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India says it will honor a 75% duty rate for bulk Scotch whisky from Britain

The pledge follows a customs dispute that left dozens of containers held at Indian ports under demands for a 150% levy

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India said Friday, November 13, that it will apply the tariff cuts already promised for bulk Scotch whisky imports from Britain under its trade agreement with London, as a customs dispute over shipments at Indian ports continues.

Rajesh Agrawal, India’s trade secretary, said the finance ministry had engaged with stakeholders on the issue and that New Delhi would honor the duty concessions set out in the pact. His comments addressed a dispute that has drawn attention because customs investigators have sought to levy a 150% import duty on some shipments, while the trade agreement provides for a reduced 75% rate.

The statement is a reaffirmation of terms already contained in the trade deal, not a fresh reduction in the tariff. The dispute centers on whether customs authorities will apply the concession at the border in the way importers expected when the agreement took effect in July.

At issue are dozens of containers of bulk Scotch whisky that have been held at Indian ports. According to the terms cited by Indian officials, those imports should receive the 75% duty rate under the agreement with the United Kingdom. Customs investigators, however, have pursued a 150% rate, creating a gap of 75 percentage points between the treaty concession and the duty being claimed in the investigation.

That difference is significant for importers. Applying a 75% duty instead of a 150% duty would cut the tariff burden in half on the same taxable base. It does not automatically mean the final retail price of whisky would fall by half, because shelf prices also reflect transport, storage, bottling, distribution, state-level taxes and company margins.

The case has become an early test of how India’s trade commitments will be carried out in practice. India is a major importing market for Scotch whisky, while Britain is the source country for the product covered by the dispute. For companies that ship in bulk, the question is not only the headline tariff level in the agreement, but whether the lower rate will be recognized consistently by customs officials when goods arrive.

The episode also highlights the split in responsibilities inside the Indian government. The commerce ministry is responsible for trade policy and the implementation of the agreement with Britain. The finance ministry oversees customs authorities, which handle assessments and enforcement at ports. Agrawal’s remarks suggest the government is trying to align those functions after concerns that the customs process was moving out of step with the trade commitment.

The dispute became public on Wednesday, November 11, when concerns emerged that containers were being held while customs investigators pressed for the higher duty. Agrawal’s statement on Friday, November 13, was the clearest signal yet from the Indian government that it intends to stand by the concession written into the bilateral pact.

Still, the government’s comments did not indicate that the containers had been released, and they did not establish that the dispute over customs treatment had been finally resolved. The statement also did not spell out whether the disagreement involves product classification, documentation, or another basis for the investigators’ demand for the higher rate.

That leaves an important practical question unanswered for importers and exporters: whether the government’s policy position will quickly translate into action at the ports. Businesses typically look for certainty not only in the text of a trade agreement but also in how customs officers interpret and apply it shipment by shipment.

The trade pact with Britain, which entered into force in July, was expected to lower barriers on a range of goods, including Scotch whisky. Because whisky imports have long been a politically and commercially sensitive issue in India, any divergence between the agreed rate and the duty demanded by customs is likely to be watched closely by the alcohol industry and by trade officials in both countries.

For now, the Indian government has publicly restated its commitment to the 75% tariff concession for bulk Scotch whisky imports from Britain. What remains unclear is how quickly that position will be reflected in customs handling for the containers already under scrutiny at Indian ports.