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India slashed Scotch whisky tariffs after its trade pact with Britain took effect

The duty fell to 75% from 150%, lowering a major cost barrier for British exporters entering India’s premium spirits market.

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The trade agreement between India and the United Kingdom took effect on July 15, bringing a sharp cut in Indian tariffs on Scotch whisky and opening a new phase for British food, drink and consumer exports into one of the world’s largest markets.

The pact, signed in July 2025 and activated this month after both countries completed ratification, includes the Comprehensive Economic and Trade Agreement and a separate social security arrangement known as the Double Contribution Convention. Officials in London and New Delhi have presented the deal as a major step in bilateral economic ties, with lower duties expected to reduce costs on a range of goods and improve market access for exporters on both sides.

One of the most closely watched changes for the beverage industry is Scotch whisky. Under the agreement, India’s import tariff on Scotch falls from 150% to 75% immediately, with a further reduction to 40% over the next 10 years. That change matters because India has long been seen as a key growth market for premium spirits, but high import taxes have kept landed costs elevated and limited pricing flexibility for many brands.

For distillers, importers and distributors, the tariff cut could reshape margins, retail pricing and route-to-market decisions over time. A lower duty does not automatically mean an equal drop in shelf prices, since state-level taxes, logistics costs, currency movements and local distribution expenses also affect what consumers pay. Still, the reduction changes the economics of selling Scotch in India and may encourage producers to expand their presence in premium and higher-volume segments.

The agreement also lowers barriers for other British products. According to IBTimes UK, goods expected to become more affordable in India include chocolates, biscuits, salmon, cosmetics and medical devices. Luxury vehicles from British manufacturers are also set to benefit through reduced tariffs on eligible imports within agreed quotas.

Indian Prime Minister Narendra Modi said the agreements would create “tangible opportunities” for businesses, workers and consumers in both countries. He said the trade pact would give new momentum to farmers, entrepreneurs and micro, small and medium-size enterprises, while also supporting partnerships in technology, professional services and innovation.

On the British side, the deal is expected to make it easier for companies to sell into India in sectors where high import duties have historically made foreign products expensive. That is especially relevant for spirits producers, which have viewed India’s

premium market as attractive but difficult to penetrate at scale because of tax barriers.

The benefits are not limited to British exporters. The agreement cuts or reduces tariffs on 99% of Indian exports by value shipped to the UK, according to the report. Indian textile producer Welspun Living, known for making Wimbledon’s championship towels, said the deal had already sparked stronger interest from British retailers and should improve India’s competitiveness against Bangladesh and Pakistan in the UK market.

Other Indian sectors expected to gain include garments, footwear, leather goods, marine products, engineering goods and processed foods. Research firm CareEdge said bilateral trade between India and the UK could grow by about 15% annually through 2030, compared with a historical growth rate of roughly 10% to 12%.

Even so, trade analysts have warned that tariff cuts alone will not guarantee a surge in commerce. The Delhi-based Global Trade Research Initiative said more than half of India’s exports to the UK were already entering duty-free before the new agreement took effect. Ajay Srivastava, founder of the group, said the real test will be whether products that previously faced UK tariffs of 4% to 16% begin to see stronger orders, larger export volumes and better profit margins.

He said the full impact of the agreement may take one to three years to become clear. Businesses must still navigate paperwork, origin certification rules and compliance requirements before they can claim tariff preferences. Smaller exporters in particular may struggle if they lack experience using trade agreements or do not have enough support to manage documentation.

There are also broader risks that could limit gains. Srivastava warned that future UK measures such as a carbon border tax and steel restrictions could offset some of the benefits for Indian exporters. Companies may also need to renegotiate prices with buyers as duties fall and competitive conditions change.

For drinks companies watching India, however, the immediate tariff move on Scotch stands out as one of the clearest commercial shifts in the pact. It lowers a major cost barrier in a market that has drawn sustained interest from global spirits groups. Whether that translates into lower consumer prices or faster sales growth will depend on how producers, importers and retailers respond as the new trade framework begins

to take hold.