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Scotch whisky prices fall by 10%-15% in parts of India after tariff cuts

Diageo and Pernod Ricard lowered some labels in four states after the U.K.-India pact cut duties from 150% to 75%.

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Scotch whisky prices have started to fall in parts of India after the U.K.-India trade agreement cut import duties on British whisky, giving consumers the first visible sign that part of the tariff savings is reaching store shelves.

Diageo and Pernod Ricard have reduced prices by about 10%-15% on some Scotch labels in several Indian states, according to a report published Wednesday by The Economic Times. The cuts have been seen in Maharashtra, Rajasthan, Goa and Uttar Pradesh, where retail prices for products including Johnnie Walker Black Label and J&B have moved lower. The reductions are expected to spread to more states as local price revisions work through state approval systems, distribution channels and retail inventories.

The price moves follow the implementation of the U.K.-India trade deal on July 15, which lowered India's tariff on British whisky from 150% to 75%, according to the British government's trade department. That amounts to a cut of 75 percentage points, or a relative reduction of 50%. Under the agreement, the duty is scheduled to decline further to 40% over the next 10 years.

The lower tariff is significant for the Indian market because imported Scotch has long faced a steep price disadvantage against domestically produced whisky. Even before retail markups and state taxes are added, the old import duty sharply raised the landed cost of British brands. Industry executives and analysts have for months said the agreement could widen access to imported spirits in India, but evidence at the consumer level had been limited until now.

India is the world's largest whisky market by volume, making any shift in Scotch pricing closely watched by producers, distributors and investors. A narrower price gap between imported Scotch and local whisky could help international brands win new drinkers, particularly in urban markets where premium and semi-premium categories have been expanding. For global companies such as Diageo and Pernod Ricard, even modest price reductions can have a meaningful effect in a market of India's size.

At the same time, the early cuts should not be treated as a national benchmark. India does not have a single nationwide retail price for whisky. Alcohol pricing is shaped state by state through excise duties, local levies, registration fees, label approvals, distribution costs and retail margins. Because of that system, the same bottle can carry different prices across state borders, and changes in import duties do not pass through evenly or immediately.

That makes the reported 10%-15% decline important, but still incomplete as a measure of the broader market. The figure comes from a secondary source and does not represent a weighted national average. No official all-India retail price series for Scotch was published alongside the report, and there are not yet post-agreement figures on sales volumes, revenue growth or market share changes that would show how consumers are responding.

The structure of India’s alcohol market also means companies may choose to pass on only part of the tariff benefit. Importers and brand owners can use lower duties in several ways: cutting shelf prices to drive volume, protecting margins in high-tax states, funding promotional spending, or adjusting product mix toward higher-value labels. State governments may also influence the final outcome through local tax policy or administrative delays. In some cases, older inventory that entered the market before the tariff reduction may still be sold at earlier price levels before newer shipments appear at lower prices.

For Scotch producers, India has long been seen as one of the most promising growth markets but also one of the hardest to enter at scale because of tariffs and regulation. The reduction to 75% does not remove those barriers, but it materially changes the economics of selling imported whisky in the country. A further glide path toward 40% over the next decade gives international suppliers more room to plan pricing, marketing and distribution strategies with greater certainty.

What happens next will depend on how widely the current price cuts spread and whether consumers respond in enough numbers to change buying patterns. Retail pricing in more states will be closely watched over the coming months, especially in large consumption markets where Scotch has traditionally been confined to higher-income drinkers. For now, the reductions in Maharashtra, Rajasthan, Goa and Uttar Pradesh are the clearest sign yet that the trade pact is beginning to affect what Indian consumers pay for imported British whisky.