The loss for 4 star and 5 star hotels is substantive when compared to overall revenue of such units
7. Most affected outlets have now been reinstated and if trends from Meerut are anything to go by then out of 208 outlets only 18 are left to be reinstated. Similar data from Ghaziabad is not available. However, the data from Meerut suggests that nearly a third of the affected outlets resumed business as soon as exemption for municipal areas was announced while 127 outlets were relocated.
8. Since the distance of 500m or 220m as the case may be is not a strictly aerial distance, it is possible that many of the outlets have not shifted at all yet their motorable distance from the edge of the highway is now at 500 m or 220 m through ingenious ways.
9. It is possible that Ghaziabad may have covered for the loss in Meerut yet the revenue from Meerut has decreased and therefore state has suffered a revenue loss on account of Supreme Court

The following picture represents an aggregate picture of overall economic impact:

Table 6: Summary of Impact on State Revenue and Retail Outlets in Uttar Pradesh					
			Aggregate	Ghaziabad	Meerut
Impact on State Revenue					
1	Revenue Collection	In INR Crores	-0.38	88.79	-89.17
			Slightly Decreased	Increased	Decreased
Impact on Retail Outlets					
2	Country Liquor Vends	In Lac Bulk Litres	-15.7	-4.39	-11.37
			Decreased	Decreased	Decreased

3	IMFL-Retail Vends	In Lac Bottles	5.89	3.00	2.99
			Increased	Increased	Increased
4	Beer- Retail Vends	In Lac Bottles	3.07	3.85	-0.78
			Increased	Increased	Decreased
5	IMFL-Hotel/Bar	In Lac Bottles	-0.02	-0.01	-0.01
			Decreased	Decreased	Decreased
6	Beer-Hotel/Bar	In Lac Bottles	-0.37	0.40	-0.77
			Decreased	Increased	Decreased
Impact on Hotels and Restaurants					
7	Number of Hotels, Restaurants and Bars (surveyed)		3	1	2
8	Change in Estimated Revenue	In INR Crores	-3.70	-2.00	-1.70
9	Change in Estimated Revenue	In percentage	- 20-30%	-20%	-20-30%
10	Loss of Jobs	Number of persons	30	10	20
Source: CUTS analysis					

5.2. Delhi

• Impact on State Revenue

The Delhi region includes districts of Central Delhi, East Delhi, New Delhi, North Delhi, North –East Delhi, North-West Delhi, South Delhi, South-West Delhi and West Delhi. In all, as per the data provided by Delhi Excise department, there were 97 retail outlets from the total 1733 that were affected in Delhi due to Supreme Court judgment from April, 2017 to August, 2017. These outlets were of various types, namely retail vends (selling foreign liquor, beer and country liquor), departmental stores, hotels, bars, restaurants and clubs. The affected outlets belong to the following nine categories of retail licenses:

- L6 (retail vend foreign liquor in public sector),
- L7 (retail vend foreign liquor in private sector),
- L8 (retail vend of country liquor in public sector),
- L10 (retail vend in shopping mall),
- L12 (retail vend of beer and wine in departmental store),
- L15 (service of liquor in hotel to residents in their rooms),
- L16 (service of liquor in bars and restaurants of hotels),

- L17 (service of liquor in independent restaurants)
- L28 (service of liquor in clubs)

It may be noted that the license for operating retail vends in Delhi is granted by Delhi Excise department to three State corporations namely Delhi Tourism and Trade Development Corporation (DTTDC); Delhi State Civil Supplies Corporation (DSCSC) and Delhi State Industrial and Infrastructural Development Corporation (DSIIDC), and private entities. Besides, there are licenses for other categories, some of which are mentioned above. In all, there are 12 types of alcohol licenses in Delhi and 9 out of 12 categories were affected by the judgement.

Secondly, since in Delhi the wholesale license for distribution of alcohol is granted to distilleries, the collection of excise duty is reflected in the treasury of Delhi Excise Department only when alcohol leaves the warehouse. In other words, if the retail vends are shut or do not procure from the distilleries, there is no excise duty collection either.

It may also be noted that in Delhi there is no mandatory year-on-year increase or penalties for under-lifting of alcohol by retail outlets such as MGQ and hence unlike UP, the excise department in Delhi does not cover revenue deficits through tools like MGQ. Further, unlike UP license fee amount in Delhi is not as significant. In the year 2017-18, the Delhi Excise Department collected approximately INR 6.71 crores of license fee from the affected 97 retail outlets, as compared to INR 6.89 crores collected the year before. The gap of nearly INR 18 lakhs can be attributed to the 11 hotels and restaurants that have not renewed their licenses for the year 2017-18 (**Table 7**). Hence, the impact of the judgment on the license fee collected by state excise department has been quite negligible and it represents merely 0.08% of the total license fee collected from the entire Delhi region, which is INR 221 crores for 2017-18 from a total of INR 4192 Crores till February 2018¹³. On the other hand, the temporary shutting down of 97 retail outlets in Delhi resulted in 90% forgone excise duty from these outlets compared to the previous year (**Table 9**).

Table 7: Amount of License Fee collected from Retail Outlets shut down on Department's Order		
	2016-17	2017-18
	(in INR Crores)	(in INR Crores)
Total License Fee collected	6.89	6.71
Difference in License Fee collected (in INR Crores)		- 0.18
Source: Department of Excise, entertainment and Luxury Taxes, Delhi		

¹³ Annexure 3

When observed closely, the data shows that the state excise department incurred a 100% loss in 72 of the total 97 affected retail outlets while only 7 suffered a loss between 80-100% and 5 between 60-80% and only one between 40-60%. The outlets with no loss or no gain amounted to 10 of the total affected vends. **(Table 8)**

Table 8: Categories of Percentage Change in Excise Duty collected from Retail Outlets shut down in Delhi from April-August, 2017						
Revenue Loss/Gain	No loss/Gain	Loss: 40%- 59%	Loss: 60%-79%	Loss: 80%-99%	Loss:100%	Gain
Number of Licensees	10	1	5	7	72	2
Total Licensees			97			
Source: CUTS analysis						

However, when the above is viewed in terms of the license categories, the picture that emerges can be best summarised in the **Table 9** below:

Table 9: Amount of Excise Duty collected from various Retail Outlet categories in Delhi in 2016-17 and 2017-18						
				Excise Duty Collection (April to August)		Percentage of Change
Sr. No	License Category	Description	Total Licensees	2016-17	2017-18	
				(in INR Crores)	(in INR Crores)	
1	L6	Retail FL in public sectors	25	43.38	3.33	-92%
2	L7	Retail vend of Indian Liquor in Private Sector	3	8.22	2.64	-68%
3	L8	Retail Vend of Country Liquor in Public Sector	7	3.79	0.00	-100%
4	L10	Retail Vends of Indian Liquor in Shopping Malls	4	8.47	0.27	-96%
5	L12	Retail Vends of Beer and Wine in Departmental Store	5	2.80	0.61	-78%
6	L15	Service of	14	0.070	0.002	-98%

		Indian Liquor in Hotels to Residents in their Rooms				
7	L16	Service of Indian Liquor in Bars or Restaurants attached in a Hotel	17	1.76	0.05	-97%
8	L17	Service of Indian Liquor in Independent Restaurants	20	0.98	0.01	-99%
9	L28	Clubs	2	0.20	0	-100%
Total			97	69.69	6.92	-90.07%
Source: Department of Excise, entertainment and Luxury Taxes, Delhi						

The aggregate loss on account of excise duty due to the disruption in business of the aforementioned categories of licensees amounts to INR 62.78 crores when compared with the previous year.

Table 10: Excise Duty Collected from Retail Outlets closed on Department's Order, 2017		
	2016-17	2017-18
	(April-August)	(April-August)
	(in INR)	(in INR)
Total Duty	69.69	6.92
Difference in Duty (2017-2016)		-62.78 (90%)
Source: Department of Excise, entertainment and Luxury Taxes, Delhi		

Together with license fee there is marginal increase in the over foregone revenue i.e. it stands at INR 62.88 crores (INR 62.7 crores + INR 0.18 crores).

What must be noted here is that in the year 2016-17, the entire collection by the Delhi Excise Department reached over INR 4000 crores due to consistent efforts by the state government to increase the excise revenue (**Annexure 3**). The figures of 2017-18 until February 2018, which stand at INR 4192¹⁴ Crores (**Table 11**) further suggest that despite the Supreme Court's judgment, a higher revenue collection has been registered in Delhi and the revenue

¹⁴ [Steep rise in liquor revenue in Delhi in February](#)

loss on account of disruptions due the judgment amounts to a mere 1.50% of the total revenue (Table 12).

Table 11: Monthly Collections of State Revenue by Delhi Excise Department in 2017-18	
Month	Revenue Collected (in INR Crores)
April, 2017	294.40
May, 2017	337.60
June, 2017	320.20
July, 2017	363.10
August, 2017	353.60
September, 2017	363.90
October, 2017	392.20
November, 2017	387.70
December, 2017	458.40
January, 2018	340.60
February, 2018	580.00
Total	4191.70
Source: As per Times of India article dated March 13, 2018 ‘Steep rise in liquor revenue in February’ (https://timesofindia.indiatimes.com/city/delhi/steep-rise-in-liquor-revenue-in-february/articleshow/63276045.cms)	

Table 12: Share of Revenue Loss in total State Revenue collected in 2017-18 by Delhi Excise Department		
State Revenue Loss during the period of ban	(in INR Crores)	62.96
State Revenue collected in 2017-18 till February, 2018	(in INR Crores)	4191.70
Share of Revenue Loss to Total Revenue Collected	(%)	1.50%
Source: Analysis of CUTS		

- **Impact on Retail Outlets**

As discussed above, only 97 of 1733 odd outlets were affected due to the Supreme Court judgment in Delhi. The following table and the ensuing paragraphs present the picture in detail.

Table 13: Calculation of Total Loss of Revenue of Categories of Retail Outlets in Delhi

Sr. no.	Category of retail outlets	Total	Affected outlets	License fee per unit per category	Notional Loss on account of License Fee during the ban period	Notional Average Loss of Business Revenue per Month	Total Notional Loss of Business Revenue during ban period	Total Estimated Loss of Revenue
				(in INR)	(in INR Crores)	(in INR Crores)	(in INR Crores)	(in INR Crores)
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
					(C)*(D)/12*5		(F)*5*(C)	(E)+(G)
1.	Private Vends	259	3	8,80,000	0.11	0.70	10.50	10.61
2.	Vends run by Corporation	377	25	4,40,000	0.45	0.70	87.50	87.95
3.	Country Liquor	94	7	2,00,000	0.06	N.A.	N.A.	
4.	Departmental Stores and Shopping Malls	122	9	2,20,000	0.08	N.A.	N.A.	
5.	Clubs	48	2	Variable				
				2,66,200	0.01	N.A.	N.A.	
				13,72,593	0.06	N.A.	N.A.	
6.	Hotels (all categories) and Restaurants	832	53	461,19,501	1.92			
7.	Total	1773	97	494,98,294	2.69	1.40	98.00	98.56¹⁵

Source: Own analysis

Vends

- In Delhi, the total affected vends were 35, seven out of which were country liquor vends and the rest were IMFL and Beer vends run by the state corporations and private parties respectively. The monthly average figure of total business volume is not available for country liquor vends. However, based on the ground survey, the business volume for each IMFL and beer vend could be estimated at about INR 70 lakhs per month. Since, the affected months were from April to August, 2017, i.e. five months in total, the cumulative loss of business volume for these IMFL and beer vends, in total 28, was INR 98 Crores.

¹⁵ Total estimated loss of revenue comprises of loss of revenue of private vends and IMFL and beer vends run by Corporations

- In addition, license fee paid by these vends calculated on a pro-rata basis, i.e. for five months during which there was no business would also amount to the economic loss at the retail level. Given this, the total impact on the business of vends (excluding country liquor) would be approximately INR 88 crores (license fee + loss of business volume).
- Due to unavailability of data, a similar holistic analysis cannot be done for the remaining categories. However, just on account of license fee, the cumulative loss of business across all license categories is nearly INR 2.69 Crores.

Departmental Stores and Shopping Malls

It may also be noted that vends would remain the most affected category as sale of alcohol is the only business they are engaged in. Other license categories such as departmental stores and shopping malls did suffer some losses, but since, the license fee amount paid by them may not be very significant as compared to their overall revenue, they are likely to have absorbed the shock without too much disruption.

Clubs

The loss of business volume for clubs however, is similar to vends as their business is also mainly dependent on sale of alcohol. Different clubs have different business potential and hence their license fee is of variable nature. Therefore, the loss of business volume for clubs would also be of variable nature and in some cases may even be quite substantive. Exact quantification is however not possible due to unavailability of data.

Hotels and Restaurants

For the purpose of measuring impact of the judgment on the business of hotels and restaurants, a two-step process was followed. The data of projected loss due to the judgment that the Federation of Hotels and Restaurants Association of India (FHRAI) relied upon for arguments in the Court, formed the basic premise of the analysis.

Important parameters from **Annexure 2** such as category of hotels and restaurants, location, name of the highway, employment loss and revenue loss on a pro-rata basis (five months), were considered for the field assessment, which included a sample size of eight i.e three units more in addition to the five units for which the data was provided by FHRAI data.

Table 14: Estimated Revenue and Job Loss in Hotel and Restaurants in Delhi from April to August, 2017							
Sr.no	Type (R-Restaurants H-hotels)	Star Category	Location	Highway Name	Revenue loss during ban period	Revenue loss during ban period	Loss of jobs due to Liquor Ban
					(in INR Crores)	(% of total Revenue)	
1	R	N.A.	Mahipalpur Extension	NH-8	0.08	42%	5
2	R	N.A.	Friends Colony	Mathura Road	0.61	50%	35
3	R	N.A.	Mahipalpur Extension	NH-08	0.83	42%	25

4	R	N.A.	Mahipalpur Extension	NH-8	1.25	25%	10
5	H	5 Star	Samalkha Tehsil	NH-8	4.17	51%	70
6	H	5 Star	Mahipalpur Extension	NH-8	13.63	20%	35
7	H	4 Star	Mahipalpur Extension	NH-8	3.00	33%	20
8	H	N.A.	Mahipalpur Extension	NH-8	1.67	33%	25
Total					25.24		225
Source: FHRAI and Primary Survey by CUTS (Includes reverification of FHRAI data)							

From the sample survey, it is evident that on an average, impacted hotels and restaurants have estimated to have suffered a loss of nearly 50% of their projected revenue during the five-month period. The estimated employment loss was varied ranging from 5 to 70. It is assumed that the figures of business loss provided by the hotels during the primary survey include loss on account of license fee on pro-rata basis.

• In Lieu of Conclusion

The observations made during the course of this research in Delhi help deduce the following points:

1. Unlike the MGQ in the state of UP, Delhi does not prescribe a mandatory increase in the procurement of alcohol
2. Most vends in Delhi are permanent structures unlike other states and hence relocation of vends is difficult.
3. Unlike UP, Delhi Excise Department does not have adequate room to compensate for any loss in revenue by readjusting license fee or excise duty. This is because license fee appears to be quite low in Delhi.
4. When due to any externality, vends go out of business in Delhi, as has been observed in the aftermath of the Supreme Court judgment, the main component of the revenue forgone comes in the form of excise duty.
5. Overall revenue loss is insignificant in Delhi on account of the impact of Supreme Court judgment.
6. Clubs are affected in the same way as vends because their core business is dependent on alcohol. However, the license fee paid by the clubs may be much higher than vends and therefore if it is added on a pro rata basis, the losses at clubs could be quite significant.
7. Departmental stores and shopping malls may not have incurred substantive losses as their core business is not dependent upon alcohol
8. Hotels, Restaurants and Bars have suffered significant losses in the rage of 30 % to 50 % of their over-all revenue.

The following picture represents an aggregate picture of overall economic impact of Delhi:

Table 15: Summary of Impact on State Revenue and Retail Outlets in Delhi					
Impact on State Revenue					
			Aggregate	License Fee during ban period	Excise Duty
1	Revenue Collection	In INR Crores	-62.96 Decreased	-0.18 Decreased	-62.78 Decreased
Impact on Retail Outlets					
			Aggregate	License Fee during ban period	Business Revenue during ban period
2	Country Liquor Vends	In INR Crores	Data not available	-0.06 Decreased	Data not available
3	IMFL- Private Retail Vends	In INR Crores	-10.61 Decreased	-0.11 Decreased	-10.50 Decreased
4	IMFL- Corporation Retail Vends	In INR Crores	-87.95 Decreased	-0.45 Decreased	-87.50 Decreased
5	Departmental Stores, Shopping malls	In INR Crores	Data not available	-0.08 Decreased	Data not available
6	Clubs	In INR Crores	Data not available	-0.07 Decreased	Data not available
7	Hotels (all Categories)	In INR Crores	Data not available	-1.92 Decreased	Data not available
8	Total		-98.56	-2.69	-98.00
Impact on Hotels and Restaurants					
9	Number of Hotels, Restaurants and Bars (surveyed)		8		
10	Change in Estimated Revenue	In INR Crores		-25.24	

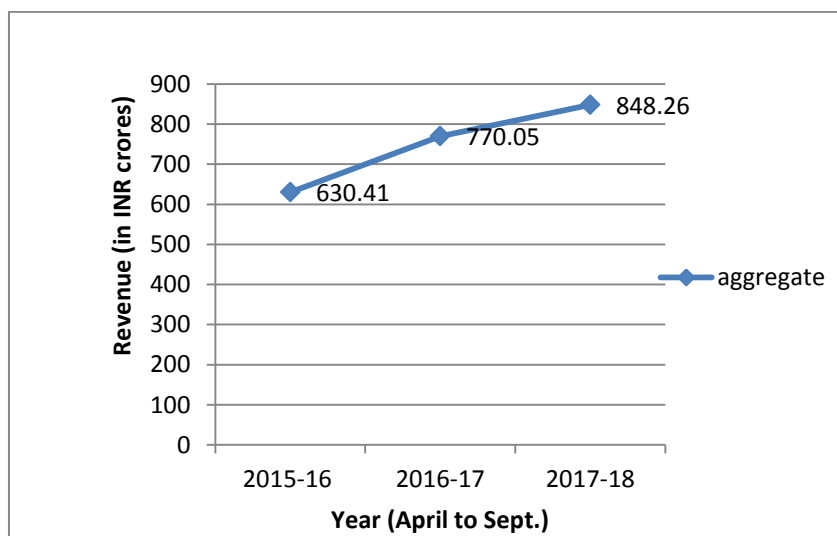
11	Change in Estimated Revenue	In percentage	25-50%
12	Loss of Jobs	Number of persons	225
Source: CUTS analysis			

5.3. Haryana

- **Impact on State Revenue**

Haryana study is based on data from two districts namely Rewari and Gurugram. As regards the state revenue from the concerned districts is concerned the aggregate revenue has consistently increased since 2015-16 (**Figure 20**).

Figure 20: Aggregate Excise Revenue Collected in Haryana (Gurugram and Rewari)



The aggregate picture also shows that the share of license fee in the overall revenue collected, both as a percentage and absolute amount, has decreased over last three years i.e. 2015-16 to 2017-18 (**Figures 21 and 22**).

Figure 21: Components of State Revenue collected from two districts in Haryana in 2016-17 (in INR Crores)

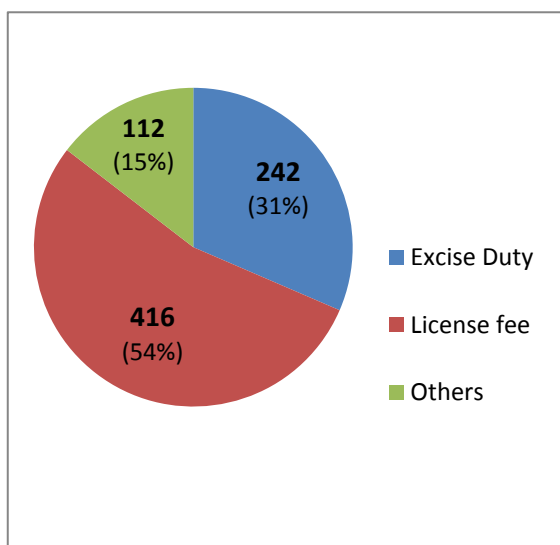
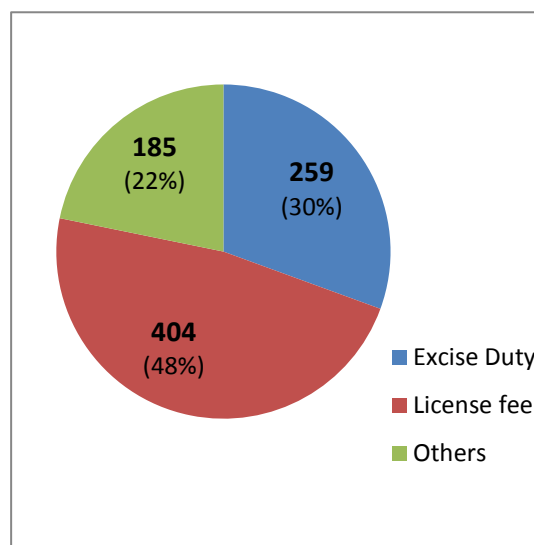


Figure 22: Components of State Revenue collected from two districts in Haryana in 2017-18 (in INR Crores)



The fall in license fee may be attributed to fewer licenses issued to retail outlets in the year 2017-18 as compared to the previous year or could even be due to the impact of a separate judgement by the High Court of Punjab and Haryana in 2013 which caused relocation of vends from the highways to the interior areas¹⁶. Furthermore, higher amount of excise duty in the year 2017-18 appears to have offset the lower license fee collected by the state.

- **Impact on Retail Outlets**

In the aggregate picture from the two districts, a pronounced downward trend in the procurement by all categories of retail outlets can be observed when compared with the previous year (**Figure 23, 24 and 25**)

¹⁶ Order dated December 17, 2013 in Arrive Safe Society Vs. National Highway Authority of India and Others (CWP 25777 of 2012 (O&M))

Figure 23: Aggregate Procurement of Foreign Liquor by Vends in Haryana (Gurugram and Rewari)

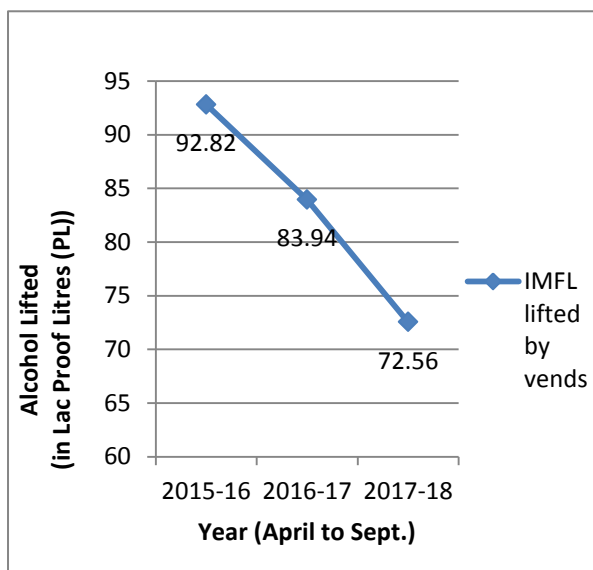


Figure 24: Aggregate Procurement of Country Liquor by Vends in Haryana (Gurugram and Rewari)

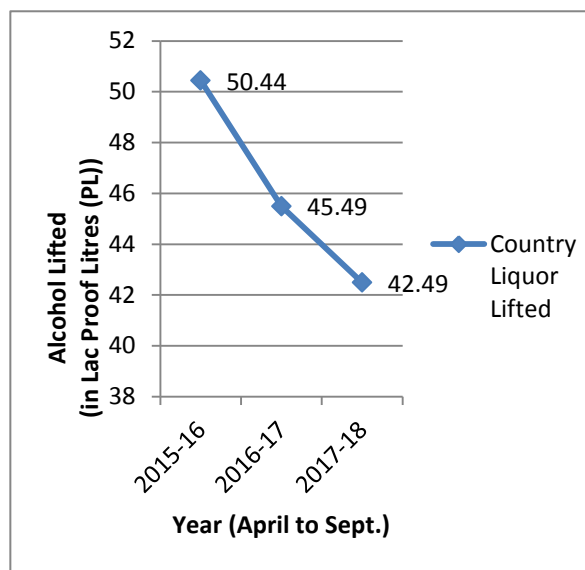
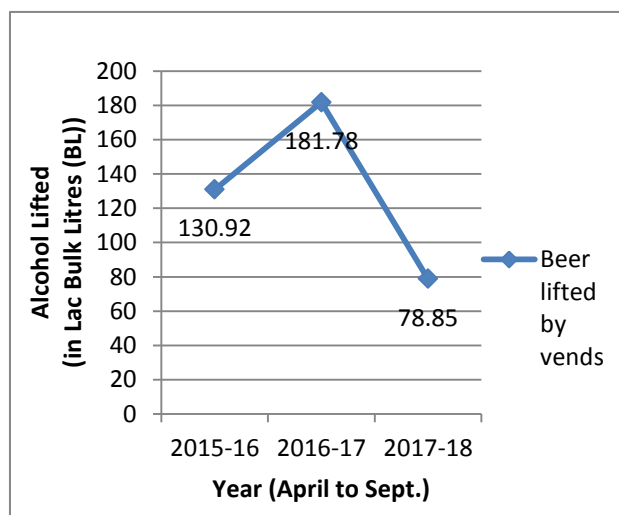


Figure 25: Procurement of Beer by Vends in two districts of Haryana (Gurugram and Rewari)



In the case of retail vends in Rewari and Gurugram, a downward trend in procurement is observed which may be a result of reduced number of licenses. On the other hand, the excise revenue has increased which indicates that there may be an unsold inventory in the warehouses (**Figures 26 to 31**). Here it may be noted that much like UP and Rajasthan but unlike Delhi, excise duty collection is independent of retail outlets.

Figure 26: Procurement of Country Liquor by vends in Rewari

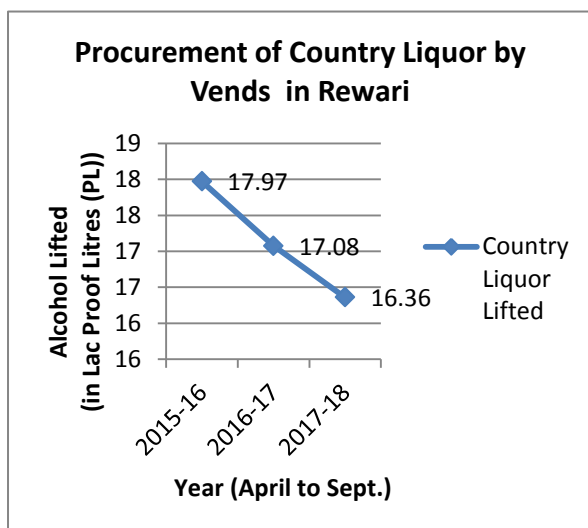


Figure 27: Procurement of Country Liquor by Vends in Gurugram

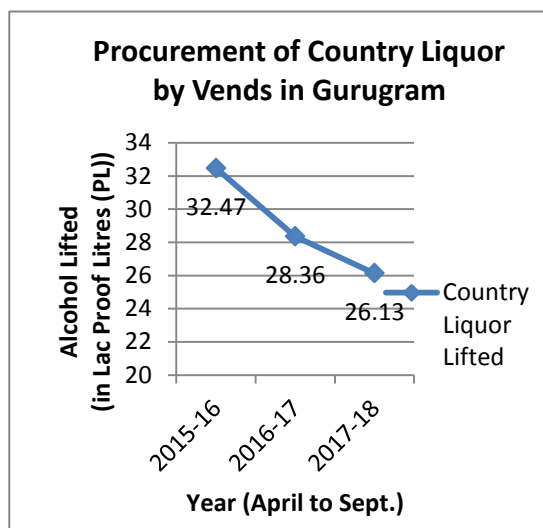


Figure 28: Procurement of Foreign Liquor by Vends in Gurugram

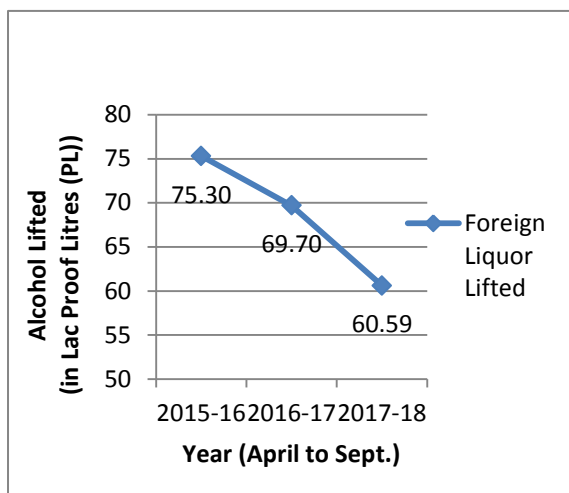


Figure 29: Procurement of Foreign Liquor by Vends in Rewari

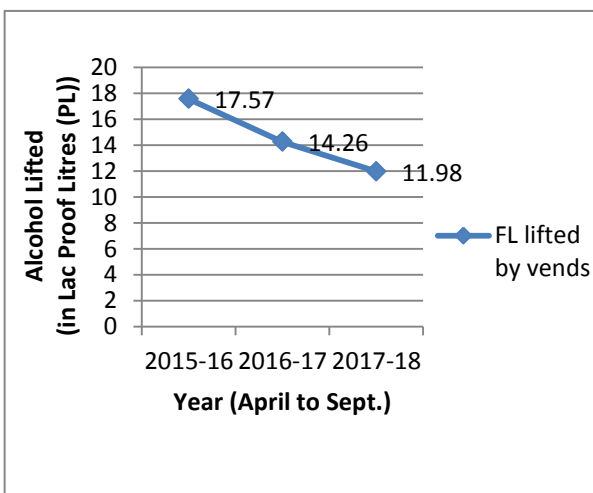


Figure 30: Procurement of Beer by Vends in Rewari

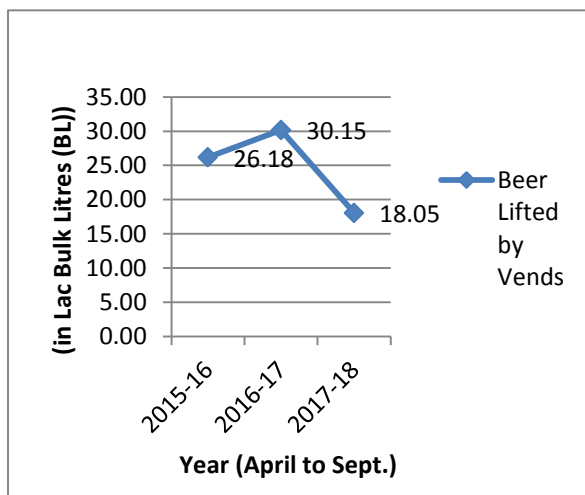
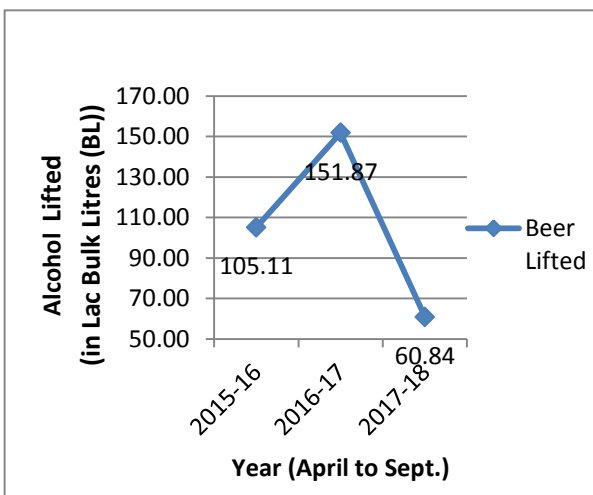


Figure 31: Procurement of Beer by Vends in Gurugram



With regards to procurement levels in Hotels and Restaurants in Haryana, the data is only available for Rewari district which shows a sharp decline in the procurement levels. (Figure 32 and 33)

Figure 32: Procurement of Foreign Liquor by Hotels in Gurugram

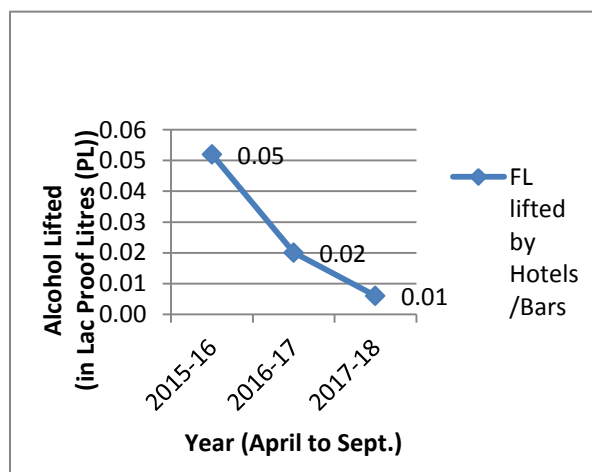
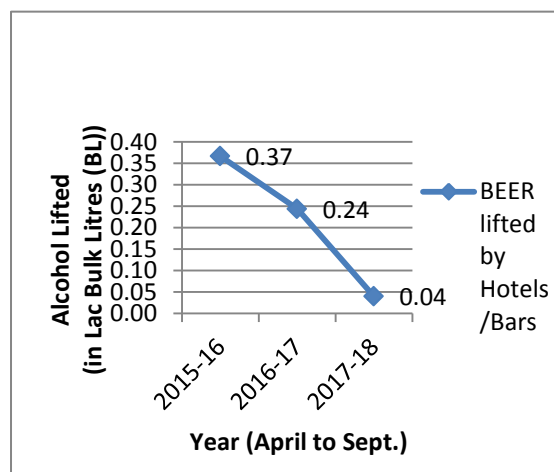


Figure 33: Procurement of Beer by Hotels in Rewari



- Impact on Hotels & Restaurants – Primary Survey**

In addition to the procurement data, the economic impact on hotels and restaurants has also been assessed through primary survey for a limited sample of three hotels based on the methodology mentioned in Section 4. From the ground survey, it was found that the losses are in the range of 30-50% of the total revenue across different categories while the total employment loss for each hotel is around 35-40 persons

Table 16: Estimated Revenue and Job loss in Hotel and Restaurants in Haryana (in Gurugram and Rewari) from April to September, 2017

Sr. No.	Type (R-Restaurants H-hotels)	Star Category	Location	Highway	Estimated revenue loss during the ban period (in INR Crores)	Estimated revenue loss during the ban period (% of Total Revenue)	Estimated loss of jobs during the ban period
1	R	N.A.	Sohna Road	NH 8	0.50	30%	38
2	H	4 Star	IMT, Manesar	NH-8	2.80	40%	40
3	R & B	4 Star	Delhi-Jaipur Highway, Kathuwas, Rewari,	NH-8	1.50	30%	25
Total					4.80		103

Source: FHRAI

- **In lieu of Conclusion:**

The following observations surface of the above data:

1. Haryana states a maximum basic quota to be lifted by the retail vends. However, much like Delhi, Haryana does not prescribe any mandatory year-on-year increase in the basic quota.
2. The state revenue collected from the two districts of Haryana has consistently increased over the three years. It appears that much like UP, the adverse impact of the Supreme Court judgment on the state revenue was absorbed through adjustments in Excise Duty and License Fee.
3. In the year 2017-18, fewer licenses were issued to retail outlets in Haryana. A decrease in the share of license fee collected from the two districts and a downward trend in the procurement of alcohol in 2017-18 could be due to reduction in the number of licenses issued.
4. A downward trend in procurement of alcohol across all license categories suggests a substantive loss to the retail outlets. However, there has been no impact on the overall state revenue collected from the districts.
5. Although lifting of alcohol by retail outlets has decreased, the amount of excise duty collected from the districts has increased. It suggests that there may be an unsold inventory of alcohol at the wholesale warehouses.
6. Hotels and restaurants in Rewari and Gurugram have been adversely affected by the judgment, which can be suggested by a sharp decline in the procurement of alcohol and reduction in the number of licenses issued to the hotels and restaurants in the districts.
7. Much like Delhi, the estimated revenue forgone of hotels and restaurants across different categories in Rewari and Gurugram were in the range of 30-50% and the total employment loss is around 35-40 persons.

Overall, the following table presents the picture of economic impact in select districts of Haryana

Table 17: Summary of Impact on State Revenue and Retail Outlets in Haryana					
			Aggregate	Gurugram	Rewari
Impact on State Revenue					
1	Revenue Collection	In INR Crores	78.21	54.57	12.64
			Increased	Increased	Increased
Impact on Retail Outlets*					
2	CL	In Lac Proof Litres	-3.00	-2.23	-11.37
			Decreased	Decreased	Decreased
3	IMFL-Retail Vends	In Lac Proof	-11.38	-9.11	-2.28

		Litres	Decreased	Decreased	Decreased
4	Beer- Retail Vends	In Lac Bulk Litres	-102.93	-91.03	-12.10
			Decreased	Decreased	Decreased
5	IMFL-Hotel/Bar	In Lac Proof Litres	Data not available	Data not available	-0.01
					Decreased
6	Beer-Hotel/Bar	In Lac Bulk Litres	Data not available	Data not available	-0.20
					Decreased
Impact on Hotels and Restaurants					
7	Number of Hotels, Restaurants and Bars		3	2	1
8	Change in Estimated Revenue	In INR Crores	-4.80	-3.30	-1.50
9	Change in Estimated Revenue	In percentage	-30-40%	-30-40%	-30%
10	Loss of Jobs	Number of persons	103	78	25
Source: CUTS analysis *through Alcohol Procurement data					

5.4. Rajasthan

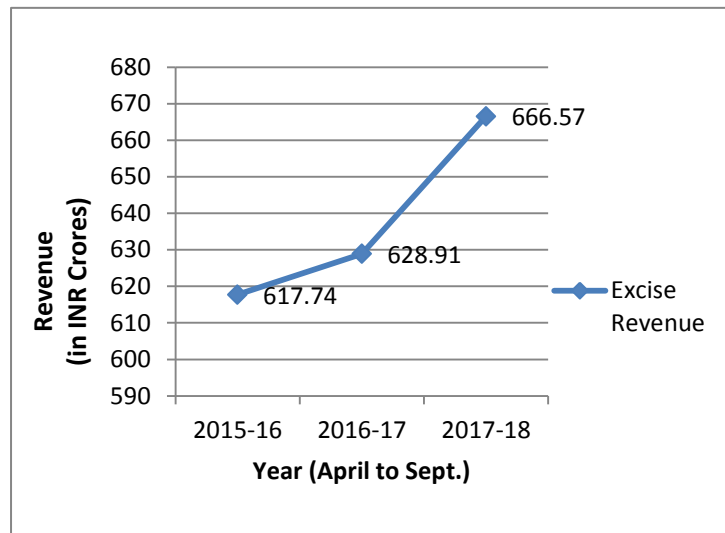
The Rajasthan case is different from other states because the data, specifically in terms of procurement pertains to only those outlets that fall on NH 48 (previously NH 8). Further there are three regions that have been analysed to develop this case study, namely Jaipur Urban, Jaipur Rural and Alwar. This categorization was necessary as the excise jurisdictions are divided along these divisions on the highway stretch. With regards to the data on revenue, it may be noted that it pertains broadly to three respective regions than just to the outlets located on the highway. However, unlike UP and Haryana, retail level analysis in Rajasthan can be directly related to the effect of the judgement as the data pertains to outlets on the highway. **(Annexure 5)**

It is also pertinent to mention that since county liquor data is provided in monetary terms in Rajasthan, the economic impact has been quantified in monetary terms.

- **Impact on State Revenue**

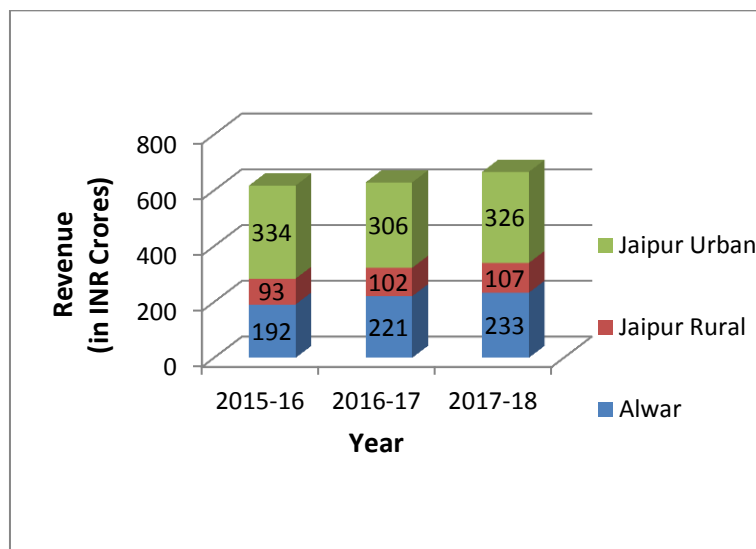
An aggregate picture of revenue indicates a trend showing increase in revenue year on year. Therefore, an aggregate picture shows no negative impact occurred on state revenues during the study period. **(Figure 34)**

Figure 34: Aggregate Excise Revenue collected in Rajasthan (from Jaipur and Alwar)



Further, on close observation it can be observed that maximum revenue generation occurs in Jaipur Urban followed by Alwar region and Jaipur Rural. Incidentally, they also register a similar trend in their contribution to the state revenue, though the quantum of revenue is different with Alwar district contributing to more than double the share than Jaipur Rural in absolute terms (**Figure 35**).

Figure 35: Share of Aggregate Excise Revenue collected from Rajasthan (from Jaipur and Alwar)



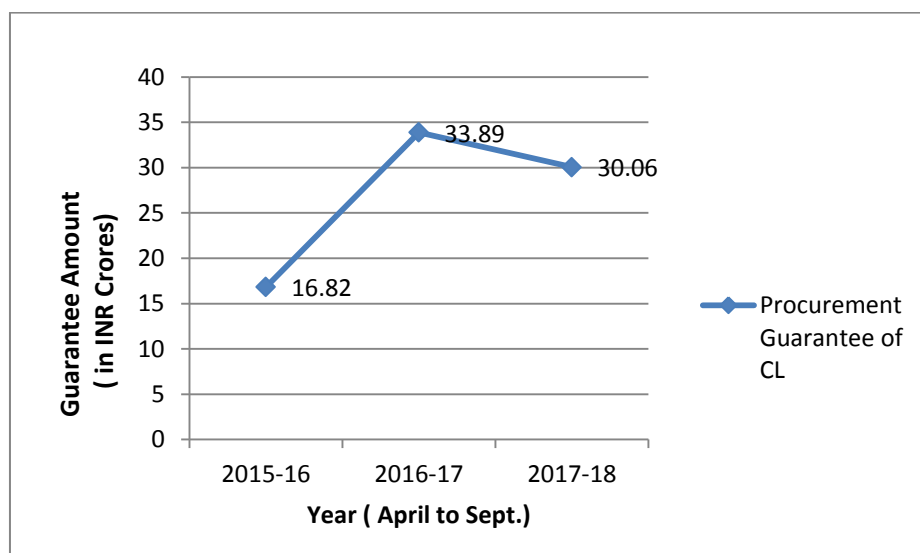
• Impact on Retail Outlets

In Rajasthan, the country liquor license works on basis of guarantee system¹⁷ similar to UP. This implies that licensing condition implicitly mandates a guaranteed procurement from which usually increases year-on-year as per the excise policy.

¹⁷ The guarantee amount is the amount that the contractor assures to pay to the Department through payment of excise duty on the Liquor lifted / purchased by him for sale.

On a close observation, it can be seen that the aggregate data for the months of April to September across the in 2015-16, 2016-17 and 2017-18 presents a sharp rise in the guaranteed amount of country liquor in 2016-17 when compared to the previous year. However, this falls marginally in the year 2017-18, thereby indicating a decrease in the guaranteed amount in the year 2017-18. Be that as it may, the decrease does not suggest a drastic fall and hence it can be deduced that the impact of the judgment, if any, was marginal (Figure 36).

Figure 36: Aggregate Guarantee Amount of Country Liquor Vends in Rajasthan (from Jaipur and Alwar)



However, if the data for 2017-18 were to be juxtaposed with the expected guaranteed increase, then the difference in actual collected revenue can be more significant (Table 18).

Table 18: Year-on-Year Increase in Guarantee Amount of Country Liquor Vends in Rajasthan (Jaipur and Alwar)				
Year	Guarantee Amount	% Increase in Guarantee Amount (as per Excise Policies)	Procurement with Mandatory Increase (as per Excise Policies)	Change in the Guarantee Amount
	(in INR Crores)	(in %)	(in INR Crores)	(in INR Crores)
	(A)	(B)	(C) [(A)*(B)]+(A)	(D)
2015-16	16.83	-		
2016-17	33.89	18%	19.85	14.04
2017-18	30.07	12%	37.96	-7.89
Source: CUTS analysis				

As for IMFL and Beer, there is no mandate for a guaranteed year-on-year increase in procurement, however, if the vends show an increase less than 10% compared to previous year, they are liable to pay a higher license fee per bulk liter of alcohol under lifted. This implies that even IMFL and Beer procurement by retail outlets in Rajasthan must increase year-on-year to avoid paying higher license fee.

Figure 37: Aggregate Procurement of IMFL by vends in Rajasthan (Jaipur and Alwar)

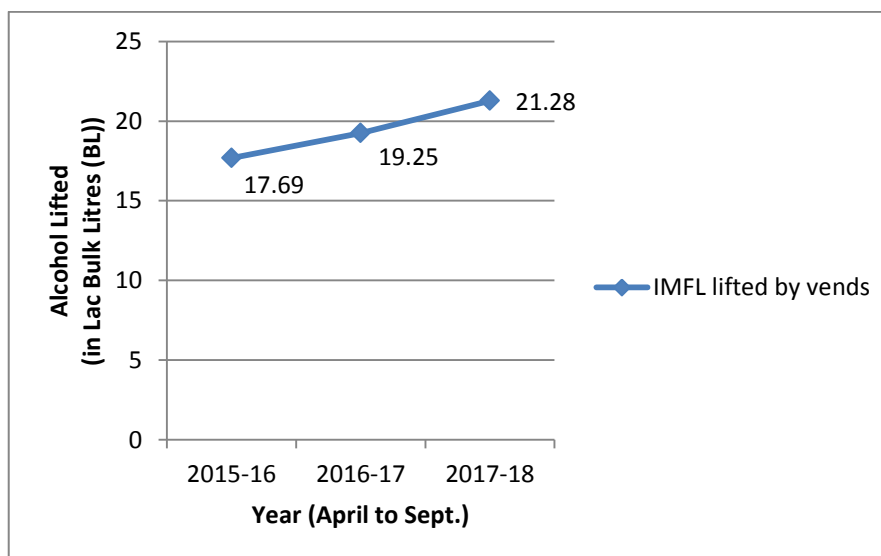
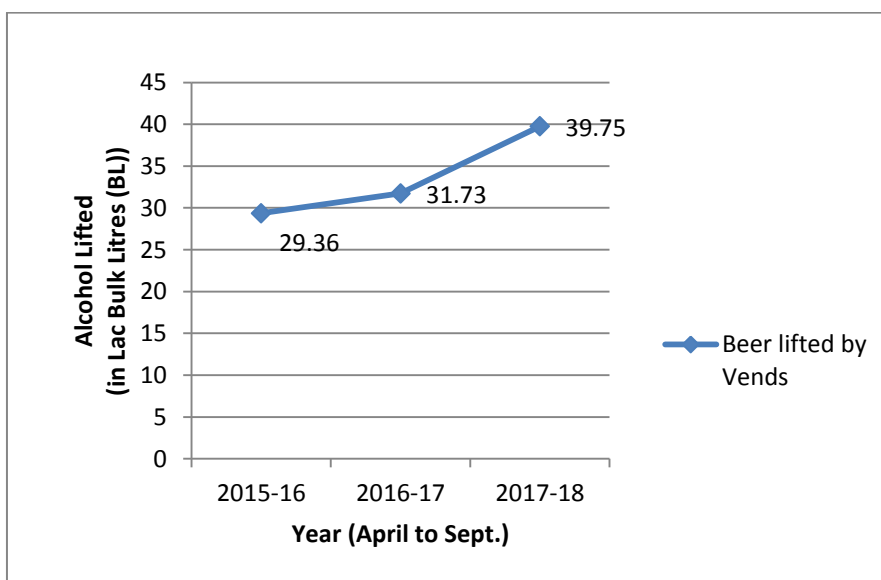
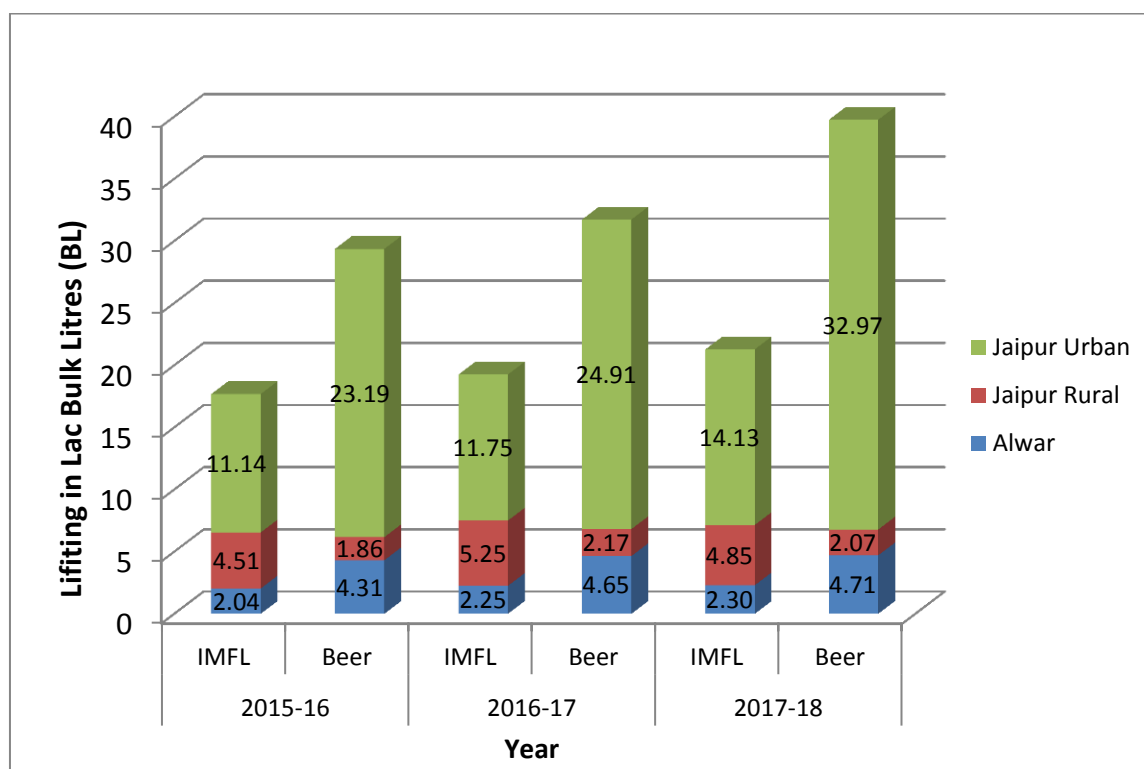


Figure 38: Aggregate Procurement of Beer by Vends in Rajasthan (Jaipur and Alwar)



The aggregate picture for IMFL and Beer for the select locations in Rajasthan is more or less consistent across 2015-16, 2016-17 and 2017-18 except with regards to the procurement of beer in Jaipur urban during 2017-18. **(Figure 39)**

Figure 39: Share of Procurement of IMFL and Beer in Jaipur and Alwar in Rajasthan

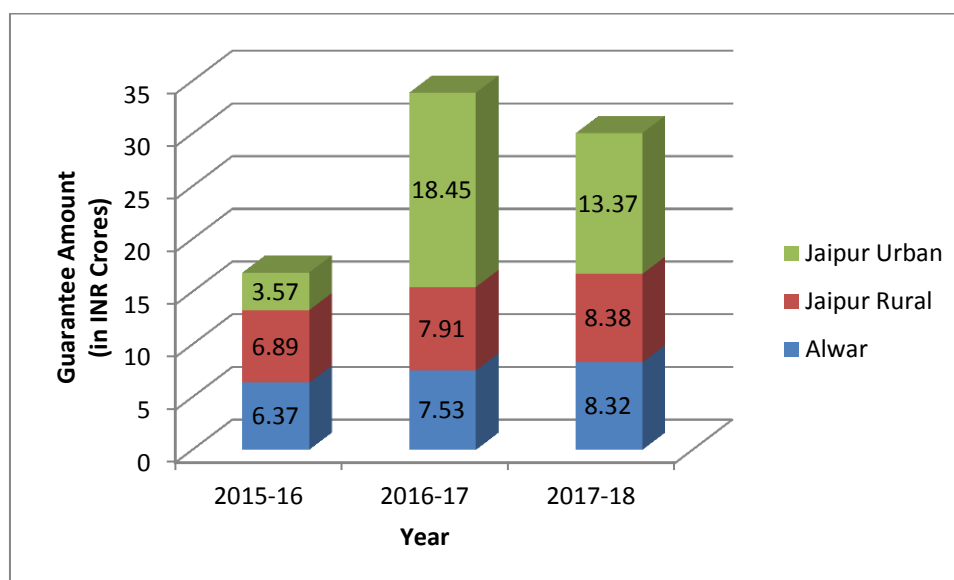


This indicates that the bulk liters of beer procured during the April –September 2017 indeed shot up in the aftermath of judgment in Jaipur urban. On the other hand, IMFL and Beer procurements have marginally decreased only for Jaipur Rural and marginally increased in Alwar. It appears that Jaipur urban consumed more IMFL and Beer in 2017-18 while Jaipur rural and Alwar consumed more country liquor followed by beer and IMFL (**Figure 39**).

A detailed disaggregated analysis of procurement of country liquor, IMFL and beer presents some interesting observations. As far as procurement of county liquor in Jaipur urban is concerned, the data shows a decrease in guarantee amount collected in 2017-18 compared to the previous year (**Figure 40**). However, it appears that there was a significant increase in the guaranteed amount collected during 2016-17 which may have occurred due to reconfiguration of excise zones¹⁸.

¹⁸ As per Section 3.2 of Rajasthan Excise Policy of 2016-17.

Figure 40: Share of Aggregate Guarantee Amount of Country Liquor in Rajasthan



When the fall in the collection of guarantee amount is juxtaposed with expected yearly increase, the fall in the guarantee amount collected from Jaipur urban appears even more significant (**Table 19**).

Table 19: Year-on-Year increase in Guarantee Amount of Country Liquor (in INR Crores)									
	Alwar			Jaipur Rural			Jaipur Urban		
	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
Actual Guarantee Amount (in INR Crores)	6.37	7.53	8.32	6.89	7.91	8.38	3.57	18.45	13.37
% Increase in Guarantee Amount (as per Excise Policies)	-	18%	12%	-	18%	12%	-	18%	12%
Guarantee Amount with Mandatory Increase (as per Excise Policies) (in INR Crores)	-	7.51	8.43	-	8.13	8.86	-	4.21	20.66
Difference in Actual Guarantee Amount and Guarantee Amount with Mandatory Increase (in INR Crores)	-	0.02	-0.11	-	-0.22	-0.48	-	14.24	-7.29
Source: CUTS Analysis									

In Jaipur Rural and Alwar, although there appears to be a uniform upward trajectory in the amount of guaranteed procurement, the guarantee amount in itself has not met the mandatory increase as prescribed in the excise policy. This is true for 2016-17 and 2017-18 when compared with the preceding years respectively. As mentioned earlier, in the year 2017-18 the mandatory increase in the procurement should have been at least 12% over previous year's level and the amount of guarantee collected from Alwar and Jaipur Rural should have been INR 8.43 Crores and INR 8.86 Crores respectively. But the realized guarantee amount was only by INR 8.32 Crores in Alwar and INR 8.38 Crores in Jaipur rural. It may be noted that Jaipur Rural even in 2016-17 fell short of mandated target for procurement. Therefore, it is difficult to say whether judgement had any impact on the procurement levels of retail outlets in 2017-18.

In the case of procurement of IMFL and Beer by retail vendors, both Jaipur urban and Alwar have registered an increase in procurement levels during the year 2017-18 but it fell short of the mandated increase of 10% that excise policy envisaged. Further, it may be noted that even in case of Alwar the mandatory increase in procurement of IMFL and Beer as per the excise policies was not met while on the other hand Jaipur urban has complied with this mandate (**Table 20 and 21**).

Table 20: Year-on-Year increase in Procurement of IMFL (in Lacs Bulk Litre)									
	Alwar			Jaipur Rural			Jaipur Urban		
	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
Actual Procurement	2.04	2.25	2.30	4.51	5.25	4.85	11.14	11.75	14.13
% Increase in Procurement (as per Excise Policies)	-	10%	10%	-	10%	10%	-	10%	10%
Procurement with Mandatory Increase (as per Excise Policies)	-	2.24	2.47		4.96	5.77		12.25	12.92
Increase or Decrease in Actual Procurement and Procurement with Mandatory Increase	-	0.01	-0.17	-	0.29	-0.92	-	-0.50	1.21
Source: Own analysis									

Table 21: Year-on-Year increase in Procurement of Beer (in Lacs Bulk Litre)

	Alwar			Jaipur Rural			Jaipur Urban		
	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
Actual Procurement	4.31	4.65	4.71	1.86	2.17	2.07	23.19	24.91	32.97
% Increase in Procurement (as per Excise Policies)	-	10%	10%	-	10%	10%	-	10%	10%
Procurement with Mandatory Increase (as per Excise Policies)	-	4.74	5.11	-	2.05	2.39	-	26.30	27.40
Increase or Decrease in Actual Procurement and Procurement with Mandatory Increase	-	-0.09	-0.40	-	-0.12	-0.32	-	-1.39	5.57

Source: Own analysis

The lifting data of the hotels and restaurants in Jaipur Rural and Alwar presents a more conclusive picture of the adverse impact of the judgment. The data reveals that there is a drastic fall in both IMFL and Beer in the year 2017-18. When this data is juxtaposed with anecdotal and documentary evidence, it appears that this may have happened on account of non-renewal of licenses of certain hotels along the highway stretch (**Figures 41, 42, 43, 44**).

Figure 41: IMFL lifted by Hotels/Bars: Alwar

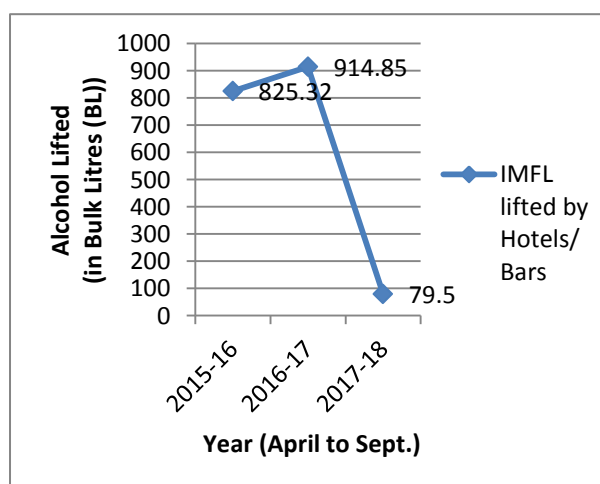
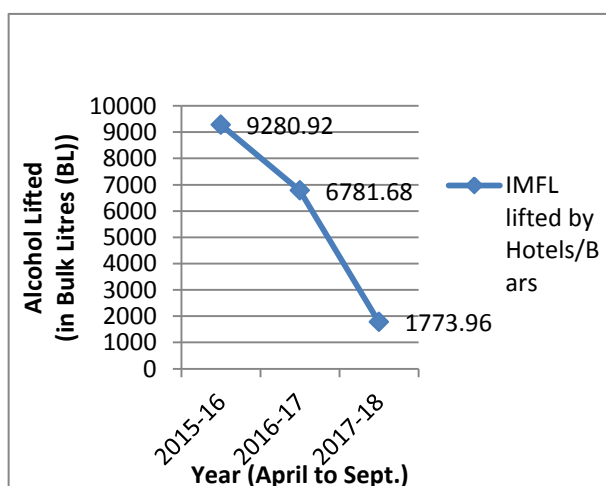
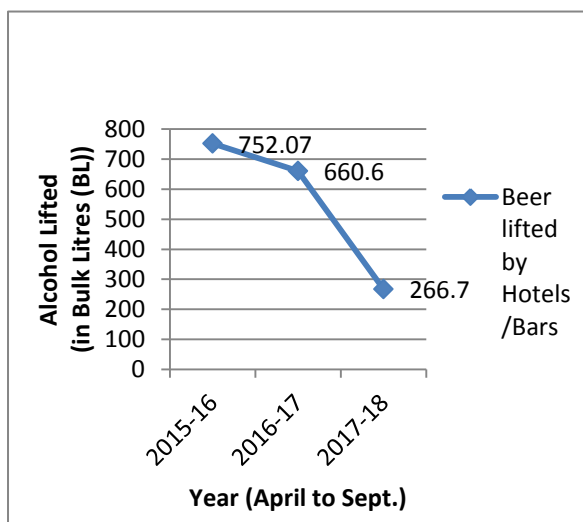


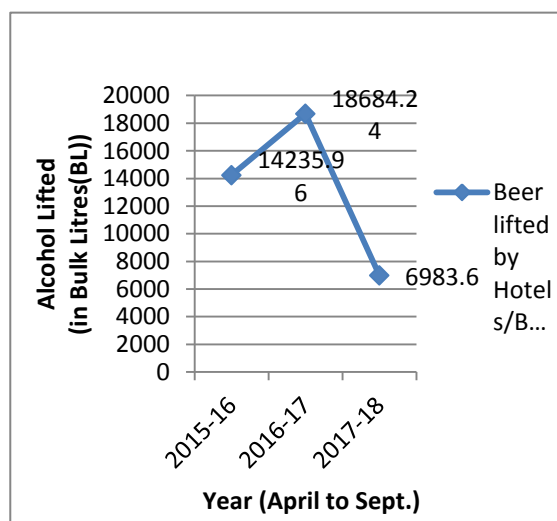
Figure 42: IMFL lifted by Hotels/Bars: Jaipur (Rural)



**Figure 43: Beer lifted by Hotels/Bars:
Jaipur (Rural)**



**Figure 44: Beer lifted by Hotels/Bars:
Alwar**



• In Lieu Conclusion

The research in Rajasthan suggests the following:

1. Similar to other states, the state revenue collected in Rajasthan from Jaipur Urban, Jaipur Rural and Alwar region was not negatively impacted by the Supreme Court judgment. It appears that adjustment in the license fee has helped the state to keep its revenue afloat.
2. Jaipur Rural and Alwar regions have more or less similar characteristics, they present a similar trend with respect to contribution to the state revenue.
3. Much like UP, even Rajasthan prescribes MGQ for country liquor, which is expected to increase every year. For IMFL and beer, although there is no MGQ, the vends are liable to pay higher fee if they show an increase in the procurement by less than 10%.
4. Although the procurement of country liquor in Jaipur Rural and Alwar has increased marginally in the year 2017-18, it does not comply with the mandatory increase of 12% as envisaged in the excise policy.
5. With respect to procurement of IMFL and Beer retail vends in Alwar have not met with the mandatory increase of at least 10% in procurement.
6. It appears that among all the three regions, Alwar has been adversely affected by the judgment, as it has not been able to meet the mandate of yearly increase in the procurement of country liquor, IMFL and Beer.
7. A drastic fall in the procurement of alcohol at hotels and restaurants in Jaipur rural and Alwar suggest an adverse impact of the judgment as many hotels that are located within the motorable distance of 500 metres have not been able to renew their licenses.

The overall economic impact of the Supreme Court judgment on Rajasthan has been summarized below:

Table 22: Summary of Impact on State Revenue and Retail Outlets in Rajasthan						
Sr. No.			Aggregate	Jaipur (Urban)	Jaipur (Rural)	Alwar
Impact on Sate Revenue						
1	Revenue	In INR Crores	37.66	20	5	12
			Increased	Increased	Increased	Increased
Impact on Retail Outlets						
2	CL-Retail	In INR Crores	-3.83	0.47	-5.08	0.79
			Decreased	Increased	Decreased	Increased
3	IMFL-Retail	In Lac Bulk Litres	2.03	-0.4	2.38	0.05
			Increased	Decreased	Increased	Increased
4	Beer-Retail	In Lac Bulk Litres	8.02	-0.10	8.06	0.06
			Increased	Decreased	Increased	Increased
5	IMFL-Hotels/Bars	In Bulk Litres			-5007.72	-835.35
			Data not available	Data not available	Decreased	Decreased
6	Beer-Hotels/Bars	In Bulk Litres			-393.90	-11700.6
			Data not available	Data not available	Decreased	Decreased
Source: CUTS analysis						

6. Estimation of Aggregate Impact of Supreme Court Judgment on Retail Outlets

From the study, it is observed that the retail outlets were adversely impacted by the judgment. The aggregate impact on retail outlets in terms of change in procurement and impact on hotel, restaurants and bars is summarised below.

6.1. Summary of Impact on Retail Outlets in Four States through Change in Procurement Levels

From the below table, it is observed that retail outlets were adversely affected by the judgement, which was calculated in the terms of change in alcohol procured by outlets in the select districts. It appears that retail vends which have a sole business of sale of alcohol saw a decrease in the procurement of alcohol. The business of country liquor vends in all of the states was negatively impacted.

Table 23: Summary of Impact on Retail Outlets in four states (from procurement data)				
	Uttar Pradesh	Delhi	Haryana	Rajasthan
Country Liquor	in Lac Bulk Litres	N.A.	In Lac Proof Litres	Guarantee Amount paid in INR Crores
	-15.70		-3.00	-3.83
IMFL*-Retail Vends (Procurement)	In Lac Bottles	Revenue Loss in INR Crores [#]	In Lac Proof Litres	In Lac Bulk Litres
	5.99	-98.56	-11.38	2.03
Beer- Retail Vends (Procurement)	In Lac Bottles	N.A.	In Lac Bulk Litres	In Lac Bulk Litres
	3.07		-102.93	8.02
IMFL-Hotel/Bar (Procurement)	In Lac Bottles	N.A.	N.A.	N.A.
	-0.02			
Beer-Hotel/Bar (Procurement)	In Lac Bottles	N.A.	N.A.	N.A.
	-0.37			
Impact on Hotels and Restaurants (from Sample Survey data)				
Number of Hotels, Restaurants and Bars	3	8	3	N.A.
Change in Estimated Revenue (INR Crores)	-3.70	-25.24	-4.80	N.A.

Percentage Change in Estimated Revenue	-20-30%	-25-50%	-30-40%	N.A.
Estimated Loss of Jobs	30	225	103	N.A.
Source: CUTS analysis *Indian Manufactured Foreign Liquor # for 28 affected vends				

6.2. Aggregate Notional Impact of Supreme Court Judgment

The above impact on the retail outlets during the period from April to September, 2017 was translated into monetary terms in order to estimate the change in business revenue. The total economic loss of retail outlets (retail vends, hotels and bars) in the select districts through which the highway stretch passes is estimated to be approximately INR 180 Crores.

The above estimated impact on retail outlets is presented in the following table 24:

Table 24: Aggregate Estimated Impact on retail Outlets (in INR Crores)						
Sr. No.	Particulars	Uttar Pradesh	Delhi	Haryana	Rajasthan	Total
1.	Retail vends	30.77	-98.56	-124.60	48.75	-143.64
2.	Hotels and Bars	-4.56	-25.24	-4.97	-1.32	-35.09
	Aggregate Estimated Impact	26.21	-123.80	-129.58	47.43	-179.74
Source: CUTS Analysis						

The detailed estimated impact on retail vends and other retail outlets is presented as below:

Table 25: Detailed Estimated Impact on Retail Outlets					
Sr. No.	Particulars	Uttar Pradesh	Delhi	Haryana	Rajasthan
Estimated impact on Retail Vends					
1.	Foreign Liquor	24.28	-98.56	-59.26	38.62
2.	Country Liquor	NA	NA	-2.10	-3.82
3.	Beer	6.49	NA	-63.24	13.95
	Total (In INR crores)	30.77	-98.56	-124.60	48.75
Estimated impact on Hotels and					

Bars(Procurement)				
1.	Foreign Liquor	-0.08		-0.05 -1.11
2.	Beer	-0.78	NA	-0.12 -0.21
	Total	-0.86		-0.17 -1.32
3.	Estimated impact on Hotels and Bars (Revenue)	-3.70	-23.24	-4.80 NA
	Aggregate Estimated Impact	26.21	-123.80	-129.58 47.43
Source: CUTS Analysis				

The value of business loss for retail outlets in select districts is calculated based on average retail price of different categories of relevant alcohol sold in different bottle sizes across the four states.

From the above table, it can be observed that the aggregate value of adverse economic impact is largely influenced by the negative impact in **Haryana** and **Delhi**. On the other hand, it is observed that the retail outlets in Uttar Pradesh and Rajasthan saw a positive change in the business revenue.

The impact on every region varies based on the excise policy prevalent during that year and regulations applicable in the respective state and also the location of the retail outlets which could determine the business of that particular vend.

The state-wise estimated impact in monetary terms is presented below.

6.3. Disaggregate Analysis of Estimated Impact of the Supreme Court Judgment

- Estimated Impact in Uttar Pradesh**

Retail vends of selected districts in Uttar Pradesh were not negatively impacted by the judgement, whereas revenue of hotels and bars witnessed a decrease. However, the positive impact on retail vends counterbalanced the negative impact on hotels and bars. Hence, the aggregate impact in Uttar Pradesh was also positive.

Table 26: Estimated Impact in Uttar Pradesh				
Sr. No.	Particulars	Aggregate	Ghaziabad	Meerut
		(in INR Crores)	(in INR Crores)	(in INR Crores)
Estimated impact on Retail Vends				
1.	Foreign Liquor	24.28	12.16	12.12
2.	Country Liquor	NA	NA	NA
3.	Beer	6.49	8.13	-1.65
Total (In INR crores)		30.77	20.30	10.47
Estimated impact on Hotels and Bars(Procurement)				
1.	Foreign Liquor	-0.08	-0.04	-0.04
2.	Beer	-0.78	0.85	-1.63
Total		-0.86	0.81	-1.67
3.	Estimated impact on Hotels and Bars (Revenue)	-3.70	-2.00	-1.70
Aggregate Estimated Impact				
		26.21	19.11	7.10
Source: CUTS Analysis				

- Estimated Impact in Delhi**

In Delhi, the retail vends were completely shut down during the period of ban from April to August, 2017. Hence, the revenue loss of business of 28 affected retail vends (from the total 97 affected vends) was INR 98 Crores. In addition to this, the hotels in Delhi suffered a loss of nearly 25-50% of their projected revenue based on the scale of operations during the period of ban, which was around INR 25 Crores.

Table 27: Estimated Impact in Delhi	
Particulars	Amount
	(in INR Crores)
1. Net Impact on retail outlets (in INR Crores)	-98.56
2. Net Impact on Hotels/ vends	-25.24
Aggregate Notional Impact	-123.80
Source: CUTS Analysis	

- **Estimated Impact in Haryana**

In Haryana, the business of vends as well as hotels and bars was negatively impacted. It appears that the adverse impact of the Supreme Court judgment on the state revenue was absorbed through adjustments in Excise Duty and License Fee.

Table 28: Estimated Impact in Haryana				
Sr. No.	Particulars	Aggregate	Gurugram	Rewari
		(in INR Crores)	(in INR Crores)	(in INR Crores)
Estimated impact on Retail Vends				
1.	Foreign Liquor	-59.26	-47.40	-11.86
2.	Country Liquor	-2.10	-1.59	-0.51
3.	Beer	-63.24	-55.82	-7.42
	Total	-124.60	-104.81	-19.79
Estimated impact on Hotels and Bars(Procurement)				
1.	Foreign Liquor	-0.05	NA	-0.05
2.	Beer	-0.12	NA	-0.12
	Total	-0.17	NA	-0.17
3.	Estimated impact on Hotels and Bars (Revenue)	-4.80	-3.30	-1.50
Aggregate Estimated Impact				
		-129.58	-108.11	-21.47
Source: CUTS Analysis				

- **Estimated Impact in Rajasthan**

Much like Uttar Pradesh, the business volume of retail vends is not adversely impacted. However, the country liquor vends in Jaipur saw a decrease in their business volume. A drastic fall in the procurement of alcohol at hotels and restaurants in Jaipur rural and Alwar suggests an adverse impact of the judgment as many hotels that are located within the motorable distance of 500 metres of highways may not have been able to renew their licenses.

Table 29: Estimated Impact in Rajasthan					
Sr. No.	Particulars	Aggregate	Jaipur-Urban	Jaipur-Rural	Alwar
		(in INR Crores)	(in INR Crores)	(in INR Crores)	(in INR Crores)
Estimated impact on Retail Vends					
1.	Foreign Liquor	38.62	-7.61	45.28	0.95
2.	Country Liquor	-3.82	0.47	-5.08	0.79

3.	Beer	13.95	-0.17	14.02	0.10
	Total	48.75	-7.31	54.22	1.84
Estimated impact on Hotels and Bars(Procurement)					
1.	Foreign Liquor	-1.11	NA	-0.95	-0.16
2.	Beer	-0.21	NA	-0.01	-0.20
	Total	-1.32	NA	-0.96	-0.36
Aggregate Estimated Impact					
		47.43	-7.31	53.26	1.48
Source: CUTS Analysis					

6.4. Aggregate Estimated Impact of the Supreme Court Judgement on the Retail Outlets

As mentioned earlier, the retail outlets in the select districts from which the stretch of highway passes showed an aggregate negative impact of nearly **INR 180 Crores**, whereas the state revenue from the districts showed no adverse impact.

The 362 kilometer stretch of select highway passes through six adjoining districts, namely Meerut, Ghaziabad, Gurugram, Rewari, Alwar and Jaipur and state of Delhi, which has similar socio-economic and cultural background. Hence, for every kilometer of highway that passed from the select districts, the notional negative impact on the business was estimated to be nearly INR 0.49 Crores.

Hence, for every 1000 kilometer of similar highway stretch which passes through contiguous regions with similar socio-economic and cultural backgrounds, the notional negative impact on the business for the period from April to September, 2017 could be estimated to be around INR 496 Crores.

Table 30: Aggregate Estimated Impact on Select Districts in Four States			
1.	Aggregate Estimated Impact in select districts	In INR Crores	-179.74
2.	Total stretch of highway in select districts	In Kilometres	362
3.	Notional Impact per kilometre of highway	In INR Crores	-0.496
4.	Estimated Impact per 1000 Kms of highway	In INR Crores	-496.54
5.	Change in State Revenue from select districts	In INR Crores	52.53
Source: CUTS Analysis			

The impact of the judgment could vary from region to region. Hence, a nation-wide impact of the judgment would be difficult to estimate without a granular study like the above. However, the hospitality industry, which came into the purview of the judgment on March 31, 2017 which clarified that the order applies to not only shops but also bars in hotels & restaurants, stated an estimated impact of the judgment to be nearly INR 10,000-15,000 Crores and job

losses of 100,000¹⁹. NITI Aayog CEO, Amitabh Kant, tweeted that the ban will adversely impact the whole tourism sector and thus the job losses maybe in the range of one million.

The above analysis reflects a notional impact of the Supreme Court judgment prohibiting sale of alcohol on highways in the immediate time frame. However, the impact of the aforementioned judgment could vary in the long run. It was observed that subsequent to the period of study, the industry recovered from its losses due to several reasons. Liquor licenses for retail outlets which were shut during the period of study were also auctioned during the excise year. Vends situated on highways within the municipal jurisdiction reopened in several regions after the exemption provided by the Supreme Court to highways in municipal jurisdiction.

It would further require a detailed study to understand the multiplier effect of the Supreme Court judgment in the distant future.

¹⁹ [Liquor ban impact estimated to be Rs 65k crore in revenue foregone by states and hospitality industry](#)

7. Impact of Supreme Court Judgment on Road Accidents

Since the key intent of the Supreme Court judgment in the case *State of Tamil Nadu Vs. K Balu & Anr.*, was to prohibit the sale of alcohol along the highways to control the menace of drunken driving, it is important to analyse the impact of the judgement on drunken driving. For this purpose, the study examines both the ‘number of road accidents due to drunken driving’ and also the ‘number of challans issued for drunken driving’ during the study period on the identified stretch of national highway that passes through the four states, namely Uttar Pradesh, Haryana, Delhi and Rajasthan.

An attempt has been made to collect the data on drunken driving specifically on the highway stretch identified for the study, wherever possible. However, in the absence of highway-specific data, the incidents of drunken driving for the entire district through which the highway passes have been taken into consideration. The analysis of the impact of the judgement on drunken driving cases on highways could be roughly estimated from district-level data. It is to be noted that the data on drunken driving incidents has been provided by respective state traffic authorities as per the calendar year.

In Uttar Pradesh, according to the data provided by Directorate of Traffic (UP) no incident of drunken driving accident has been recorded in both the districts of Meerut and Ghaziabad. However, the number of challans issued for drunken driving doubled in 2016 as compared to 2015 and then reduced to half in 2017 when the judgment was enforced. At the same time, even a downfall was recorded in procurement of alcohol in Uttar Pradesh at country liquor vends, hotels and restaurants. However, it cannot be validated whether the reduction in challans issued for drunken driving in the districts was a result of reduced consumption of alcohol due to the judgment.

**Table 31: Incidents of Drunken Driving in Uttar Pradesh
(in Meerut and Ghaziabad Districts)**

	2015		2016		2017	
Month	Accidents due to drunken driving	Challans	Accidents due to drunken driving	Challans	Accidents due to drunken driving	Challans
April	0	13	0	0	0	5
May	0	9	0	10	0	17
June	0	3	0	73	0	5
July	0	33	0	16	0	8
August	0	19	0	40	0	8
September	0	5	0	22	0	36
Total	0	82	0	161	0	79
Source: Directorate of Traffic, Uttar Pradesh						

In the case of Delhi, the only data-set available on incidents of drunken driving is the total number of challans issued for the months of April to August in 2016 and 2017. Hence, the change in incidents of drunken driving on highways has been deduced from the aforementioned data. Unlike Uttar Pradesh, the number of challans issued for drunken driving in Delhi marginally decreased(**Table 32**).. The decrease can be attributed to lesser challans issued in the months of May and June, 2017.

Table 32: Number of Challans issued for Drunken Driving in Delhi		
Month	2016	2017
April	731	1735
May	2140	1621
June	4934	2419
July	3240	3716
August	2387	3800
Total	13432	13291
Source: Delhi Traffic Police		

It is to be noted that since only 97 of the total 1733 retail alcohol outlets were impacted due to the judgment, availability and consumption of alcohol was not adversely impacted in Delhi. Further it may be noted that the number of challans issued has remained relatively unchanged for the year 2017.

Table 33: Incidents of Drunken Driving in Haryana (in Rewari and Gurugram Districts)	
2015 (January-December)	
Total Accidents	26
Persons killed	11
Persons injured	34
Challans issued	4899
2016 (January-December)	
Total Accidents	26
Persons killed	9
Persons injured	30
Challans issued	2921
2017 (January-December)	
Total Accidents	27
Persons killed	8
Persons injured	33
Challans issued	5859
Source: Haryana Traffic Police	

In Haryana, district level data on incidents of drunken driving pertains to only Rewari and Gurugram. The data is for the entire year and not specifically for the study period (**Table 33**).

With respect to challans issued for drunken driving, Haryana presents a similar picture as Uttar Pradesh. The challans issued for drunken driving in Haryana had doubled in the year 2017 as compared to year 2016. Furthermore, the number of accidents due to drunken driving also marginally increased in 2017 as compared to the previous year. This increase is despite a downward trend in alcohol procurement by retail outlets and reduced number of outlets in the districts.

In Rajasthan, the data on number of road accidents due to drunken driving and the number of challans issued for drunken driving is from both the districts as well as for the highway stretch passing through the district for 2015, 2016 and 2017 (**Table 34 and 35**).

Table 34: Number of Accidents due to Drunken Driving in Rajasthan (in Jaipur and Alwar Districts)						
	2015		2016		2017	
Month	In Jaipur and Alwar Districts	On NH 48	In Jaipur and Alwar Districts	On NH 48	In Jaipur and Alwar Districts	On NH 48
April	3	0	1	0	9	0
May	7	0	4	0	8	0
June	1	0	4	0	2	0
July	4	0	4	0	6	0
August	5	0	7	0	12	0
September	3	0	6	0	15	0
Total	23	0	26	0	52	0
Source: DIG- Traffic, Rajasthan Police						

Table 35: Number of Challans issued for Drunken Driving in Rajasthan (in Jaipur and Alwar Districts)						
Year	2015		2016		2017	
Month	In Jaipur and Alwar Districts	On NH 48	In Jaipur and Alwar Districts	On NH 48	In Jaipur and Alwar Districts	On NH 48
April	210	8	213	8	324	34
May	206	7	275	9	333	15
June	189	13	232	5	335	19
July	139	13	443	23	344	32
August	237	11	380	45	413	89
September	131	5	256	25	346	116
Total	3127	57	3815	115	4112	305
Source: DIG- Traffic, Rajasthan Police						

Similar to Uttar Pradesh, there are no accidents recorded on the national highways that passed through the concerned districts. However, the share of number of challans issued for drunken driving on the national highway from the total number of challans issued for drunken driving in the entire district has consistently increased from 2015 to 2017. In 2017, the challans issued for drunken driving on highways almost tripled as compared to the previous year. It is also interesting to note that in 2017 a high number of challans on the highways has been issued in the months of August and September, i.e. after the Supreme Court clarification exempted the highways in municipal jurisdiction from the purview of the judgment.

An upward trend in procurement of alcohol (IMFL and Beer) at vends on the highway stretch and a higher number of challans for drunken driving on highways suggest that the Supreme Court judgement did not have the expected impact on the incidents of drunken driving in Rajasthan.

Interestingly, it has been observed that in all the states road accidents due to drunken driving both on highways as well as within the districts is either nil or not recorded. Here it may be noted, that the cases of drunken driving are often under-reported particularly where deaths or injuries are involved and the Supreme Court had also acknowledged the same.

This view was supported even during informal interactions with Police officials in three of the four states. However, a perception exists that a significantly high number of deaths and injuries are due to drunken driving. However, due to under reporting, it is not easily verifiable. Many times road accidents due to drunken driving are not attributed to consumption of alcohol so that insurance claims can be processed.

• Primary Survey

A primary field survey was also conducted to record challans issued for drunken driving at two police check posts in Jaipur in Rajasthan in order to verify the actual cases of drunken driving on the highway and its possible linkage with road accidents. The two check posts were located on the highway stretch of NH 48, at *Transport Nagar and Kunda* which pass through Jaipur district. Following is the summary of the primary field survey conducted.

Table 36: Summary of Primary Survey of On the Spot Challans for Drunken Driving in Jaipur (at Transport Nagar and Kunda Check Posts)		
1.	Total number of vehicles crossing the check posts recorded	2093
2.	Number of vehicles checked at the check posts	406
3.	Total drivers prosecuted for drunken driving at both the check posts	3 ²⁰
4.	Percentage of Drunken Drivers booked to total number of vehicles passing through the check post	0.14%
5.	Percentage of Drunken Driving booked to the total number of vehicles checked for drunk drivers	0.74%

²⁰ Two drivers were checked for drunken driving at Transport Nagar check post on January 31 and February 1 were detected with Blood Alcohol Level (BAL) within permissible limits

It was observed that the number of drivers caught and prosecuted for drunken driving was quite low. The data above shows that only **0.74%** of the drivers could be booked for drunken driving. The detailed findings of the three- day primary survey is provided in the **Annexure (7)**.

Based on the ground report, it was observed that policing is an ineffective way to control drunken driving. This is because of the reasons such flow of traffic, overburdened police force, inadequate equipment, manual filtering of suspects and consumption of other intoxicants.

8. Conclusion and Recommendations:

From the above evidence, it can be concluded that significant adverse economic impact was felt at the retail outlet level and the impact peaked during April, 2017 to September, 2017.

The state revenue did not see any significant adverse impact except in Delhi. In Delhi significant excise duty was forgone with respect to 97 retail outlets. However, even in case of Delhi the adverse impact was felt only for 97 outlets out of a total 1733 retail outlets.

Revisions in components like Excise Duty and License Fee helps to keep the state revenue afloat. Even in state like Maharashtra, state revenue from excise for 2017-18 saw an increase despite a fall in consumption of alcohol²¹.

As of March 2018 most of the disrupted retail outlets have resumed operation either at the same location or with relocation.

The following table provides an aggregate overview of overall economic impact of the judgement in select location in four states.

Summary of Impact on State Revenue and Retail Outlets in the four states				
	Uttar Pradesh	Delhi	Haryana	Rajasthan
Impact on State Revenue (In INR Crores)				
State Revenue Collection from Select Locations within States	-0.38	-62.96	78.21	37.66
	Decreased	Decreased	Increased	Increased
Impact on Retail Outlets				
Country Liquor	Procurement in Lac Bottles	Data Not available	Procurement In Proof Litres	Guarantee Amount paid in INR Crores
	-15.70		-3.00	-3.83
	Decreased		Decreased	Decreased
IMFL*-Retail Vends	Procurement in Lac Bottles	Revenue Loss in INR Crores	Procurement in Proof Litres	Procurement in Lac Bulk Litres
	5.99	-98.56	-11.39	2.03
	Increased	Decreased	Decreased	Increased
Beer- Retail Vends (Procurement)	In Bulk Litres	Data Not available	Procurement in Bulk Litres	In Lac Bulk Litres
	3.07		-102.93	8.02

²¹ [Liquor Sales in Maharashtra drops after SC 2017 Ban](#)

	Increased		Decreased	Increased
IMFL-Hotel/Bar (Procurement)	<u>In Lac Bottles</u> <u>-0.02</u> Decreased	Data Not available	Data Not available	Data Not available
Beer-Hotel/Bar (Procurement)	<u>In Bulk Litres</u> <u>-0.37</u> Decreased	Data Not available	Data Not available	Data Not available
Impact on Hotels and Restaurants (Sample Survey)				
Number of Hotels, Restaurants and Bars	3	8	3	Data Not available
Change in Estimated Revenue (INR Crores)	-3.70	-25.24	-4.80	Data Not available
Percentage Change in Estimated Revenue	-20-30%	-25-50%	-30-40%	Data Not available
Loss of Jobs	30	225	103	Data Not available
Source: CUTS analysis *Indian Made Foreign Liquor				

The above impact was translated in monetary terms. The total economic loss of retail outlets (retail vends, hotels and bars) in the select districts through which the highway stretch passes is estimated to be approximately **INR 180 Crores**, which is largely influenced by the negative impact in **Haryana** and **Delhi**.

Aggregate Estimated Impact on Retail Outlets (in INR Crores)						
Sr. No.	Particulars	Uttar Pradesh	Delhi	Haryana	Rajasthan	Total
1.	Retail vends	30.77	-98.56	-124.60	48.75	-143.64
2.	Hotels and Bars	-4.56	-25.24	-4.97	-1.32	-35.09
	Aggregate Estimated Impact	26.21	-123.80	-129.58	47.43	-179.74
Source: CUTS Analysis						

Hence, for every 1000 kilometer of similar highway stretch which passes through contiguous regions with similar socio-economic and cultural backgrounds, the notional negative impact on the business for the period from April to September, 2017 could be estimated to be around INR 496 Crores.

Aggregate Estimated Impact on Select Districts in Four States			
1.	Aggregate Estimated Impact in select districts	In INR Crores	-179.74
3.	Notional Impact per kilometre of highway	In INR Crores	-0.496
4.	Estimated Impact per 1000 Kms of highway	In INR Crores	-496.54
Source: CUTS Analysis			

The impact of the judgment could vary from region to region. Hence, a nation-wide impact of the judgment would be difficult to estimate without a granular study like the above. However, the hospitality industry, which came into the purview of the judgment on March 31, 2017 stated an estimated impact of the judgment to be nearly INR 10,000-15,000 Crores and job losses of 100,000²².

Further, ambiguities in the judgement such as lack of clarity on how to measure the distance of 500 metre or 220 metre in case of areas with less than 20,000 of population have raised questions on implementability of the judgement. Overall, the evidence suggests (based on official data as well as primary survey) that there is no significant reduction in drunken driving cases subsequent to the judgement. On the other hand, the evidence suggests that policing is an effective mechanism to rein in drunken driving incidence.

These facts raise a serious question about the effective implementability of the judgement and therefore it is recommended that when an issue concerns a substantive economic dimension, the courts in India will do well to assess the impact ex-ante. This could be done by setting up an expert committee under the directions of the court. Such a committee must also look into implementability of judgement in addition to assessing economic costs and benefits. The Supreme Court had established such expert group committees for cases in the past, in order to facilitate detailed analysis of underlying issues and arrive at informed decisions (**Annexure 8**). These committees have aided the apex court to put forward sound and informed recommendations and the same could be stepping stones to understand economic impact on stakeholders.

²² [Liquor ban impact estimated to be Rs 65k crore in revenue foregone by states and hospitality industry](#)

9. Annexures

Annexure 1: Advisory issued by Ministry of Road Transport and Highways (MORTH) on December 1, 2011

GOVERNMENT OF INDIA MINISTRY OF ROAD TRANSPORT & HIGHWAYS (ROAD SAFETY CELL)	
Transport Bhawan, Parliament Street, New Delhi-110001	
No. RT 25035/40/2011-RS	Date : 1 December 2011
To, Chief Secretaries of all States/UTs (as per list)	
Sub: Strict enforcement of Section 185 of MV Act 1988 against drunken driving including removal of Liquor shops along National Highways	
Sir;	
<p>As you are aware, India has reported the highest number of road accident fatalities in the world. As per latest available data for the year 2009, there is a fatal road accident every four minutes and a road accident every minute which is a matter of great concern. Drunken driving is one of the leading causes of road accidents. During the year 2009, as many as 27,152 road accidents were caused due to drunken driving in the country.</p>	
<p>2. According to Section 185 of the Motor Vehicle Act 1988, whoever, while driving or attempting to drive a motor vehicle, has, in his blood, alcohol exceeding 30 mg per 100 ml of blood detected in a test by a breath analyzer shall be punishable for the first offence with imprisonment for a term which may extend to 6 months or with fine which may extend to Rs. 2000 or with both and for a second or subsequent offence, if committed within three years of the commission of the previous similar offence with imprisonment for a term which may extend to two years or with fine which may extend to Rs. 3000 or both.</p>	
<p>3. However these provisions are not being strictly enforced. Recently Delhi Traffic Police has taken this matter very seriously and after registering cases against such persons they have been successful in getting more than 2000 offenders imprisoned by different courts for drunken driving during the year 2011 (till 31st August 2011). Further according to Section 20 of MV Act 1988 when a person is convicted of an offence under Section 185 of MV Act for drunken driving, his driving license should be suspended for a period of not less than 6 months. As many as 1862 driving licenses have been suspended in Delhi for these offences in the year 2011 (till 31st August 2011). A combination of suspension of Licenses, Imprisonment and heavy fines by the courts followed by adequate publicity and awareness campaigns is expected to result in minimizing road accidents due to drunken driving.</p>	
31/12/11 Issued	

-2-

4. Besides this, the National Road safety Council in its meeting held on 15.01.2004 had unanimously agreed that License for Liquor shops should not be given along the National Highways. A circular to this effect was issued by this ministry on 26.10.2007 advising all the State governments to remove Liquor shops along National highways and that no fresh license may be issued to Liquor vendors to open shops along National highways. The Ministry has not received any action taken report from any of the State Governments/UT's in this regard.

5. In view of above, it is reiterated that all enforcement agencies may take following actions immediately to curb cases of drunken driving in each State /UT's.

(i) Strict enforcement of section 185 of MV Act 1988 preferably pursuing cases in various courts for ward off penalty of imprisonment followed by adequate publicity which will together act as a deterrent for drunken driving.


(ii) Removal of Liquor shops along National highways.

(iii) No fresh license may be issued to Liquor vendors to open shops along National highways.

(iv) Wherever licenses have been given in the past to open liquor shops along National highways, such cases may be reviewed and corrective action taken under intimation to this Ministry.

6. A report of action taken in pursuance of this communication may please be furnished to this Ministry by 30.12.2011.

Yours faithfully,


Nitin R Gokarn
Joint Secretary (Transport)

Annexure 2: Loss of Revenue of Hotels and Restaurants in India on account of Supreme Court judgment estimated by Federation of Hotels and Restaurants in India

Sr. No.	Code	Rooms/ Seats	Type	Star Category	Location Address	City	Year Built	Highway	Investment	Annual revenue loss		Estimated job loss
			R- Restaurants H- Hotels					NH	(in INR Lakhs)	(in INR Lakhs)	(%)	
1	40033	48	R		Community Centre	New Delhi	1984	Mathura Road	-	146	60%	35
2	40660	48	R		Mahipalpur Extension	New Delhi	2010	NH-08	100	200	50%	25
3	21067	50	H		Samalkha	New Delhi	2013	NH-8	2,000	-	65%	70
4		261	H	5 Star Deluxe	Mahipalpur Extension	New Delhi	1998	NH-8	35,200	2,370	24%	35
5			R		Mahipalpur Extension	New Delhi	2015	NH-8	200	18	50%	5
6	40492	85	R		Sector 49, Sohna Road	Gurgaon	2012	NH 8	300	100	30%	38
7		108	H		R-75, Sector-1 , IMT	Manesar	2012	NH-8	104	560	50%	40

**Annexure 3: Excise Revenue Collected by Department of Excise,
Entertainment and Luxury Taxes, Delhi**

Excise Revenue collected by Department of Excise, Entertainment and Luxury Taxes, Delhi	
Excise Year	Revenue Collected (in INR Crores)
1994-95	308.47
1995-96	335.79
1996-97	446.54
1997-98	515.01
1998-99	526.11
1999-2000	565.62
2000-2001	560.43
2001-2002	606.40
2002-2003	725.49
2003-2004	708.36
2004-2005	858.10
2005-2006	1024.80
2006-2007	1133.18
2007-2008	1301.25
2008-2009	1420.91
2009-2010	1643.56
2010-2011	2027.09
2011-2012	2533.72
2012-2013	2869.74
2013-2014	3151.63
2014-2015	3422.39
2015-2016	4259.93
2016-2017	4243.79
2017-2018 (till February, 2018)	4192.00
Source: Department of Excise, Entertainment and Luxury Taxes, Delhi	

Annexure 4: Excerpt of Excise Policy of 2018-19 of Uttar Pradesh

1.3 देशी शराब का एम.जी.क्यू.(न्यूनतम प्रत्याभूत मात्रा/Minimum Guaranteed Quantity)

देशी शराब की दुकानों के लिये बेसिक लाइसेंस फीस व लाइसेंस फीस की देयता का आगणन उसके एम0जी0क्यू0 के आधार पर किया जाता है। मा0 सर्वोच्च न्यायालय के आदेश के अन्तर्गत राष्ट्रीय /राज्य राजमार्गों पर स्थित मदिरा की काफी संख्या में दुकानें वर्ष के प्रारम्भ से संचालित नहीं हो पायीं। ऐसी दुकानों में से कुछ दुकानें स्थानान्तरित करके संचालित करा दी गयीं, परन्तु काफी संख्या में दुकानों का संचालन संभव नहीं हो पाने के कारण वर्ष 2017-18 में पूर्व वर्ष के व्यवस्थित एम0जी0क्यू0 पर समुचित वृद्धि प्राप्त नहीं हो पायी। ऐसी स्थिति में वर्ष 2018-19 के लिये एम0जी0क्यू0 के निर्धारण हेतु वर्ष 2017-18 के लिये निर्धारित एम0जी0क्यू0 33.52 करोड़ बल्क लीटर पर 08 प्रतिशत की वृद्धि की जाती है। इस प्रकार वर्ष 2018-19 हेतु एम0जी0क्यू0 36.20 करोड़ बल्क लीटर आगणित होता है।

Annexure 5: Regions in Jaipur Rural situated on National Highway 8 affected by the Supreme Court Judgment

5.1. Affected Country Liquor Vends in Jaipur Rural

कार्यालय जिला आबकारी अधिकारी, जयपुर ग्रामीण

राष्ट्रीय राजमार्ग एन.एच. 08 (जयपुर से दिल्ली मार्ग) पर ग्रामीण क्षेत्र की मदिरा दुकानात जो सर्वोच्च न्यायालय के निर्णय से प्रभावित हुई है :-

1. लबाना
2. अचरोल
3. कांट
4. चन्दवाजी
5. लखेर
6. नवलपुरा
7. मनोहरपुर
8. बिदारा
9. जाजेकला
10. जवानपुरा
11. भाबरू
12. पावटा
13. प्रागपुरा
14. आतेला
15. बजरंगपुरा
16. बागावास अहिरान
17. खेलना
18. कंवरपुरा
19. गोवरधनपुरा
20. सांगटेड़ा
21. पनियाला

5.2. Affected Hotels in Jaipur Rural

आबकारी जिला जयपुर ग्रामीण के अन्तर्गत होटल/रेस्टोरेन्ट बार की सूचना जो कि माननीय सर्वोच्च न्यायालय के निर्णय के कारण वर्ष 2017-18 के लिये नवीनीकृत नहीं हुये					
क्र. सं.	वृत्त	नाम होटल/क्लब/ रेस्टोरेन्ट/हैरिटेज	अवस्थिति	सितारा श्रेणी के संबंध में टिप्पणी	वर्ष 2017-18 के लिये नवीनीकरण की स्थिति
1	चौमू	आदर्श होटल रेस्टोरेन्ट एण्ड गेस्ट हाउस	ग्राम टाटियावास, एन.एच.11 जिला जयपुर	साधारण श्रेणी	नवीनीकृत नहीं
2	चौमू	चन्दवाजी होटल एण्ड रिसोर्ट प्रा0लि0, यूनिट होटल रोयल फोर्ट चन्दवाजी	चन्दवाजी, एन.एच.08 जिला जयपुर	साधारण श्रेणी	नवीनीकृत नहीं
3	शाहपुरा	होटल हाईवे किंग	ग्राम बहरोदा तह0 विराटनगर जिला जयपुर	साधारण श्रेणी	नवीनीकृत नहीं
4	दूदू	होटल हाईवे किंग(दूदू)	ग्राम दहमीकला, एन.एच.08, पुलिस थाना बगरू के पास, जयपुर	साधारण श्रेणी	नवीनीकृत नहीं
5	दूदू	होटल निठारवाल	डिग्गी-मालपुरा रोड., रेनवाल मांजी तह0 फागी जिला जयपुर	साधारण श्रेणी	नवीनीकृत नहीं
6	कोटपूतली	होटल शकुन्त रिसोर्ट	ग्राम लाडा का बास, एन.एच.08 तह0 कोटपूतली जिला जयपुर	साधारण श्रेणी	नवीनीकृत नहीं
7	कोटपूतली	कोयल रिसोर्टस	एन.एच.08 जयपुर-दिल्ली हाईवे, कंवरपुरा तह0 कोटपूतली, जयपुर	साधारण श्रेणी	नवीनीकृत नहीं
8	कोटपूतली	मंगलम सफारी होटल	मोरदा वाया केशवाना स्टेण्ड, एन.एच.08 दिल्ली-जयपुर हाईवे, जयपुर	साधारण श्रेणी	नवीनीकृत नहीं
9	दूदू	सूर्या रिसोर्ट	अजमेर रोड बगरू जिला जयपुर	साधारण श्रेणी	नवीनीकृत नहीं
10	कोटपूतली	तिरुपति होटल एण्ड रेस्टोरेन्ट (अ यूनिट ऑफ तिरुपति कोटेज)	ग्राम सांगटेडा एन.एच.08 तहसील कोटपूतली जिला जयपुर	साधारण श्रेणी	नवीनीकृत नहीं
11	चौमू	पटेल होटल रेस्टोरेन्ट बार	ग्राम हाडाता, एन.एच.11 तह0 चौमू जिला जयपुर	रेस्टोरेन्ट बार	नवीनीकृत नहीं
12	दूदू	सवाईसुमेर जे.एस. पेलेंस होटल	एन.एच.08, अजमेर रोड दूदू जिला जयपुर	साधारण श्रेणी	नवीनीकृत नहीं
13	दूदू	होटल हाईवे गोरविन्द, दूदू	एन.एच.8 जयपुर, अजमेर रोड, पुलिया के पास, दूदू जिला जयपुर।	साधारण श्रेणी	नवीनीकृत नहीं
14	शाहपुरा	होटल कृष्णा पैलेस	खसरा नं. 2052/1 प्रतापपुरा, मनोहरपुर तह0 शाहपुरा	साधारण श्रेणी	नवीनीकृत नहीं

Annexure 6: Price List of different categories of Alcohol prevalent in the four states

1. Uttar Pradesh:

Foreign Liquor	Foreign Liquor Rates in Uttar Pradesh
Beer	Beer Rates in Uttar Pradesh
Country Liquor	Not Available

2. Haryana:

Foreign Liquor	Annexure C of Haryana Excise Policy of 2017-18
Beer	
Country Liquor	

3. Rajasthan:

Foreign Liquor	Approved Rate List of Foreign Liquor in Rajasthan
Beer	Approved Rate List of Beer in Rajasthan

Annexure 7: Detailed findings of the primary survey conducted in Jaipur, Rajasthan to record On the Spot Challans for Drunken Driving Case

1. Location of the check posts:

The stretch between Transport Nagar in Jaipur East district to Kukas in Jaipur North district had been selected for the study. The stretch is situated on the **National Highway 48** (erstwhile NH 8) which connects Jaipur to Delhi. The two police check posts were located at **Transport Nagar Circle and Kunda, Amer** and came under the jurisdictions of Transport Nagar Police Station and Amer Police Station.

2. Significance of the location of the check posts:

Transport Nagar Circle is the crossroad connecting Agra Road to the National Highway 48 heading towards Delhi. Hence, the vehicular traffic moves in all directions. There are liquor vends located in the vicinity of the circle.

The check post of Kunda located in Amer is a permanent check post of the Amer Police station and is a strategic point of entry and exit of all types of vehicles into Jaipur city from Delhi.

3. Profile of Police Stations:

Sr. No.	Particulars	Transport Nagar Police Station	Amer Police Station
1.	Police District	Jaipur East	Jaipur North
2.	Police Circle	Adarsh Nagar	Amer
3.	Number of officers deployed	33	55
4.	Jurisdiction	Areas of Transport Nagar, Amagar, Janata Colony and Burmese Colony, Azad Nagar	48 villages
5.	Police to citizen ratio	Yet to be analysed	Yet to be analysed

Following is the summary of the data collected at the check posts:

Day 1: January 31, 2018 (Wednesday)

Sr. No.	Particulars	Transport Nagar Check Post	Kunda Check Post
1.	Police Station	Transport Nagar Police Station	Amer Police Station
2.	Station House Officer	Mr. Naresh Kumar	Mr. Narendra Kumar
3.	Nodal Officers for the data collection	Mr. Om Prakash Arya	Mr. Mukesh Kumar
4.	Time of data collection	8:05 pm to 9:05 pm	9:54 pm to 10:54 pm

5.	Location of Check Post	Transport Nagar Chauraha	Permanent Check Post of Kunda
6.	Police force deputed at the check post	7	8
7.	Traffic (Total number of vehicles passing through the check-post during the time period)	247	257
7.1.	Trucks	34	87
7.2.	Tempo	75	4
7.3.	Car /Jeep/ Two Wheeler	129	135
7.4.	Bus	7	26
7.5.	Tractor	3	1
7.6.	Ambulance	0	4
8.	Number of vehicles checked at the check posts	53	48
9.	Number of vehicles stopped for further checking	7	5
10.	Number of Cases of Drunken Driving Reported	1*	2
11.	Blood Alcohol Level (BAL) (The permissible quantity of alcohol in blood is 35 ml)	24 ml	Offender 1: More than 400 ml Offender 2: More than 100 ml
12.	Type of Vehicle of the offender	Truck Trailer	Offender 1: Mini Truck Offender 2: Old Jeep
13.	Profile of Offender	Truck Driver	Offender 1: Truck Driver Offender 2: Commercial Driver
14.	Point of alcohol consumption	NA	Offender 1: 40 kms from point of challan Offender 2: NA
15.	Percentage of Drunken Driving cases to Total vehicles checked at the check post [(10)/(8)]	1.88%	4.17%
16.	Percentage of Drunken Driving cases to the Total vehicles passed through the check post [(10)/(7)]	0.41%	0.77%

* The alcohol level in blood recorded was 24 ml which was lower than the permissible 35 ml Blood Alcohol Level. Hence, a challan was not issued

Day 2: February 1, 2018 (Thursday)

Sr. No.	Particulars	Transport Nagar Check Post	Kunda Check Post
1.	Police Station	Transport Nagar	Amer Police Station

		Police Station	
2.	Station House Officer	Mr. Naresh Kumar	Mr. Narendra Kumar
3.	Nodal Officers for the data collection	Mr. Om Prakash Arya	Mr. Mukesh Kumar
4.	Time of data collection	10:00 pm to 11:00 pm	8:30 pm to 9:30 pm
5.	Location of Check Post	Jaipur-Delhi Lane	Permanent check post of Kunda
6.	Number of Officers employed at the check post	7	8
7.	Traffic (Total number of vehicles passing through the check-post recorded during the time period)	437	249
7.1.	Truck	89	25
7.2.	Tempo	91	24
7.3.	Car /Jeep/Two Wheeler	222	178
7.4.	Bus	32	22
7.5.	Tractor	0	0
7.6.	Ambulance	3	0
8.	Number of vehicles checked at the check posts	80	72
9.	Number of vehicles stopped for further checking	15	8
10.	Number of Cases of Drunken Driving Recorded	2*	0
11.	Blood Alcohol Level (BAL) (The permissible quantity of alcohol in blood is 35 ml)	Offender 1: more than 180ml Offender 2: less than 30 ml	-
12.	Type of Vehicle of the offender	Offender 1: Motor Cycle Offender 2: Commercial mini jeep	-
13.	Profile of Offender	Offender 1: NA Offender 2: commercial driver	-
14.	Point of alcohol consumption	Offender 1: NA Offender 2: NA	-
15.	Percentage of Drunken Driving cases to Total vehicles checked at the check post [(10)/(8)]	1.25%	0%
16.	Percentage of Drunken Driving cases to the Total vehicles passed through the check post [(10)/(7)]	0.45%	0%

*One driver was recorded with Blood Alcohol Level below permissible the permissible 35 ml Blood Alcohol Level. Hence, a challan was not issued

Day 3: February 2, 2018 (Friday)

Sr. No.	Particulars	Transport Nagar Check Post	Kunda Check Post
1.	Police Station	Transport Nagar Police Station	Amer Police Station
2.	Station House Officer	Mr. Naresh Kumar	Mr. Narendra Kumar
3.	Nodal Officers for the data collection	Mr. Om Prakash Arya	Mr. Mukesh Kumar
4.	Time of data collection	10:00 pm to 11:00 pm	8:30 pm to 9:30 pm
5.	Location of Check Post	Jaipur-Delhi Lane	Permanent check post of Kunda
6.	Number of Officers employed at the check post	7	8
7.	Traffic (Total number of vehicles passing through the check-post recorded during the time period)	487	416
6.1.	Truck	93	75
6.2.	Tempo	72	15
6.3.	Car /Jeep/Two Wheeler	283	300
6.4.	Bus	38	26
6.5.	Tractor	0	0
6.6.	Ambulance	1	0
8.	Number of vehicles checked at the check posts	86	67
9.	Number of vehicles stopped for further checking	12	7
10.	Number of Cases of Drunken Driving Recorded	0	0
11.	Blood Alcohol Level (BAL) (The permissible quantity of alcohol in blood is 35 ml)	-	-
12.	Type of Vehicle of the offender	-	-
13.	Profile of Offender	-	-
14.	Point of alcohol consumption	-	-
15.	Percentage of Drunken Driving cases to Total vehicles checked at the check post [(10)/(8)]	0%	0%
17.	Percentage of Drunken Driving cases to the Total vehicles passed through the check post [(10)/(7)]	0%	0%

4. Summary of Total Drunken Driving Prosecution at Transport Nagar and Kunda Check Posts:

Total number of vehicles crossing the check posts recorded	2093
Number of vehicles checked at the check posts	406
Total drivers prosecuted for drunken driving at both the check posts	3*
Percentage of Drunken Drivers booked to total number of vehicles passing through the check post	0.14%
Percentage of Drunken Driving booked to the total number of vehicles checked for drunk drivers	0.74%

*Two drivers were checked for drunken driving at Transport Nagar check post on January 31 and February 1 were detected with BAL within permissible limits

5. Profile of Check Posts for Drunken Driving

1.	Method of checking	Checking through smelling the breath and using breath analyser on in suspected cases only
2.	Average time for checking and number of officials involved	
2.1.	Unsuspected (vehicles not stopped for checking, questioning)	Around 10-30 seconds
2.2.	Suspected (vehicles stopped for questioning and confirming)	Around 1-2 minutes
2.3.	Suspected checked with Breath Analysers but challans not issued	Around 7-10 minutes
2.4.	Suspected checked with Breath Analyser and issued Challan	Around 15-20 minutes
3.	Number of police force deployed for checking	
3.1.	Unsuspected (vehicles not stopped for checking, questioning)	Supervisors: 2 Junior officials: 5-6
3.2.	Suspected (vehicles stopped for questioning and confirming)	Supervisors: 2 Junior officials: 5-6
3.3.	Suspected checked with Breath Analysers but challans not issued	Supervisors: 2 Junior officials: 3-4 (police force engaged in checking one offender)
3.4.	Suspected checked with Breath Analyser and issued Challan	Supervisors: 2 Junior officials: 5-6*
4.	Accidents reported during survey period due to drunken driving in the select jurisdiction	NA
5.	Number of breath analysers	2

*Almost 80% of the force deployed at the check post gets engaged in issuing challan to one offender

Annexure 8: Snapshot of key matters wherein an expert committee was constituted by the Supreme Court

In order to facilitate a more detailed analysis of the underlying disputes and to arrive at a more informed decision in a particular case, the Supreme Court has exercised its wide-ranging powers to establish expert committees for thorough investigation, in several matters. An indicative list of committees is given below:

Name of the Committee	Chairman	Year of Formation	Issue
Supreme Court Committee on Road Safety	Justice K.S. Radhakrishnan	April, 2014	Road Safety
Committee on Consumer Courts	3 member panel chaired by Justice Arijit Pasayat	February, 2016	Functioning of the Consumer Protection Courts
Justice Lodha Committee	Justice R.M. Lodha	January 2015	Curtailing BCCI's financial powers
Special Investigation Team	Justice M.B. Shah	May, 2014	Probing Black money cases
N S Madhava Menon Committee	N.S. Madhav Menon (Legal Academecian)	April, 2014	Banning politician photographs in government-funded advertisements
Mukul Mudgal Committee	Justice Mukul Mudgal	April, 2013	IPL Spot-fixing

These committees have aided the apex court to put forward sound and informed recommendations and the same could be stepping stones to understand economic impact on stakeholders to the matter.

Annexure 9: List of Key Contributors to the study

Sr. No.	Name and Designation	Ministry / Department
Ministry of Road Transport and Highways		
1	Shri Abhay Damle, Joint Secretary	Ministry of Road Transport and Highways (MORTH)
Department of Excise		
2	Smt. Rashmi Gupta, Additional Commissioner	Rajasthan Excise Department
3	Shri Rajesh Verma, District Excise Officer (Jaipur Urban)	Rajasthan Excise Department
4	Smt. Rekha Mathur, District Excise Officer (Jaipur Rural)	Rajasthan Excise Department
5	Shri Rajendra Garg, Assistant Excise Officer (Jaipur)	Rajasthan Excise Department
6	Smt. Anju Omprakash, District Excise Officer (Alwar)	Rajasthan Excise Department
7	Shri Dinesh Chand Jain, Executive Director	Rajasthan State Breweries Corp. Ltd (RSBCL)
8	Shri Amjad Tak, Commissioner	Department of Excise, Entertainment & Luxury Tax, Delhi
9	Shri Praveen Mishra, Deputy Commissioner	Department of Excise, Entertainment & Luxury Tax, Delhi
10	Shri Sanjeev Sharma, Assistant Commissioner of Excise	Department of Excise, Entertainment & Luxury Tax, Delhi
11	Shri Yogesh Kumar, Collector-cum-Assistant Excise and Taxation Commissioner	Department of Excise and Taxation, Haryana
12	Shri Sneh Lata, District Excise and Taxation Officer, Gurugram	Department of Excise and Taxation, Haryana
13	Shri Dharamveer Dahiya, District Excise and Taxation Officer, Rewari	Department of Excise and Taxation, Haryana
14	Shri Yogendra Singh, Joint Director (Statistics)	Department of Excise, Uttar Pradesh
15	Shri Maneesh, District Excise Officer, Meerut	Department of Excise, Uttar Pradesh
16	Shri Atul Srivastav, District Excise Officer, Ghaziabad	Department of Excise, Uttar Pradesh
Department of Police		
17	Shri Rajiv Sharma, Former Assistant Director General of Police – Traffic	Rajasthan Police
18	Smt. S. Parimala, Deputy Inspector in General - Traffic	Rajasthan Police
19	Shri Naresh Kumar, Station House Officer, Transport Nagar Police Station, Jaipur	Rajasthan Police

20	Shri Narendra Kumar, Station House Officer, Amer Police Station, Jaipur	Rajasthan Police
21	Shri Sanjay Kumar, Inspector General - Traffic	Haryana Police
22	Shri Rakesh Kumar, Inspector and Head Clerk, of Assistant Director General Police - Traffic	Haryana Police
23	Shri Dependra Pathak, Special Commissioner of Police – Traffic	Delhi Traffic Police
24	Shri Rajesh Modak, Deputy Inspector in General - Traffic	Uttar Pradesh Traffic Police
25	Shri Sanjeev, Superintendent of Police, Meerut	Uttar Pradesh Traffic Police
26	Shri S.N. Singh, Superintendent of Police, Ghaziabad	Uttar Pradesh Traffic Police
Other Stakeholders		
27	Shri Garish Oberoi, President	Federation of Hotels and Restaurants of India
28	Smt. Preeti Bhardwaj, Advocate	Federation of Hotels and Restaurants of India
29	Shri Sandeep Gupta, Chartered Accountant	Sandeep Gupta Associates, Jaipur
30	Shri Sohan Singh, Director of Finance	Hotel Le Meridien, jaipur