India-UK trade deal could cut Scotch whisky prices by up to 10%

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The reduction in retail price is still dependent on a few factors, including on whether makers will pass on the entire benefit to the consumers and currency exchange rates

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- India-UK FTA reduces Scotch whisky import duties.
- Scotch whisky prices could drop by 7-10%.
- Duty cut from 150% to 75% on UK spirits.

The next bottle of your favourite Scotch whisky could cost less, with the India-UK Free Trade Agreement (FTA) now in force reducing import duties on British spirits.

Popular Scotch whisky brands such as The Macallan, Glenfiddich and Glenmorangie could become 7-10 percent cheaper at retail counters, according to industry executives and market estimates.

"We expect consumer prices of bottled-in-origin (BIO) products to decline by around 7-8 percent," said Abhishek Khaitan, Managing Director, Radico Khaitan.

According to retailers in Gurugram, a Macallan 12-Year Double Cask, currently priced at Rs 8,200, could fall to Rs 7,620-Rs 7,380 if the full benefit of the duty reduction is passed on to consumers.

Similarly, Glenfiddich 18-Year whisky, retailing at around Rs 9,700, could be priced between Rs 9,020 and Rs 8,730, while the Glenfiddich 23-Year, currently selling at Rs 45,000, could fall to Rs 41,850-Rs 40,500.

The Glenmorangie Signet, currently priced at Rs 22,000 in Gurugram, could retail at Rs 20,460-Rs 19,800.

Alcohol pricing in India remains subject to state excise policies. Gurugram accounts for a significant share of liquor sales in the Delhi-NCR region due to relatively lower taxes. Haryana levies 3 percent VAT and a 5 percent surcharge on bottled-in-origin imported spirits.

Under the India-UK FTA, customs duties on whisky and gin imported from the UK have been reduced from 150 percent to 75 percent immediately and will gradually decline to 40 percent over the next decade.

“Premium products will see a bigger price impact as the delta of change is larger on a bigger MRP. Meanwhile, for the broader market, price reductions will make certain products more accessible, allowing people to consume better quality products at a lower price,” said Nikhil Agarwal, founder, All Things Nice, a luxury marketing, consulting, and events firm with a focus on the wines and spirits sector.

However, the final reduction in retail prices will depend on whether importers choose to pass on the entire duty benefit.

“The ultimate impact on end retail price will also depend on the rupee and pound exchange rate. Freight charges have risen dramatically since the West Asia war broke out, and whether importers want to spend more on marketing,” Agarwal further said. “I believe new brands entering India will pass on the benefits to the consumer,” he added.

According to the Confederation of Indian Alcoholic Beverage Companies (CIABC), it is imperative for states to reconsider excise duties on imported liquor even as individual companies decide on whether prices will be reduced given the duty cut and benefit passed onto consumers.

“We hope that with customs duty on imported spirits getting reduced, certain State governments such as Haryana, Delhi, Assam, Odisha, Maharashtra, MP and Kerala, will end policy distortions that currently favour BIO imported products over comparable Indian-made products. State governments need to ensure competitive neutrality between domestically produced IMFL, bottled-in-India products and BIO (bottled-in-origin) imports operating in the same segments,” it said.

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