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India Plans to Cut Tariffs on European Wine to as Low as 20%

State taxes, licensing rules and distribution systems still determine where imported bottles can compete

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India’s planned tariff cuts on European wine are opening a new path into one of the world’s largest consumer markets, but the lower duties are not expected to remove the complex state-by-state barriers that have long limited foreign wine sales in the country.

An analysis published October 28 by Vino Joy News said India’s current 150% tariff on European Union wine is set to fall over time to 20% for premium wines and 30% for medium-range wines under the India-EU Free Trade Agreement. The shift would mark one of the biggest changes in years for European wine exporters seeking access to India. But the report argued that customs duties are only one part of the final price and that differences in local taxation, licensing, registration and distribution still shape whether imported wine can compete.

That matters beyond trade policy because the change could alter competition across the broader beverage business, especially for wine importers, distributors and hospitality groups. Lower border duties may improve the position of some European bottles, but companies will still have to decide state by state where to enter, how to price products and which local partners can move them through the market.

India has often been described by exporters as a market too large to ignore and too difficult to enter. The country’s population of more than 1.4 billion, expanding economy, urban middle class and growing number of affluent consumers have made it a frequent target for international drinks producers. Yet wine has remained a relatively small category, held back by high import costs, fragmented rules and a business structure that depends heavily on local relationships.

According to Ministry of Commerce and Industry data cited by Vino Joy News, India imported 5.4 million liters of wine in 2025, worth US$28.8 million. Import volume rose 13.7% from a year earlier and value increased 10.9%. The figures show growth, but they also underline the limited scale of the market when measured against the size of the country.

One of the central problems for overseas producers is that India does not function as a single wine market in commercial terms. Alcohol regulation is largely handled at the state level, and the rules can vary sharply between major markets. A producer that finds success in Maharashtra may still face a separate set of procedures, taxes and distribution systems in Karnataka. Delhi and neighboring Haryana also operate under different frameworks.

That means market entry cannot be treated as one national project. Instead, producers and importers must decide which states and cities fit a brand’s price point and distribution capacity. For premium imported wines, Vino Joy News said the first commercial focus is likely to remain Mumbai, Delhi NCR and Bengaluru, while Goa offers a separate tourism-led opportunity with its own demand pattern and regulatory structure.

Even with lower tariffs, the final price of imported wine in India can stay far above the producer’s original export price. Freight, warehousing, customs handling, state excise duties and distributor margins all add to the cost before a bottle reaches a consumer. For that reason, companies evaluating the market are likely to work backward from the retail price Indian consumers can absorb rather than assume a tariff cut alone will make existing products viable.

The expected duty reduction is still significant. A fall from 150% to 20% or 30% would sharply change the math for some European wines, especially in premium segments. But trade specialists say wines at different price levels will not benefit equally. A bottle priced for the entry or midmarket segment may still struggle once internal costs are added, while a more expensive bottle could absorb those layers more easily if it is sold through hotels, restaurants or specialty retail.

The experience of Australia offers a case study in how tariff advantages do not automatically become sales. Before its Economic Cooperation and Trade Agreement with India took effect in December 2022, Australian producers and trade officials had already spent years building distribution ties and studying local regulations. Vino Joy News reported that Australian wine exports to India in 2021 rose 81% in value and 72% in volume, reaching about US$12 million and 2.5 million liters, before the agreement began.

Australian authorities then continued with trade missions, tastings and importer outreach. At ProWine Mumbai 2025, Austrade supported 12 producers representing 20 brands, according to the report, combining exhibition space with market briefings, store and hospitality visits, masterclasses and more than 100 business introductions. The article also cited the example of South Australian winery Metala, which spent about two

years finding an Indian importer and now distributes across eight states and union territories. It also secured a business-class wine supply contract with Air India in 2025.

The message for European producers is that preparation may matter as much as tariff relief. Import partners in India often play a far larger role than simple logistics. Depending on the state, a wine may move through private importers, wholesalers, distributors, government-controlled beverage corporations or a mix of those channels. An importer may also handle warehousing, state registration, sales to licensed buyers and brand development.

That makes partner selection a strategic decision. A company with a strong presence in Mumbai may have limited reach elsewhere. A national exclusivity agreement may look efficient on paper, but it may not deliver broad market coverage if the importer lacks licenses or commercial relationships in key regions. Some exporters may instead prefer state-based arrangements or national deals tied to purchase commitments and sales targets.

Portfolio selection is another issue likely to shape results. Importers usually do not want a large list of stockkeeping units that all require separate registration, paperwork and inventory management. In practice, a small opening range may work better: an accessible wine to introduce the brand, one or two commercially important labels and, in some cases, a higher-priced bottle to establish identity. The commercial test is not whether a producer can ship its full range, but which wines can realistically move in Indian restaurants, hotels, retail stores and gifting occasions.

Wine sellers also have to think about food pairing and consumption habits. Wine in India is still closely linked to hospitality, celebrations and social events. Producers may need to evaluate how their wines perform alongside dishes with spice, sweetness, chili, coconut or rich regional flavors, rather than assuming a portfolio built for European dining will translate directly.

Compliance remains another barrier that tariff cuts do not solve. At the national level, alcoholic beverage standards and labeling are regulated by the Food Safety and Standards Authority of India, or FSSAI. State excise authorities can impose additional labeling and registration requirements. Vino Joy News said recent FSSAI amendments

on alcoholic beverage labeling were given an extended enforcement date of July 1, 2026, making label review a necessary step before any shipment.

Logistics also carry unusual risks for wine, especially in premium categories. India’s climate, long sea transit times, possible port delays and varying storage conditions can all affect product quality. For producers trying to position themselves at the higher end of the market, temperature control and warehousing standards become commercial issues, not only operational ones.

The trade publication said the India-EU agreement includes wine-specific provisions, with the European Commission describing the broader deal as a significant improvement in market access for EU agri-food exports. It also said the wine chapter provides for a dedicated working group on wine and spirits cooperation between India and the EU.

That could give European suppliers a stronger formal framework than they had before, but it does not create a uniform national market for alcohol. The business still depends on local regulation, pricing discipline and the strength of importer networks. For beverage companies, especially those in wine and premium hospitality, the opportunity may be real, but it is likely to reward operators that treat India as a set of separate markets rather than a single national launch.