

Alcohol regulation

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SC ruling on alcohol regulation

Context : The recent Supreme Court ruling on the term 'intoxicating liquors' in the State List has significant implications for the federal structure of India.

1. Federal Principle and Distribution of Powers:

- The Supreme Court upheld the **federal structure** of India by interpreting the term '**intoxicating liquors**' in the State List to include both potable and industrial alcohol.
- This ruling strengthens the federal principle outlined in the **Seventh Schedule** of the Indian Constitution by defining clear boundaries between **Centre and State legislative powers**.

2. Scope of Entry 8 in the State List:

- Entry 8 in the State List under the Seventh Schedule includes **production, sale, and distribution of alcohol products**, covering a wide range such as rectified spirit, extra neutral alcohol, and denatured alcohol.
- The Supreme Court's interpretation clarifies that '**intoxicating liquors**' is not limited to alcoholic beverages for human consumption but also includes **industrial alcohol**.

3. Conflict with Central Legislation (IDRA, 1951):

- The **Industries (Development and Regulation) Act (IDRA), 1951** lists 'fermentation industries' under the Union's control.
- The Court ruled that the IDRA does not override State powers over **intoxicating liquors** (including industrial alcohol), upholding States' regulatory role over these sectors.

4. Majority Ruling and Federal Balance:

- An eight-judge majority, led by **Chief Justice of India, D.Y. Chandrachud**, ruled that giving full control of intoxicating liquor to the Centre would disrupt the **federal balance** and tilt powers excessively towards the Union.
- This verdict affirms that **Parliament lacks legislative competence** to take over the entire industry of intoxicating liquor from States.

5. Second Landmark Verdict in Recent Months:

- This verdict aligns with the **July 2023 Supreme Court ruling** that upheld States' rights to **tax mineral rights and mineral-bearing lands**, preserving their legislative powers against Parliament's intervention.
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6. Dissenting Opinion - Justice B.V. Nagarathna:

- Justice **B.V. Nagarathna** provided a dissenting view, stating that '**intoxicating liquors**' in the State List should only cover potable alcohol and not industrial alcohol.
 - She argued that **industrial alcohol** is essential for economic sectors like the **chemicals industry and fuel blending** and should remain under **Central regulation** as per IDRA.
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7. Constitutional Assembly Intent:

- Justice Nagarathna emphasized that the **Constitution Assembly intended** '**intoxicating liquors**' to mean only potable alcohol, and expanding this term could unsettle the **constitutional framework**.
- Her caution against a **dynamic interpretation** of the Constitution highlights the need to respect the original constitutional design.



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