



## Alcohol Based economy v/s unemployment in India

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### Abstract

The problem of extensive use of alcohol is seriously affecting our social, economic and political culture and also creating several other problems in the society. The increasing crime rate especially among the children is due to the spreading use of alcohol and drugs. It has created new type of challenges before the administration, Government and families. The proposed paper covers various factors of the problem. The proposed paper aims to analyze the national issues especially in case of alcohol and other problems related to the matter. The outcome of this academic activity will try to identify the loopholes in the system and suggest the most suitable remedies to the Government and society both.

India has several policies and laws related to alcohol and several reforms have been initiated by the Government on time to time but it is witnessed that the effects of these policies are either not as per the expectation or the changes are slower than the problem increases. The related policies and laws are: The Dangerous Drug Act, 1930, The Drug and Cosmetic Act, 1940, Narcotic Drugs, 1961, Psychotropic Substances Act, 1971, Illicit Trafficking Narcotic Drugs and Psychotropic Substances Act, 1985, NDPS Amendments Act, 1989, 2001 & 2014, Custom Duty Act and other related laws.

In today's era, if we think government and revenue point of view, alcohol or liquor products can be important for collection of revenue, but if we see the interest of the society and per person, then negative effects can also be seen, so there is need for revenue from such products or sources should be collected which can contribute to the positive development of the economy along with the country and society.

**Key Words:** - Alcohol, Liquor, drugs and abuse Consumption, Users, & society etc.

### Introduction:

India witnessed several phases of economic and social change. Each and every phase has its own pros and cons. A responsible and progressive society should have keen watch on various changes occurs in the society. It is also important to analyze the changes and promote the favorable changes and at the same time impose effective control on negative aspects of the changes. Increasing higher use of alcohol and drugs of abuse and its social impact is such a big issue for which urgent and effective measures should be taken.

The economics of alcohol and drugs of abuse and its adverse impact on society is alarming and it demands urgent attention. As per an estimate, about 50 percent alcohol market is out of tax net and a substantial part of this market is related to spurious/ poisonous liquor. The deaths caused by consumption of such liquor during 2013 are 5518. The revenue from sale of liquor is a big issue of the problem. Maximum states are also collecting huge revenue from liquor in India. As far as the drugs are concerned, Iran, Afghanistan and Pakistan are the major drug producers and suppliers in the world. In India, Punjab is severely drug affected state. The famous film *Uda Punjab* highlighted the problem of drug. When we examine the economics of drugs, it reveals that a kilogram smuggled heroin from across the border is valued nearly Rs. 5 crore which starts smuggled from Afghanistan at pretty less price and when it reached to Pakistan, the price reached to 5 lakh. It enters in India via Pakistan and the price reached to 20 to 25 lakh. The challenges faced by India are mainly due to this economics of drugs.

The other related data are also very important. According to one report, almost 74 per cent Indian homes have one member or an adult, who is a drug addict. The most alarming thing is that the teenagers are also turning to drugs. This trend is damaging our entire social structure and creating new problems in the society.

The important concern is how the drug usages converted into drug abuse? There are several reasons which convert drug usage in to drug abuse. At a very basic level this happens due to unmanaged stress. The other reasons such as to just 'fit in' with his or her peers, romanticize the events, only for thrilling and fun. In some cases use of alcohol and drugs highlighted as a symbol of modern society. It is unfortunate that the youngsters misguided easily to use of alcohol and drugs and it becomes hard to convince them and divert in a right direction. Earlier, youths were regulated and controlled by the family and society but unfortunately, destruction in our traditional structure has caused to make the situation grim.

The social consequences of alcohol are well-documented. They range from avoidable death, and increased healthcare costs to family disruption, increased risks for poverty, and lost workplace productivity. Thousands of lives and hundreds of billions of dollars has been lost due to alcohol and drugs. In Punjab about 75 per cent of its youth are becoming addicted and this problem is spreading in other states also. 'In a National Survey conducted by United Nations Office on Drugs and Crime (UNODC) and Ministry of Social Justice and Empowerment, for the year 2000-2001, it was estimated that about 732 lakh persons in India were users of alcohol and drugs. Of these 87 lakh used Cannabis, 20 lakh used opiates and 625 lakh were users of Alcohol.'

If we examine the problem of extensive use of alcohol and drugs of abuse in our society, several questions arise. The first and foremost question is why this epidemic is spreading so fast? How teenagers are becoming the drug addicts even when they belong to an educated society? Why our traditional control system i.e. Family and society is almost failed to control the situation? How alcohol became status symbol or unavoidable in work place and general life? Is the poverty eradication efforts of the Government are severely hampered due to increasing use of alcohol? Is increasing cases of women harassment and cruelty with them having any connection with increasing use of alcohol and drugs of abuse? How the market of alcohol and drugs is harming our society? What is the connection of drugs with the problem of terrorism? Is parallel



economy having some connection with illegal drug market and how it is harming the society? All these questions are demanding to adopt a consolidated approach to analyze the various dimension of the problem and find out some ways to save the society from this evil. The paper is an important academic activity towards searching new angles of the selected socio-economic issue.

**Alcohol meaning:-**Drinks that can make people drunk, such as beer, wine and whisky can be referred to as alcohol.

### **Objectives of the study:-**

- To analysis the present alcohol users (with age group) & all states alcohol users in India.
- To study the most commonly consumed beverage by users in India.
- To evaluate the factors affecting growth of alcohol industry on India.
- To evaluate the alcohol revenue contribution & role of alcohol revenue on nation economy in India.
- To study, which tax amount is higher collected revenue in all states in India.
- To evaluate the excise duty & economics of states in India.
- To evaluate the impact of alcohol on society & unemployment in India.

### **Research Methodology of the study:-**

This study based on secondary data. The proposed methodology of the study is described in following some points:

**Area of the Study:** The area of study is India.

1.

**Data Source:** The proposed study is based on secondary data. The secondary data will be collected from different sources such as -Reports issued from different Institution, Reports from various Ministries of Central and State Government, Research Papers, Books, Government Publications, Articles, Research Studies and other reliable print and electronic sources.

### **2. Processing of Data:**

The data collected through the secondary source will be further process by classification analysis and presentation of data in an effective way and after that will finding the results.

**Table 1:**

### **Alcohol companies and their major brands in India**

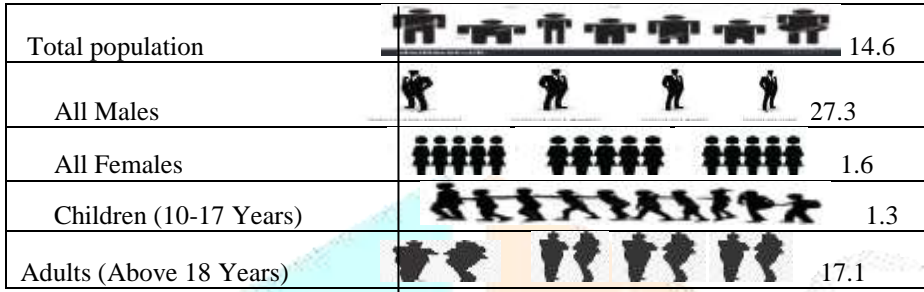
Sr. No.	Company	Whisky	Rum	Vodka	Brandy	Beer	Gin
1	Radico Khaitan	After Dark, 8PM	Contessa	Magic Moments	Old Admiral, Morpheus		
2	Som Distilleries		Black Fort			Hunter, Wood pecker	
3	Empee Distilleries		Old Secret, Victoria, Sixer		Napoleon		
4	Globus Spirits	County club	Hannibal Rum		Le' Mans		White Lace
5	Imperial Spirits	Glen Special, Gold Coast Malt	Black Magic, Hatrick	Black Magic, Imperial Iceberg Premium	Imperial, Imperial Exclusive VSOP		Seagull London Dry
6	Mohan Meakins	Summer Hall, Colonel's special, Golden Eagle	Old Monk		Triple Crown, Doctor's Reserve No.1		Big Ben London
7	Tilaknagar Inds.	Mansion House, Senate Royale	Madira XXX Rum	Castle Club	Mansion House		Savoy Club
8	United					Kingfisher,	

	Breweries					Zingaro, London Pilsner Heineken, Sandpiper. Black label,	
9	United Spirits	McDowell N0.1, RC, Bagpiper, Black Dog, Whyte and Mackay, Vat 69, Officer's Choice, Royal Stag.	McDowell Celebrations, Old Cask	Red Romanov, White Mischief	McDowell No.1, Honey Bee		Blue Riband

Source: [www.researchjournal.co.in](http://www.researchjournal.co.in)

**Chart-1**

**Current Alcohol Use in Different Population Group in India & States (%)**

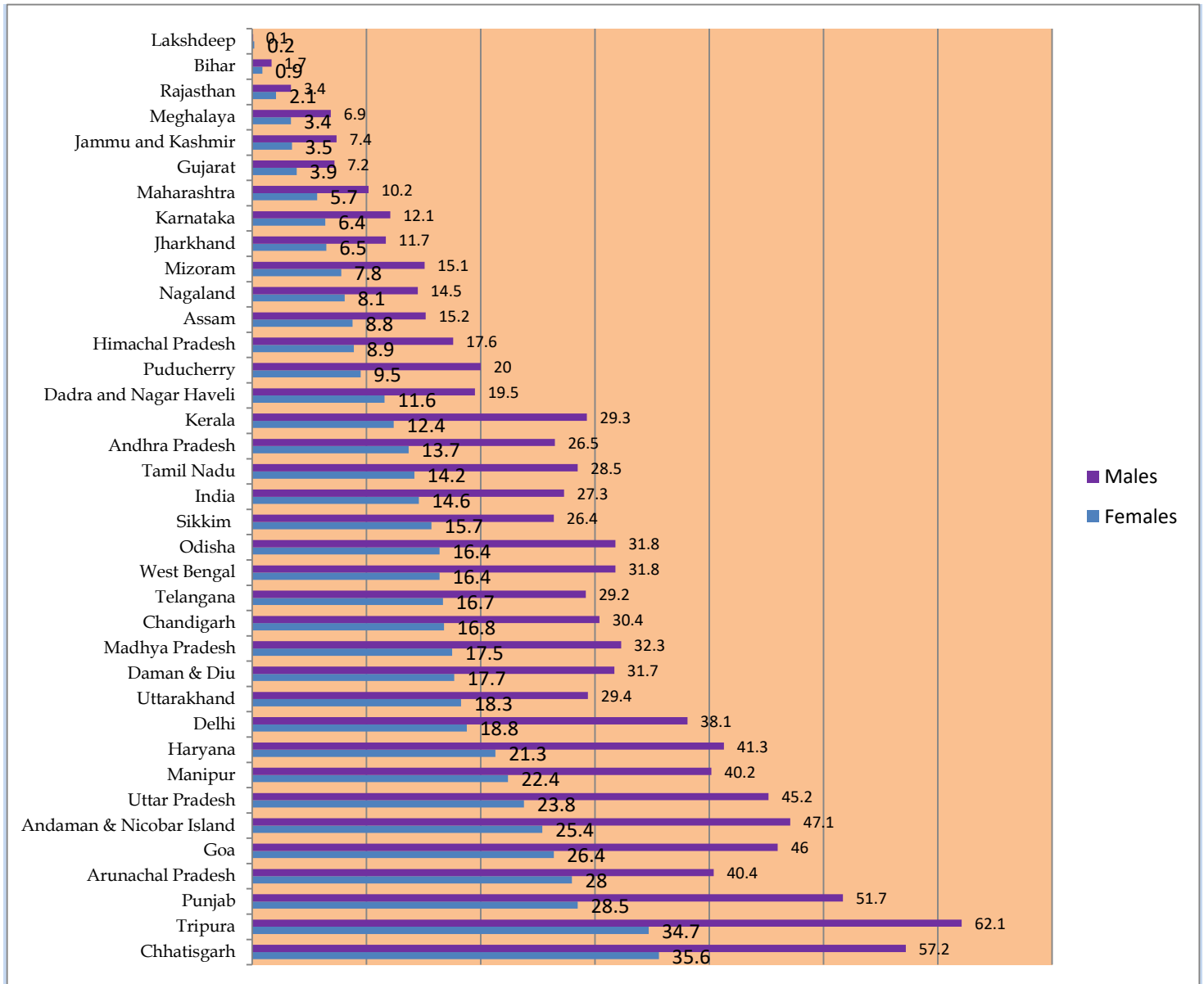


Alcohol is the most common substance used by Indians. About 14.6% of the total population in India use alcohol .Use of alcohol higher among

Males 27.3% s compared to

Source:- Ministry of Social Justice & Empowerment Government of India,2019

females 1.6%. Children’s whose age age 10-17 years 1.3% and youth whose age is 18 or more then 18 years 17.1% persons consume alcohol in India. Deshi sharab is consumed 30% in India. States with the highest prevalence of alcohol use are Punjab, Tripura, Chhatisgarh, Arunachal Pradesh and Goa.

**Graph-1****Current Alcohol Use in India & States (10-75 Years), In %**

Source:-1. Ministry of Social Justice & Empowerment Government of India, 2019  
 2. National Drug Dependence Treatment Centre, AIIMS, New Delhi

In our study, all the states of India, it's found that Tripura, Chhatisgarh, Punjab, Andaman & Nicobar Island & Goa has more male alcohol users and Chhatisgarh, Tripura, Punjab, Arunachal Pradesh & Goa states has more female alcohol users than other states. Lakshdeep has double the rate of alcohol user of female class than male group.

### Most Commonly consumed Beverage by current Alcohol Users in India

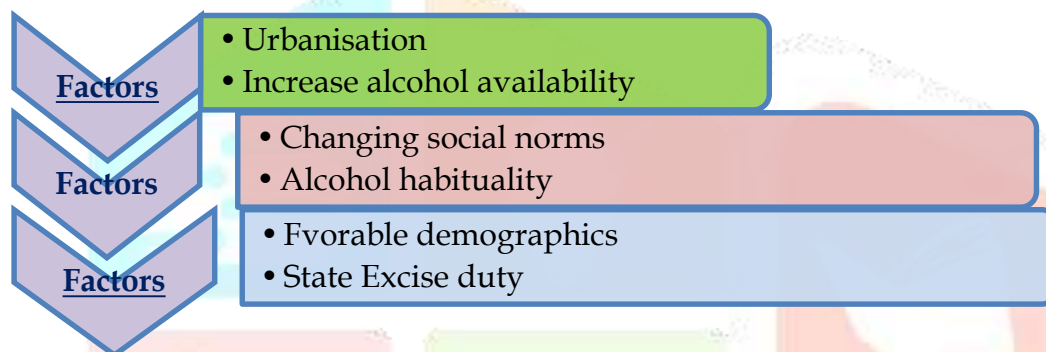


11% →	Home Brewed Alcohol		
4% →	Wine		
12% →	Strong Beer		
9% →	Light Beer		
2% →	Any Other		
2% →		Illicit	Liquor
30% →	Spirits (IMFL)		
30% →		Country	Liquor

Source:-Ministry of Social Justice & Empowerment Government of India, 2019

On the base of Ministry of Social Justice & Empowerment Government of India 2019, the most commonly liked 30% country liquor, 30% Spirits (IMFL) & 12 % strong beer of the users in India.

### Factors affecting the growth of alcohol industry in India



Revenue is a primary or necessary element for run any country and any state. But if the interest and health of the people of country is put at stake for the revenue, then it can increase the economy of the country but the country's people interest and health can prove to be negative, the collection of alcohol revenue is very high in the central and states government, which is helpful for the progress of any country and states. The production, sales and distribution is a complex duty structure of alcohol that varies from state to state. The taxation charges are also varies. The policies of alcohol and drugs related till date have been primary with a view to increasing taxes and not from a public health point of view. In fact the public health importance of alcohol control has been totally neglected in formulating policies and programmes. Ban on consumption and sale of alcohol at the public place in all the states with penalties for violation in India. Some factors are involved in this country, these factors affecting and promoting the alcohol industry in India.

**Urbanization-** The major part of the total population of the country is migrating to cities, due to urbanization and intercourse of foreign culture; people are consuming alcohol as a fashion.

**Increase alcohol availability-** Large quantity of liquor is being made available in the market by the government of the country to get revenue. The principle of economics says that when the availability of product is high, then its consumption large and its price is low.

**Changing social norms-** Today's phase is a changing phase for everyone in our society. Every time persons wants changes according to fashion or pattern. These changes are the reason for the growth of alcohol industry.

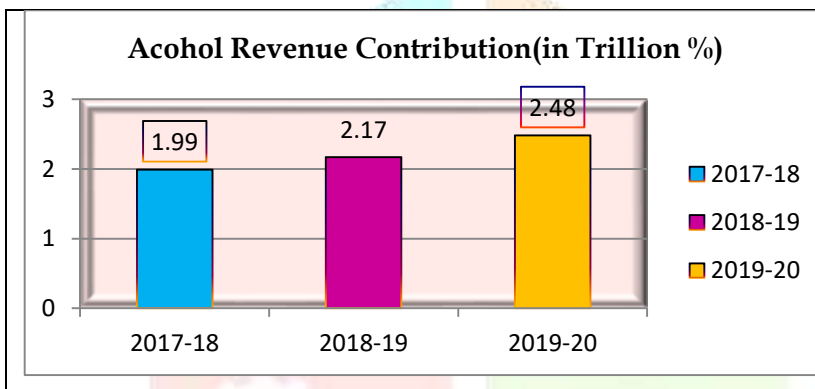
**Alcohol habituality-** Alcohol is a product whose intake gives positive or negative impacts depending on the quantity. There are people of the country, who do not make it their alcohol consuming habit but a large part of population, they would include it in their continuous alcohol consuming habit. Alcohol habituality may be develop the alcohol industry but has negative impact on themselves, family & society.

**Favorable demographics-**If a large part of the country's population likes consumption or habituality of product, then the development of industry is fix. **State**

**Excise duty-**State government of India does not impose any kind of GST on alcohol, but the tax on the production of liquor and materials of alcohol is given 18% to 28% Excise duty for the Government. Maximum amount of money received by the alcohol products so, government promotes the alcohol industries.

**Graph-2**

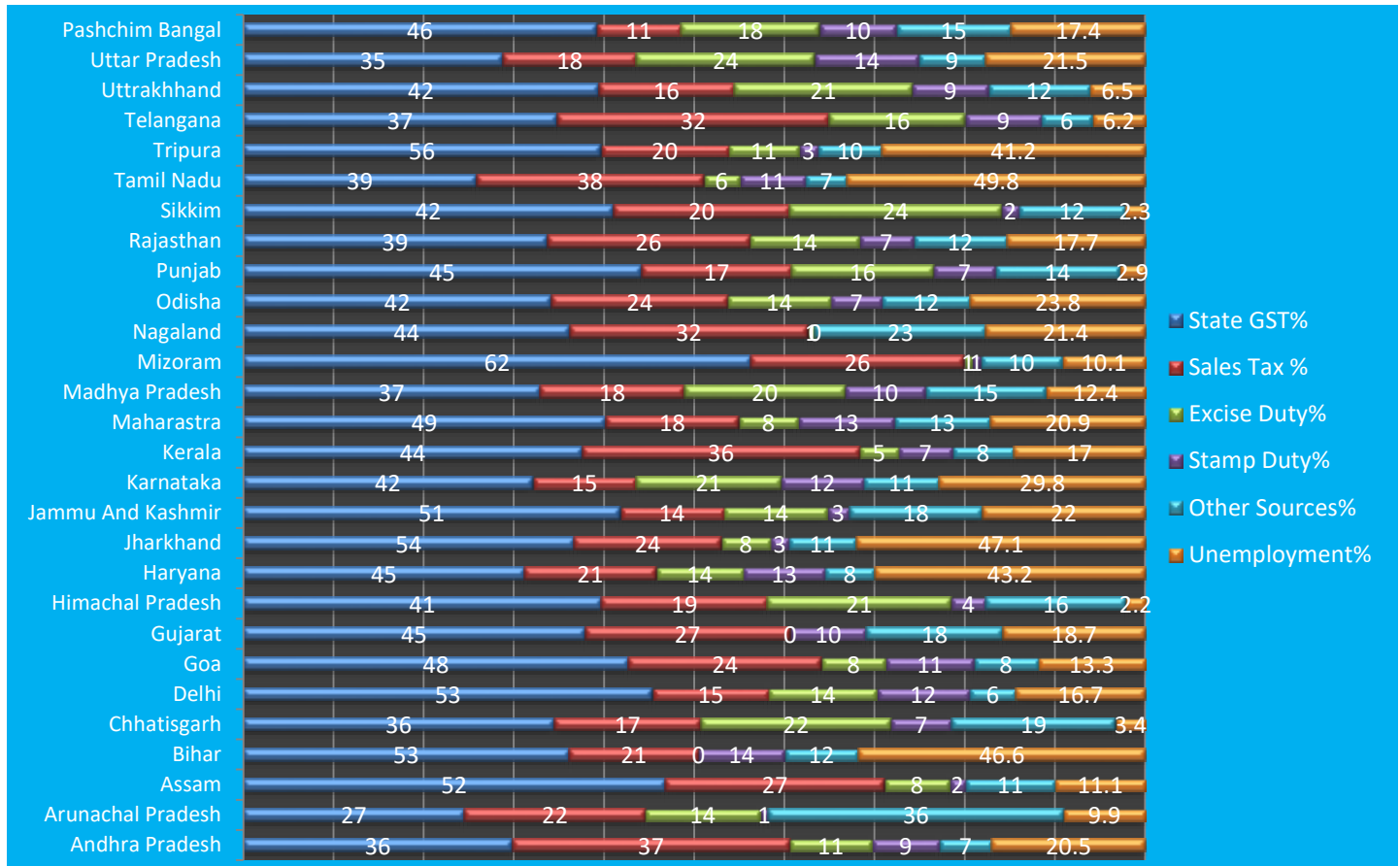
**Revenue derived from the alcohol industry and Revenue contribution**



Alcohol selling is an important element for collection of revenue in a nation. Its sales contribute significantly to economy of any country, while alcohol is exempted from GST but state government of India charged some taxes on raw Source: - ISWAI materials and production on alcohol at 18 to

28 percentages. In this way the consumption of alcohol has a greater effect on alcohol but if its prices increases then it has an effect and decrease the consumption of alcohol and the same effect is seen on the revenue of nation. Year 2017-18, 2018-19 & 2019-20 the central government of India earns and revenue contribution Rs.1.99, 2.17 & 2.48 trillion annually from excise duty revenues on alcohol. In Tamil Nadu the revenue from liquor is highest (Rs. 29672 crore) in year 2016. Other states like Haryana, Maharashtra and Karnataka are also collecting huge revenue from liquor. Their revenue from liquor is Rs. 19703 crore, Rs.18000 crore and Rs. 15332 crore respectively. Other aspects of the problem are also important. Andhra Pradesh is a highest user of intoxicants in India.

**Graph-3**  
**Sources of Income of States in India**



Source: - PRS India & Dainik Bhaskar Newspaper 05.05.2020 & CMIE

GST was introduced in India from 1<sup>st</sup> July 2017, which was uniformly implemented across the country. The graph shows that the government of India has various source of income in which state GST, sale tax, Excise duty, stamp duty and other sources of income have been included in India. Uttar Pradesh & Sikkim 24% Chhattisgarh, Himachal Pradesh, Karnataka & Uttarakhand 21% and Madhya Pradesh 20% are the highest excise duty earning states in the country. Bihar and Gujarat are states where the sale of alcohol is banned.

**Hypothesis of the Study:**

H<sub>0</sub>: -There is no impact on youth unemployment rate on the various collection of Excise Duty revenue in India.

H<sub>a</sub>: - There is impact on youth unemployment rate of the various collection of Excise Duty revenue in India.

Table: 2

Year	Excise Duty (cr.)	Youth Unemployment Rate %
2009-10	102991	8.06
2010-11	137701	8.89
2011-12	144901	9.33
2012-13	175845	9.96
2013-14	169455	10.44
2014-15	189038	10.40
2015-16	287149	10.61
2016-17	386415	10.70
2017-18	405920	10.33

The table below shows the correlation between Excise Duty and Youth Unemployment Rate in India from the year 2009-10 to 2017-18. Data is selected on the basis of availability of data. The data is ration in nature hence the Pearson’s correlation method is used to calculate the correlation between the selected variables. The correlation is calculated by using SPSS- software (25-version)



Table: 2

### Correlations Matrices Between Excise Duty and Youth Unemployment Rate in India

Particular		Excise Duty	Youth Unemployment Rate
Excise Duty	Pearson Correlation	1	.706*
	Sig. (2-tailed)		.033
	N	9	9
Youth Unemployment Rate	Pearson Correlation	.706*	1
	Sig. (2-tailed)	.033	
	N	9	9

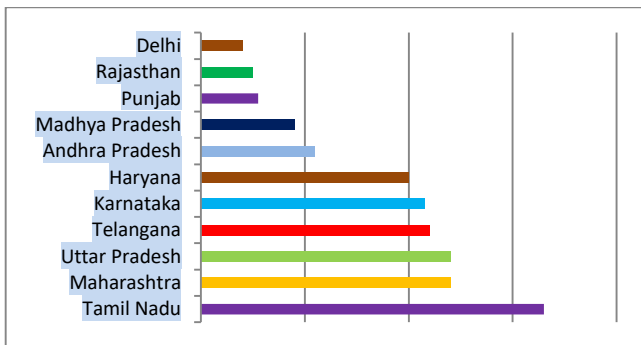
\*. Correlation is significant at the 0.05 level (2-tailed).

Source: Indian Public Finance Statistics 2017-18 & [www.statista.com](http://www.statista.com)

The correlation between the selected variable is calculated at 5% significance level (2-tailed). The calculate p-Value is .033, which is less than 0.05. Hence the correlation between the selected variable is significant. The calculated correlation between the Excise Duty and Youth Unemployment Rate in India is .706, which shows the positive correlation between them. The positive correlation shows the Unemployment Rate in India. Raised significantly with the increase in the Excise Duty revenue in India

Graph-4

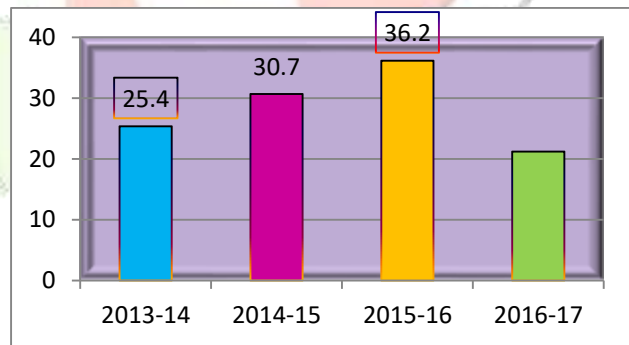
India's Top 11 States by Revenue from Alcohol Excise Duties (Cr.)



Source:-The Hindu, India Today

Graph-5

Funds released for assistance for prevention of alcoholism (Rs. Cr.)



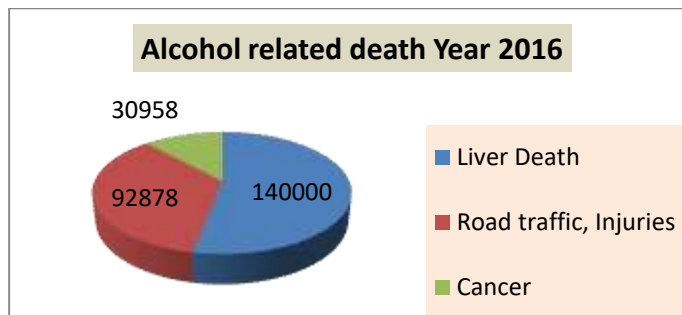
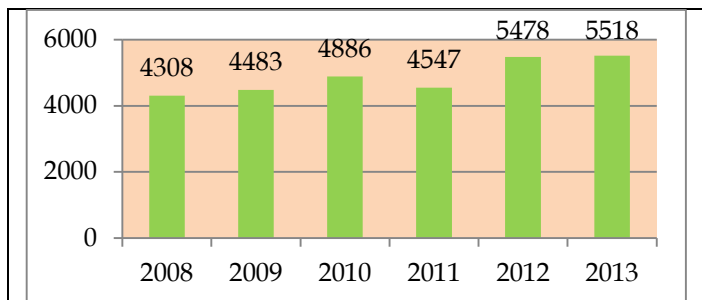
Source:-Ministry of Social Justice and Empowerment

Graph 1 shows that there are 11 top states in the country which collect more revenue from alcohol than other states & graph 2 shows that the funds are released to help prevent the prohibition of alcoholism and drug abuse. On the other hand, the government collects money by increasing the production of alcohol products and secondly, the money of the country and country's people is expenses to negative impact on alcoholism.

## **Total No. of Alcohol related deaths in India**

**Graph-6**

**Pie Chart-1**



**Source:** - World Health Organization, 2016

**Source:** - Zee Research Group, 2013

The production, sales and distribution is a complex duty structure of alcohol that varies from state to state. The taxation charges are also varies. The policies of alcohol and drugs related till date have been primary with a view to increasing taxes and not from a public health point of view. In fact the public health importance of alcohol control has been totally neglected in formulating policies and programmes. Ban on consumption and sale of alcohol at the public place in all the states with penalties for violation in India.

The other related data are also very important. According to one report, almost 74 per cent Indian homes have one member or an adult, who is a drug addict. The most alarming thing is that the teenagers are also turning to drugs. This trend is damaging our entire social structure and creating new problems in the society.

India is the one of the largest producer country of alcohol in the world and contributes to 65% of production and approx. 7% of imports into the region. There are 3 million deaths annually due to alcohol consumption globally, as well as to the other diseases and poor health of millions of people. Overall, harmful consumption or use of alcohol is responsible for 5.1% of global burden of disease. Every one woman who consumes alcohol compares 17 alcohol using men.

### **Limitation of the Study:**

Through the precaution have been taken to achieve the objective of the study but even than following are the limitations of the study: -

1. This study only focused on alcohol's impact on society with unemployment problem, in which not included other drugs and abuse in India.
2. This paper study based on only national level.

### **Conclusion:**

The growth of country can be measured by its strong economy. If the country's economy is strong then this system helps in running the country regularly. In the same way, the government is the powerful body of the country that people trust and execute the all schemes that have been implemented by the government. Therefore, the government should bring policies that are in the interest of the people. Alcohol is an element of any country for improving national economy of nation but extra use of any chemical it can be harmful for any other body. Till the time, India has gone many problems of poverty, employment and sustainable development goals of the economy with the

employment to the members of rural and urban households and facilities to scheduled castes and scheduled tribes. I have tried in this paper or study is very relevant as it aims to evaluate and examined the outcome of the laws & policies regarding alcohol and drug abuse products and help to suggest modification of the laws to conduct at both desiring and implementation in level. In today's era, if we think government and revenue point of view, alcohol or liquor products can be important for collection of revenue, but if we see the interest of the society and per person, then negative effects can also be seen, so there is need for revenue from such products or sources should be collected which can contribute to the positive development of the economy along with the country and society.

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