

**REPORT OF THE SECRETARY GENERAL, INDIAN BEVERAGE ASSOCIATION FOR
THE YEAR 2023-24 TO BE LAID ON THE TABLE DURING AGM**

I have great pleasure in presenting the report about the Indian Beverage Association (IBA) and its activities for the year 2023-24.

2 As all Members are aware that Indian Beverage Association was registered as a Society under the Societies Registration Act, 1860 on January 14, 2010 and started its operations with the same year i.e. 2010-11. The year under review is the thirteenth year of the Association's activities.

3. The office of the Association continues to be located in the building of the PHD Chamber of Commerce and Industry, August Kranti Marg, New Delhi.

4. The Managing Committee of the Association met periodically five times in the course of the year to consider various matters and to give necessary directions for improving the functioning and furthering the activities of the Association. Minutes of each meeting were circulated to all the members of the Managing Committee soon after each meeting.

5. The Bank account of IBA continues to be at the Hauz Khas branch of HDFC Bank. The monies received from time to time by way of Entry Fee, Annual Subscription and Contribution (under Rule 5), etc. are deposited in this account. The audited Annual Accounts for the year under report have been placed on the table of the AGM for taking note of by the IBA members.

6. During the year 2023-24, the Association continued endeavours for discharging its role as a focal point for the beverage industry in general and its Members in particular, in respect of issues that arise periodically relating to the Government of India and different State Governments, apart from regulatory authorities like the Food Safety and Standards Authority of India (FSSAI), the Bureau of Indian Standards (BIS), Ministry of Environment, Forest and Climate Change (MoEFCC), the Central Pollution Control Board, (CPCB), the Central Ground Water Authority and Department of Consumer Affairs, etc. with periodic courtesy visits to all relevant stakeholder Ministries.

7. The Hon'ble members are aware that some of our member companies are unable to sale aerated drinks through Unit Run Canteens of CSD, Ministry of Defence as they have not been granted exception from registration for Compensation Cess along with GST. The IBA took up this issue with the Ministry of Defence, Ministry of Finance and GST Council Secretariat requesting them to grant exemption from registration for Compensation Cess along with GST from URCs to end customer, so that URCs are not required to register for GST and Compensation Cess and burden of compliance does not fall on them for sale of products that attract compensation cess. The matter was regularly followed up with physical meetings with GST Secretariat and TRU Division of the Finance Ministry and written reminders. The concerted efforts of the IBA were able to convince the concerned authorities to issue the modified notification on the issue after GST Council approval.

8. The IBA is a member of the International Council of Beverage Associations (ICBA) and regularly participating in the activities of the ICBA. However, during the COVID period IBA association with ICBA was inactive. With the approval of the Managing Committee the membership of the ICBA was revived and IBA regularly participated in the online and offline

activities of the ICBA to remain connected and be in communication of periodic global sector updates from ICBA to its Members. The IBA participated in the ICBA Annual Conference hosted at Brussels, from 4-6 June 2023. IBA was represented by Ms. Tayna Majithia, Director Policy, IBA and Mr. Rohan Mishra, Senior Director, Government Affairs and Public Policy, CCIPL.

9. During the period under reference IBA engaged experts to refurbish its website and increased IBA outreach in media through its presence on social media handles. The revamped IBA website was operationalized and social media handles of LinkedIn, Twitter, Facebook and Instagram were activated by onboarding M/s Jingle Infotech Ltd and M/s ACCETOR respectively. The revamped Website is a comprehensive launch version subject to periodic edits/updates. The social media accounts are managed by a dedicated small team with submission of impressions, visits, followers and growth traction periodically to IBA with routine review calls with Director, IBA.

10. As mentioned by Hon'ble President, IBA organised a **NATIONAL BEVERAGE CONCLAVE** with the central theme of "**Sustainable Food Systems: Redefining the Beverage Industry**" on **6th July, 2023 at Hotel Shangri-La, Ashok Road, New Delhi**. The Conclave brought together the beverage industry leaders, government policy makers, experts, subject matter specialists, young entrepreneurs etc. on a common platform for knowledge exchange, interactive discussions and building connections within the industry. The conclave was attended by senior government officials engaged in policies, experts and stakeholders in food and beverage industry. At the end, a final report was brought out on the outcomes of the deliberations and outlining a 'Way Forward' for the sector which was circulated among the concerned government Ministries and their agencies. This was a well-attended and very successful event and had a very wide media coverage.

11. As you are aware that Indian Beverage Association IBA in its General meeting held on 30.09.2022 passed a Resolution to amend IBA Rule 4(B) (i) by adding a proviso to accept the requests from Associate Members with more than three years continued membership of IBA, to induct them as Subscriber Members. During the period under report, IBA received applications from M/s. Bisleri International Pvt. Ltd and M/s Varun Beverages Limited. I am glad to mention that IBA Managing Committee approved their upgradation as Subscriber Member of IBA.

12. With the approval of the Management Committee, IBA entered into an agreement with ICRIER for a research study to 'Prepare Evidence Based Fiscal Policy Paper on Carbonated Beverages in India'. A Sub Committee was also constituted to interact with ICRIER and to coordinate timely submission of the required information from the industry. The main objective of the Study is to prepare a Comprehensive Advocacy Strategy inclusive of sectoral contribution to the economy in terms of employment creation, revenue generation, investments, impact on industry innovations and consumer preferences. The findings of the study will be used to make presentation before the Government on rationalization of the GST structure on carbonated soft drinks and product classification by emphasizing sector contribution to economy, international best practices and the growth scenario leading to buoyancy in tax collection and increasing employment opportunities in the country. The Sub- Committee is regularly interacting both with ICRIER and beverage industry to complete the study report timely. The progress of the report has been appraised to the Managing Committee time to time. The work on the study report is progressing satisfactorily.

13. All Hon'ble Members are aware that issue of high taxation on non-alcoholic beverage products is a matter of great concern for the growth of this sector. This category is in the highest slab of taxation though it is contributing significantly in the economic growth of the nation and providing huge direct & indirect employment opportunities in the country. The imposition of 12% additional cess over and above highest slab of GST is an impediment in the growth of this industry. IBA is trying its best to impress upon the Government authorities

that clubbing beverage drinks with products such as tobacco is not justified as non-alcoholic products are consumed by the people of all age and income groups. The beverage sector, if given equal opportunities, has a high potential of job creation and is helpful to the agriculture sector in getting remunerative price to the farmers of their horticulture produce. IBA has been taking up this issue with concerned authorities not only in the Government of India but with the state governments too. IBA has outreached with representation entailing our plea, state geography specific data inputs and member companies prominent CSR initiatives to large number of states including GOM member states. IBA delegations had also had physical meetings with many of the important states.

14. It came to the knowledge of IBA Members that Assam Government was contemplating to put a ban on Packaged Drinking Water packaged in PET bottles below 1 litre in the state from 02nd October 2023 onwards. IBA took up the issue at the highest level in the Assam Government and submitted that the existing regulations under PWM Rules are sufficiently equipped to address all issues of Plastic Waste Management (PWM) pan-India and are enthusiastically supported by industry. It is a matter of satisfaction that the Assam Government did not proceed further with its proposal.

15. The Ministry of Food Processing Industries (MoFPI) constituted an Inter-Ministerial Committee (IMC) to improve the global competitiveness of food processing industry. The Committee was also to recommend necessary regulatory measures to accelerate the growth of the sector and to reduce compliance cost by the industry. IBA made a submission to the Committee explaining that the non-alcoholic beverage sector is an important segment of the food processing sector. This sector has been growing at the growth rate of more than 14% in terms of sales value and 13.72% in terms of sale volume. The market size of this sector was valued at US\$ 12.15 billion in 2019. The sector is providing employment to more than 7 lakh people and has potential to achieve faster growth in view of the increasing horticulture production in the country. This sector can create avenues to procure, process, preserve and consume the increasing horticulture produce and ensure remunerative price to the farmers. It was impressed upon the Committee, chaired by the then Economic Advisor, Ms. Simmi Chaudhary, that while finalising its recommendations, measures to improve the growth of non-alcoholic beverage sector should get prominence keeping in view its contribution in the growth of the national economy.

16. IBA Members were voicing their concern that there were some issues pending with FSSAI for considerable period and a physical meeting with FSSAI was necessary to re-emphasize early disposal of those issues. Accordingly, on May 16, 2023, an IBA delegation led by Secretary General met the CEO FSSAI. The delegation addressed several issues concerning the beverage industry in India and sought FSSAI's early decisions on those matters. A list of the issues needing early resolution by FSSAI was provided as below-

- A. Streamlining of food Regulations for Carbonated Drinks to enable pragmatic taxation regime for different categories
- B. Removal of 90% fill volume from Thermally Processed Fruit Beverages
- C. No more deferment for Packaged Drinking Water – Ca and Mg addition
- D. FAQ under Labeling Regulations to be added

The IBA delegation also presented the aforementioned issues before a nominated Panel headed by the then Advisor, Shri Sunil Bakshi. The Panel assured of early resolution of the issues after the recommendations of the Scientific Panel.

17. On getting an opportunity to meet the Advisor to the Prime Minister, a high level IBA delegation had a meeting with him on 6.9.2023 where issues relating to the non-alcoholic beverage sector were presented in details. It was explained that the IBA serves as an interface between the Industry, government and the public, besides providing a unified and focused viewpoint in respect of legislative and regulatory matters. India is the largest global producer of several raw materials and has the natural advantage to become the global non-

alcoholic beverage processing hub given the right incentives and policy support. The growth of the non-alcoholic beverage sector will not only help reduce the wastage in the supply chain but also enable increase in farmers' income, create jobs, and enhance investment in manufacturing. In the detailed presentation following concerns of the sector were brought to the notice of PMO-


- The GST structure should be reviewed and rationalized on beverage products adopting an evidence-based approach.
- The product reformulation and innovation for healthier products should be incentivized through favourable fiscal and regulatory policies. A graduated tax scheme to promote innovation and reformulation may be considered on the basis of sugar content - 'Low taxes for low sugar' and 'Lowest taxes for no sugar'.
- The beverages which are allowed for consumption by all age and income groups should be taken out of the "Sin Product" category to help Industry to overcome the negative perception.
- While all food & beverage products are governed by single regulatory body i.e. FSSAI, the packaged drinking / natural mineral water is governed by two regulatory bodies. i.e., BIS and FSSAI. There should be only one Regulatory Body for ease of doing business. The GST structure on packaged water need immediate relook.

18. M/s Messe Muenchen India organised an exhibition Drink Technology India (DTI) 2023 from 4th-6th October 2023 at Pragati Maidan in New Delhi. IBA participated in the exhibition by putting its own stall displaying brochure on its objectives and activities, IBA Rules and Reports. A large number of participants visited the IBA Stall and showed interests in the activities of the IBA. This provided a good visibility to the IBA.

19. The Association continued to manage its affairs with a lean staff consisting of one Director, one Personal Secretary and one Office Attendant, apart from the Secretary General, and, in so far as maintenance of accounts is concerned, with the help of a part time Accounts Consultant.

20. The Secretary General and other members of the staff of IBA are committed to continue to strive for providing efficient and effective service to the Members in the years to come.

21. The Secretary General wishes to place on record his deep appreciation for the courtesy and consideration extended to him and to the other members of the staff by the Managing Committee and all the Members of IBA.


(J P Meena)
Secretary General

September 27, 2024