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India Hits Some Bulk Scotch Imports With a 162.5% Import Burden

The customs classification dispute has raised costs above pre-deal levels for concentrated whisky used in local blends

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India has applied an effective combined tariff and tax burden of 162.5% on some bulk Scotch whisky imports, according to a Reuters investigation published by Business Today on Wednesday, November 18, adding pressure to a trade dispute over how the

shipments are classified at the border.

The reported burden applies in India to certain imports of Scotch whisky from Scotland that are used by local producers to make blends. Indian customs authorities are challenging the classification of concentrated whisky inputs, according to the report, which cited eight sources and a government document. The dispute has become sensitive because it affects a product covered by the broader trade understanding between India and the United Kingdom, whose government is representing exporter interests in talks over the issue.

The 162.5% figure is important because it is higher than many companies expected after the trade agreement lowered the tariff set for eligible Scotch. Under that pact, the tariff on qualifying Scotch was reduced to 75%. But that tariff rate is not the same as the total burden now being reported. The 162.5% figure refers to the combined effect of tariffs and other taxes charged on the affected imports, calculated against the import value.

That means the total charge is 12.5 percentage points above the 150% level that applied before the agreement, according to the report. The comparison underscores the central complaint from importers and distillers: even after the tariff cut in the trade deal, the way customs is treating these bulk shipments can leave companies facing a higher overall fiscal cost than before.

The dispute centers on bulk Scotch rather than the wider bottled whisky market. Industry participants are concerned that the customs treatment of these concentrated imports could increase production costs for Indian manufacturers that rely on Scotch as an input, squeezing margins and raising working capital needs. For companies that bring in large volumes for blending, the difference between a reduced tariff and a much higher effective import burden can directly affect pricing, cash flow and supply planning.

The report said some shipments are being allowed to clear provisionally after importers make payments and provide guarantees while the classification issue remains unresolved. That arrangement can help keep supplies moving, but it also leaves companies exposed to uncertainty over final costs. Businesses typically have to

account for those disputed amounts while they wait for customs decisions or policy clarification.

The United Kingdom has a direct interest in the matter because Scotch whisky is one of its best-known export products, and India is one of the world’s most important growth markets for spirits. Any dispute over how Indian customs applies the terms of the trade arrangement could affect exporters, Indian bottlers and distributors on both sides of the supply chain.

Business Today said its report was based on Reuters’ findings, including interviews with eight sources and a government document. The original administrative document could not be independently verified directly, according to the information provided. That leaves some uncertainty around the exact official wording behind the customs action, even as the reported 162.5% burden has drawn attention from producers and trade officials.

The case also highlights a narrower point that matters to importers: the reported burden should not be treated as a rate applying to all Scotch whisky sold in India. The issue described in the report concerns specific bulk imports whose classification is under dispute, not all bottled whisky entering the country. That distinction is likely to remain central as companies and officials continue negotiating how the trade agreement should be applied to these products.