

UB retailers fail to pass on beer price cut

Our Bureau

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Despite the country's largest beer maker, United Breweries, reducing prices of its beer brands retailers are still charging a higher price for its products in one of its key markets. In another development, UB said it expects Andhra Pradesh, the largest market for beer in the country, to float fresh tenders for liquor contracts. Both UB and another beer maker, SABMiller, have been fighting a legal battle against the State Government on price issues.

UB Deputy President, Mr Shekhar Ramamurthy, told *Business Line* that in Karnataka, considered one of the top five beer markets in the country, retailers of the company's

products have not passed on the benefit of price reduction to consumers. Its popular beer brand, Kingfisher, is, in fact, sold at a higher price than the listed price, he added.

A couple of months ago, UB had reduced prices of its UB Export beer following a government decision to levy lower taxes on cheaper brands. The company had reduced the price of UB Export beer to Rs 25 a pint but retailers continue to sell it at Rs 30. However, while a 650-ml bottle of Kingfisher beer, whose 'listed' price or MRP is between Rs 71 and Rs 73, is being sold at about Rs 80 a bottle.

These developments come close on the heels of the Karnataka Government's recent decision to levy additional excise

duties on IMFL and beer in the State which led to a steep increase in its prices.

For example, the price of a 650-ml bottle of Kingfisher beer which used to cost about Rs 67 was increased by about Rs 5 after the new norms were introduced. This has led to a decline of the beer industry in Karnataka by about 10 per cent.

Mr Ramamurthy said the Government should start raiding outlets which sell beer higher than the MRP. For the financial year 2008-09, UB sold over 82 million cases, an increase of about 10 per cent over the previous year. For the current year, the company expects to grow at about 12 per cent, nearly 2 per cent higher than the anticipated growth of the industry.