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India cuts Scotch whisky tariff to 75% under U.K. trade deal

The reduction from 150% took effect on July 15, lowering a major barrier in the world’s largest whisky market

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India has cut its import tariff on Scotch whisky to 75% from 150% under its new free trade agreement with the United Kingdom, a move that took effect on July 15 and is set to lower one of the biggest barriers facing Scotch producers in the world’s largest whisky market.

Under the agreement, the tariff will fall further in stages to 40% over the next 10 years. The remaining duty is still high, but the immediate reduction is expected to make imported Scotch more competitive in India, where foreign spirits have long faced steep costs that limited access and kept prices elevated.

The change matters beyond Scotch alone because it could alter pricing, product mix and shelf space across India’s premium drinks market. Lower import costs may give distributors more room to reposition prices, widen their portfolios and increase turnover in a market that is central to global spirits growth. That could affect how imported whiskies compete with domestic brands and how retailers and importers allocate attention across higher-end beverage categories.

India is already the largest export market for Scotch by volume and the biggest whisky market in the world. More than 220 million equivalent 70cl bottles of Scotch were exported to India in 2025. Even so, Scotch represents only about 3% of India’s total whisky market, showing both the scale of local consumption and the room that imported brands still see for expansion.

Exports of Scotch to India were worth £286 million last year, up 15% from 2024. Volumes also rose 15%, making India Scotch’s third-largest export destination by value. Those figures suggest that demand had already been growing before the tariff cut, despite the previous 150% duty.

Industry groups in Scotland have welcomed the agreement as a major opening for long-term growth. The Scotch Whisky Association has called it a landmark deal for the sector. Mark Kent, the association’s chief executive, has said the agreement carries strategic importance for future growth and could support investment and employment in both India and the U.K.

Analysts say the first effects are likely to be felt by exporters already active in India, but smaller producers may also benefit. John Kennedy, managing director at Decant Index, said established exporters are likely to see improved margins and Indian distributors may gain more scope to introduce a broader range of Scotch whiskies. He said smaller and independent producers that previously found entry costs too high could now have a better chance of reaching the market.

That could gradually expand the range available to Indian consumers, including premium single malts, age-stated expressions, independent bottlings and limited releases. Importers may also find it easier to list products that were previously too expensive once duties, logistics and retail markups were added.

The agreement also covers bulk Scotch, an important part of trade with India. A substantial share of Scotch shipped there is exported in bulk for local bottling or for use in Indian whisky products. Kennedy said companies exporting both bottled and bulk whisky are likely to feel the most immediate benefit, while stronger consumer demand could eventually ripple through the wider Scotch supply chain.

Over time, that may increase demand for young malt and grain whisky used in blends, mature blending stock, age-stated single malt and liquid intended for independent or limited-edition releases. Kennedy said a larger Indian market could create additional commercial uses for maturing Scotch whisky and broaden the buyer base for suppliers in Scotland as well as Indian producers that rely on imported Scotch for their own brands.

He also cautioned against assuming that cask values will rise automatically because of the trade deal. He said prices will still depend on factors such as distillery, age, cask type, alcohol strength, remaining liquid volume, provenance, contractual rights and broader market conditions.

The tariff cut is expected to favor multinational drinks groups that already have distribution networks in India, but it may also open a path for independent distillers and bottlers that struggled under the old duty structure. For years, many smaller producers found it difficult to absorb a 150% import tax while competing against local whisky makers and global brands with established positions in the market.

Indian producers have responded more cautiously. While many Scotch exporters have described the agreement as a breakthrough, some Indian distillers have warned that cheaper imported whisky could put pressure on domestic sales. Paul John had raised concerns when the deal was announced about the effect of lower-priced Scotch entering the market more easily, though the company later said it remained confident in Indian whisky quality and hoped improved trade terms would also help Indian brands

seeking access to Britain.

The whisky provisions are part of a broader trade package between India and the U.K. that will reduce or remove tariffs on 90% of U.K. goods entering India and 99% of Indian goods entering the U.K. The British government has estimated that the agreement could eventually increase bilateral trade by £25.5 billion a year, adding £4.8 billion to U.K. gross domestic product and £5.1 billion to India’s economy.

For drinks companies watching India, the tariff cut offers a clearer route into a market that has long been attractive but difficult to penetrate at scale. The pace of change will depend on how quickly distributors adjust portfolios, how consumers respond to pricing and whether domestic producers can hold ground as imported Scotch becomes easier to buy.