

# THE ANDRÉ L SIMON LECTURE 2017

Presented by

**Sanjay Menon**

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## “The Indian Wine Trade”

Everybody asks how the Decanter thing [Sanjay was included in the Decanter 2009 Power List] came about and, by the way, for my Burgundy friend's here, they also embarrassingly put me above Alan Meadows of Burghound. So, I say that India is in the eyes of everybody from the world today. We are the darling of the media. They had to find somebody from India to put on the [Decanter Power] list, otherwise the list looks incomplete and I was the one they thought they could pin it on. I like to think they put me on that list in that perspective because you'll see, from what I'm going to say, is that the wine industry in India is smaller than tiny, it's almost non-existent. Even amongst us Indians, we believe that wine is making a lot of noise, but it is in a very niche segment in the upper echelons of the socio-economic ladder and concentrated in the top metros of Bombay, Delhi, Bangalore and a couple of other cities - where people are talking about and taking to wine, from their international experiences around the world and the media they are exposed to.

I will start with some statistics, then tell you all about the challenges of wine and I will then end briefly with how I see India as the last frontier for wine. We are going to speak briefly about the market and then we'll finish with a little bit about the consumer and how that pans out for the future.

From a production point of view there was a substance or product, called *Soma*, which for a long time was mistaken for a type of wine intoxicant, but research tells us that this was more a plant extract which was more psychosomatic and hallucinogenic than anything else. Also the *Sutras* (ancient religious texts) define a whole 20-25 days ritual to consuming *Soma*, from the time you have it to the days after, presumably the hangover period and how one was to abstain from all work and social contact till normalcy was restored. Much later in history we'll find mentions of a distillate or a product called *Madira*. *Mahua* was our chief distillate back then. The fermented version eased up bowel movements (a bit too much) and hence only distillates of it were drunk...it was the beverage that truly united India, for none other has been drunk across the geographic reaches of our country in a manner as commonly shared as by *Mahua* back in the day. Today the local

distillate and fermented products that are available are *Toddy*, *Feni*, *Chhaang* *Apong Desi* and something called *Battery* as well. In some instances people ferment old batteries and the low strata of society drink this, which then leads to fatalities, which is very sad.

The English brought wine making to India to the city of Surat north of here in Gujarat and Kashmir in the late 19<sup>th</sup> century around 1883, and so that was our first introduction to wine made from *vitis vinifera*.

The major wine markets are in the metros of Delhi, Bombay, Bangalore and together these three markets probably account for about 70% of the total wine consumption of the country. There is very little consumed in other parts of the country.

In terms of wine growing regions there are principally two areas - the plateau in Maharashtra (Bombay is the state capital), which is the grape growing area of the country... but largely table grapes. The other area is 70 – 100 km outside Bangalore. There are a number of up and coming producers from this region. There are principally two types of soil that we find in these areas. One is red iron rich soil much like the Barossa soil and the other, nearby, is alluvial soil, which we call black cotton soil, that is clay and it just soaks up moisture like a sponge, and when the water is dried out it becomes like an extremely hard plaster of Paris cake.

About 12 years ago the then agricultural minister of the country and strongman of Maharashtra (Bombay) politics, realised that there was great potential with viticulture for wine making in India. Wine from grape had the highest value-addition, at the point of production, compared to any other agricultural commodity produced in the area. He viewed it as a strong vote winner, and he brought in very positive wine friendly policies that took wine from 200% of excise, pre 2002, to 0%. So, until 2002 it was considered the rich man's beverage and it was taxed like that; it was taxed even above spirits; and overnight, when he recognised the vote back politics with the grape growing farmers network, they converted it to 0%. That resulted in an explosion of people coming forward to register wineries and converting some of their table grape cultivation to *vitis vinifera* for wine making.

We don't have clear consumption and production records because it's difficult to collate this data from the different states as each have completely different rules from each other for taxation of alcohol and rules of engagement. It is much like the United States of America where all the states have different rules. This works ok when it comes to spirits because the spirit market is substantial. We are probably the largest consumer of alcoholic beverages in the world and are - the world's number one whiskey, rum and brandy market. The brandy drunk in India has

nothing to do with the kind of brandy the rest of the world is familiar with, one that is made from grapes, but most of our alcoholic beverage is produced from molasses, which comes out as a bi-product of the production of cane sugar. We are the largest producer and consumer of cane sugar in the world and despite this, in the festive period, we have to import sugar to meet demand. Also the domestic whiskey, rum, brandy, vodka and even gin is produced from this and is flavoured and coloured to appear as all the other products. The domestic production is fixed at around 2 million cases. We have about 2,300 hectares of land under vines which is about 2% of Bordeaux, and just to put this into perspective we have about 100,000 hectares of table and non vitis vinifera varieties. It took a Hungarian to come to India, a couple of years ago, to do an in-depth study of all the vineyards of India and it is now a useful resource for a lot of data on the vineyards and winemakers. We are terribly young as a wine industry - less than 30 years old.

Again, it is difficult to put a number on the number of producers that exist, but we estimate there are about 150. There may be more depending on how many are registered and how many are active. The same with importers. The newspapers and magazines write about wine because it's a nice, interesting, colourful subject to write about and it attracts leadership. So people write about it and everyone wants to jump in to importing wine. And then we have sometimes a floating number of 50 to 60 people who want to enter this industry. There are about 5 or 6 that have tried to be consistent with the subject, but there are very few unfortunately who care about wine. So, [to understand] the average price of a bottle of wine in retail and the on premise segment, this is to start with the size of the market. This is divided with almost 50% of the market in Bombay, and then Delhi and all the others have the remaining 50%. So, against a food bill of \$30 per person even in the most expensive restaurant you will find that the wine spend, on domestic wine, locally produced is \$35 - \$75. This retails at about \$25. The distribution of the market in terms of consumption is about 75% in the on-premise segment and about 22% in retail. This is exactly the opposite when it comes the rest of the alcohol beverage business, and it shows how [wine] is still lifestyle driven and typified by occasional consumption in this market.

So what are the hurdles? Our biggest hurdle is a geographical one, and we know that the wine regions of the world are found spread between the 30<sup>th</sup> and the 50<sup>th</sup> parallels, both north and south of the equator. Firstly we don't find ourselves in that area; we are in the belt that Jancis Robinson MW refers to as "new latitude" wines. Although we are in the northern hemisphere, we are obliged to follow the southern hemisphere cycle, quite uniquely, because we are also in that belt that is referred to in south-east Asia as the typhoon belt, or in our area we are called the monsoon belt. And, in the peak ripening season for the northern hemisphere (between April of bud

break to harvesting end August early September) we have (between end May/early June to the end of September) torrential rain throughout the country so it is impossible to produce *vitis vinifera* for wine cultivation. The weather is perfect for table grapes as they swell up. We are obliged to follow the southern hemisphere cycle; so we look in most places for bud break in October and start picking the whites in January and we have to wait until around February to pick the reds. We can't wait until March or April, like in the Barossa, because we are using the reverse temperature cycle and, as it gets into March, it becomes extremely hot, up to around 40+ degrees and the plant shuts down and it stops producing sugar in the grapes – so it is a big challenge. In the northern hemisphere you have cooler weather to maintain the temperature, but you still have good sunlight until September to collect sugar in the grape, which we don't have, so we don't get that kind of runaway sugar and alcohol like you have in the Barossa.

The other limiting factors are that we lack a proper cold distribution chain in the country; even for all of the other agricultural commodities, a large amount of product is lost to market, because of lack of a cold distribution chain and there is a lack of orientation as well. The conditions under which wine is stored in our traditional retail outlets is another obstacle. We are, like I said, a very very large alcohol consuming country, but there are still social taboos about consumption which are not just religious but also enshrined in the way we look at alcohol. Therefore in most bars, if you go to smaller parts of the country, or even in “b” towns, you will find that the bars are very poorly lit, so that you can't see the other sinner, and the other sinner can't see you [laughter], so the wine shops are not only not conducive to visiting but they are not particularly well oriented towards storing wine which is very critical in this part of the world. Strangely enough the shops are called wine shops, and this is a legacy left behind for us by the British because it was a term to help differentiate the spirit shops that dispensed Indian alcoholic beverages versus what they called foreign liquor which was gin, rum, vodka and whiskey and they called them either foreign liquor shops or wine shops, and there are very few shops that are called wine shops that actually dispense wine. It's more to point in the fact there is a foreign kind of liquor that's being dispensed here.

I mentioned earlier that we are the united states of India. There are 30 states, and each state has to be dealt with individually. The labelling requirements for different states are different. It is not difficult to import and distribute wine in India – it is impossible! We are plagued by very high tax and non-tax barriers. In some states you have to have a license to consume alcohol. In Maharashtra we have to obtain a license from the excise department that says that we need alcohol for the preservation and maintenance of our health, and we have to sign that permit and have it with us legally when we enter a space that dispenses alcohol. No

advertising is permitted, and this I think is common across the world. There are age limits to consuming alcoholic beverages. We have to be 25 before we are allowed to drink, but ladies are allowed to copulate when they are 18, and men when they are 21, and we can vote when we are 18 [laughter]. There is, however, evidence of the first excise system having existed during the rule of Chandragupta Maurya (322-298 BCE). He licensed bars and taverns, said every village must have them for social reasons, but then also taxes alcohol!

However, the positives are that (1) wine is an intellectual pursuit, and we have a burgeoning middle class of about 250 million people that are brought up on a surfeit of education, and we have a large number of people who are literate and educated and this bodes well for wine. (2) Wine is also a cultural pursuit, is what I like to say. We are an old culture and although wine is not part of it, we can learn to imbibe that culture. (3) The third contributing factor is the English language. Most written matter on the subject of wine is found in English. The most powerful wine trade publications are Decanter, from the UK, and Wine Spectator, from the other side of the Atlantic etc which are all in English. The most powerful wine critics are English speaking. The wine capitals of the world are in London, New York and Hong Kong now... and not in Bordeaux, Burgundy or Tuscany. So, we are the last frontier for wine! Unlike China, where the wine industry had to create a lexicon to explain wine, we don't need that because we can access the language of wine through English, perfectly. We can both access and assimilate the notion of wine very quickly through written matter. Therefore, we are the last frontier for wine I believe.

Thank you

Sanjay Menon

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Sanjay then passed the proceedings over to Magandeeep Singh, sommelier, TV presenter and wine writer (who had been a great help to Sanjay with the presentation) who then took members through a tasting of nine wines from different varietals, regions and local producers.

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Sanjay Menon. IWFS member, is a wine importer and owner of Sonary's/Sansula (widest wine distributor in India) and was named as one of the most influential people in the world of wine in the 2009 Decanter Power List.