

Cross-Party Group on India

Monday 7th October 2024, 09:45 – 11:15am

Minutes

Present

Group members

Pam Gosal MBE MSP
Michelle Thomson MSP
Sharon Dowey MSP
Sandesh Gulhane MSP
Paul O’Kane MSP
Alexander Stewart MSP

Invited guests

Payal Banerji, Head, Gurgaon at Orkids Education Systems
Sanjeev Banga, President of International Business, Radico Khaitan Ltd
Prof Moyra Boland, Dean for Global Engagement, University of Glasgow
Susanne Cameron-Nielsen, Head of Engagement, Scottish Whisky Association
Amit Chaudhary, Vice-Consul, Consulate General of India, Edinburgh
Naomi Graham, Vice-Principal (International), Edinburgh Napier University
Poonam Gupta OBE, Vice President, Scottish Chambers of Commerce
Anant S. Iyer, Director General, Indian Alcoholic Beverage Companies (CIABC)
Mark Kent, Chief Executive, Scottish Whisky Association (SWA)
Ravi Ladva, Scottish Hindu Foundation
Stewart Langdon, LeapFrog Investments
Harish Lokhun, British Council
Prof Brad MacKay, Deputy Principal, Vice Principal (International Strategy and External Relations) and Dean of the Business School, University of St Andrews
Siddharth Malik, Consul General of India, Edinburgh
Dr Rashmi Mantri, Director, BYITC
Chris McDade, Senior Manager, International Trade, Chivas Brothers
Rory McDiarmid, Head of Recruitment and International Office, University of Strathclyde
Alastair McGhee, Director of Student Experience and Enterprise, Glasgow Kelvin College
Ian McKendrick, Director of International, Scottish Whisky Association (SWA)
Suresh Menon, Secretary General, International Spirits and Wines Association of India (ISWAI)
Sanjit Padhi, CEO, International Spirits and Wines Association of India (ISWAI)
Prof Pankaj Pankaj, Director of Edinburgh India Institute, University of Edinburgh

Sridhar Pongur, COO, Josh Distilleries Limited
Emily Roads, Scottish Whisky Association
Sreevas Sahasranamam, Professor, University of Glasgow
Gursheen Shahani, Head of UK India Business Corridor & South Asia Businesses,
Manjulika Singh OBE
Grant Thornton UK
Dr Param Shah, Director, UK FICCI
Rohini Sharma Joshi OBE, RSJ Equality Consultancy
Rajnish Singh, President of Edinburgh Diwali
Sanjay Singhal
Patrik Zvirinsky

Secretariat Services provided by Yolande Claes, of PG Paper Company Ltd

Apologies

Sarah Boyack MSP
Jamie Halcro Johnston MSP
Paul Sweeney MSP
Miles Briggs MSP
Douglas Lumsden MSP

Prof Wendy Alexander, Vice-Principal (International), University of Dundee
Liz Cameron, Chief Executive, Scottish Chambers of Commerce
Provost Iain Campbell, South Ayrshire Council
Beata Chrystal, Senior Partnership Advisor, Heriot-Watt University
Dr Bashapi Fraser, CBE, Professor of English and Creative Writing, Napier University
Brij Gandhi MBE
Puneet Gupta OBE, CEO, PG Paper
Paul Little CBE, Principal and Chief Executive, City of Glasgow College
Sir Peter Mathieson, Principal and Vice-Chancellor at The University of Edinburgh
Prof James Miller, Principal and Vice-Chancellor, University of West Scotland
Vicki Nairn, Principal and Vice Chancellor: University of the Highlands and Islands
Prof Amudha Poobalan, Chair in Public Health Education, University of Aberdeen
Srihari Vallabhajousula, Hindu Temple of Scotland

1. Welcome and Apologies

The Convenor, Pam Gosal MSP, welcomed the group to the meeting and thanked everyone for their attendance. The Chair welcomed and introduced to all Mr Siddharth Malik, the new Consul General of India in Edinburgh.

Apologies were noted.

The Convenor noted that the theme of today's meeting would be whisky, with presentations from representatives of both the Scottish and Indian whisky industry.

The minutes from the last meeting of the Group held on 16th August 2024 were approved by Alexander Stewart MSP and seconded by Michelle Thomson MSP.

As an update from the previous meeting, the Convenor informed attendees that the Deputy Convenor, Michelle Thomson MSP, was trying to arrange a meeting to discuss the objectives after the visit one being a possible signing of a MOU between FinTech Scotland and FinTech organisations in India.

2. AGM

Re-election of Office Bearers

The Convenor invited the Group to proceed with the re-appointments of the Office Bearers and Secretary.

Alexander Stewart MSP nominated Pam Gosal MSP as Convenor and this was seconded by Sandesh Gulhane MSP.

Alexander Stewart MSP nominated Paul O’Kane MSP and Michelle Thomson MSP as Deputy Convenors and this was seconded by Sharon Dowey MSP.

Alexander Stewart MSP thanked the Convenor and Co-Vice Convenors for the work in the past year.

The Convenor thanked the Group for her re-election and for their hard work for the CPG on India.

The Group nominated Yolande Claes as Secretary to the Group and the Convenor thanked PG Paper for providing secretariat services to the Group.

3. Presentations by Scottish Whisky Association

The Convenor introduced the topic of whisky and welcomed Mr Mark Kent, Chief Executive of the Scottish Whisky Association (SWA).

Mr Kent gave a general overview of the Scotch whisky industry and noted that, in 2023, Scotch whisky exports were worth £5.6bn and that exports to India continued to grow. Mr Kent added that more than 41,000 people were employed in the Scotch whisky industry in Scotland and over 25,000 more jobs across the UK were supported by the industry. Mr Kent commented that the overall long-term trajectory looked very promising.

It was observed that a number of SWA members were investing in the production of whisky in India with the aim of producing both Scottish and Indian whiskies, therefore developing more symbiotic partnerships between the 2 nations.

Mr Kent thanked the Convenor for the invitation to contribute to the discussion.

The Convenor invited Mr McKendrick, Director of International, Scottish Whisky Association (SWA) who made a presentation to the Group on the potential opportunities for the Scottish and India whisky industries.

Mr McKendrick observed that India was a huge market for the whisky industry and was Scotch Whisky's priority growth market, with an export value of £218m in 2023. It was added that 80% of all Scottish whisky export was to India and that India was producing 3 billion bottles a year.

Mr McKendrick commented that a lot of investment was also done in India and that a successful conclusion of the India- UK FTA negotiations was important as it could lead to a potential £500K to £1million increase in export growth. A positive FTA outcome would be good not only for investment, growth and jobs but also mean more revenue for the Government and more choice for customers.

It was noted that the FTA negotiations had been paused earlier this year due to the UK and Indian parliamentary elections; however, it is hoped that the negotiations can start again and conclude soon with a very positive outcome for both nations.

Act: Pam Gosal MSP to liaise with Scottish Parliament and with the Secretary of State for Scotland to follow up on FTA.

The Convenor thanked both Mr Kent and Mr McKendrick for their presentations.

4. Introduction from the new Consul General of India in Edinburgh: Mr Siddharth Malik

The Convenor thanks Mr Bijay Selvaraj, previous Consul General of India in Edinburgh for all his work and welcomed Mr Siddharth Malik, the new Consul General of India.

Mr Malik thanked the Convenor for her welcome and praised the work of the CPG under the Convenor's leadership. Mr Malik added that he was aware of the CPG delegation to India in October 2023.

Mr Malik observed that whisky production was a growing industry in India and that India was now one of the biggest producers of whisky in the world while also a good connoisseur of Scotch whisky.

Mr Malik highlighted the following points:

- A positive FTA outcome would lead to trade market extension between Scotland and India and export of Scottish whisky to India could reach £1 billion.
- There is also potential for the exchange of knowledge and techniques, with the opportunity to develop new products.
- Whisky tourism is a major part of the Scottish whisky industry and could be developed further.

Mr Malik concluded that a partnership between the SWA and the ISWAI was essential for growth and knowledge exchange.

The Convenor thanked Mr Malik for his contribution.

5. Presentation from India Whisky Sector

International Spirits and Wines Association of India (ISWAI)

The Convenor welcomed Suresh Menon, Secretary General, International Spirits and Wines Association of India (ISWAI), Sanjit Padhi, CEO, International Spirits and Wines Association of India (ISWAI) and Sridhar Pongur, COO, Josh Distilleries Limited.

Mr Menon gave an overview of ISWAI, a representative body of the national and international premium spirits and wine brands in India. It was noted that ISWAI members included global leaders in both the spirits and wine industries and accounted for a substantial part of the revenue generated from spirits and wine beverages across the country. It was added that 99% was produced in India and that the balance consisted of the import of wine and spirits, including from Scotland.

Mr Menon highlighted that India was a very large, spirit and beer-dominated market, whereas, in the UK, spirit came third. He added that India was a 'brown' market (ie brown spirits such as whisky and brandy). It was noted that imported spirits into India only represented just under 3% of the total consumption in India and that 99% of that came from Scotland.

Mr Menon stressed that India levied a custom duty of 150%, ie the highest rate in the world, and noted that a reduction of the custom duty in India would not only be most welcome but would also benefit the allied industry of tourism and hospitality. He observed that there were misconceptions around custom duty reduction and that these needed addressed in the FTA discussions. Mr Menon also added that, on the other hand, Indian companies could supply their products in the UK at nil custom duty if complying with the FTA regulations. Mr Menon also noted concerns around threshold prices.

Mr Menon commented that India's younger population was better educated and had a higher income and that this market should be explored. He also stressed that increasing import into India was not a threat to the domestic Indian market and producers.

Indian Alcoholic Beverage Companies (CIABC)

The Convenor welcomed Anant S. Iyer, Director General, Indian Alcoholic Beverage Companies (CIABC), one of the oldest federations in India.

Mr Iyer noted that India imported Scotch whisky and used it to blend it with Indian whiskies and that the import of Scotch whisky, both bottled in Scotland and in India, was significant.

Mr Iyer observed that Indian companies were offering premium brands and trying to upscale and become a force in the industry, including in the UK, and agreed that the 150% custom duty in India had to come down.

Mr Iyer added that, despite the high custom duty, retail pricing in India was low and more competitive than in the rest of the world.

Mr Iyer noted that CIABC was looking for a level playing field regarding tariffs and that that tariff barriers should be removed.

Mr Iyer also highlighted some nomenclature issues and that some nomenclature should be given to Indian whisky (e.g. different climates lead to different maturation) as this was a significant opportunity.

Mr Iyer stressed that the industry had grown by 16% in recent years and Indian customers loved Scotch, brown whiskies.

The Convenor thanked both Mr Menon and Mr Iyer for their contributions.

6. Questions

- Prof Pankaj Pankaj asked which ingredients were used to produce Indian whisky. Mr Iyer explained that 95% of Indian whisky was made of grain and of fermented molasse in some states.
- Michelle Thomson MSP queried the quality benchmark for Indian whiskies as well as the protection of Scottish brands. Mrs Thomson also raised concerns around the potential impact of the upcoming UK Autumn Budget on the whisky industry.

Mr Iyer advised that the definition of Indian whisky had been clearly established and that quality standards, although they may be slightly different than those in Scotland, were quite clear, were government-approved and needed to be adhered to by all companies. He added that there were guarantees in place to ensure that all products were of good quality. Mr Iyer also observed that the Indian drink industry was now being tailored to meet customers and markets' expectations.

Mr McKendrick stressed that the protection of brands was very important (e.g. there should be at least 3 ingredients – cereal, yeast and water – and it has to mature for a minimum of 3 years) and commented that the SWA had been working hard to ensure protection was there, which also ensured the quality of the product, and to ensure that exporters into Scotland met UK requirements.

With regards to the upcoming UK Autumn budget, Mr McKendrick highlighted that the fact that spirits were being treated differently from beers and wines was extremely damaging to the industry and confirmed that talks with the UK Government were ongoing.

- Alexander Stewart MSP, welcoming the news that demand in India kept growing and noting this was also partly due to a younger population with a higher available income, asked how India was managing the growth in that industry.

Mr Menon responded that, although new markets such as Australia, Japan were coming in, 92% of all whiskies coming into India were from Scotland (spirits) and a very small portion from Europe (wines) and that the number of foreign markets attempting to break in was still small as Indian customers liked to stick with brands and products they know.

- Ravi Ladva commented that the official position of the Scottish Hindu Association was that Scotland should remain the main corridor to India.

Act: Mr Ladva to share report from World Hindu Economic Forum in London with Mr McKendrick

Mr McKendrick commented that there were various ongoing discussions as part of the FTA negotiations and that innovative opportunities were also being considered.

Mr Menon added that associations with the tourism and hospitality sectors were also being looked at by the ISWAI to open up the market further. He also noted that some ISWAI members were also exporting to the Middle East and South-East Asia.

- Sanjeev Banga (CIABC) observed that the 0% custom duty in the UK was applicable not only to India but to all. He added that India was the largest importer of Scottish whiskies.
- Manjulika Singh OBE commented that an increase in tourism would be good for both nations and mentioned Indian whisky trails and distillery visits.
- Sanjit Padhi (ISWAI) noted that more than 90% of Indian whiskies were blended whiskies and that Scotch whiskies were also imported for blending with India whiskies.

It was also noted that pricing was an issue to be discussed between the two nations.

- Payal Banerji observed that there was very little investment by SWA members in India in terms of manufacturing and job growth and that they were going in as traders. Mr Banerji stressed that investment in India by Scottish companies and others was needed. Developing opportunities for job growth, manufacturing, etc would offset the cost of exporting to India. While Mr Banerji welcomed a potential reduction in custom duty in India, he questioned the lack of production and investment there and stressed that these were crucial rather than lobbying for a reduction of the cost of custom duty.

Mr Padhi (ISWAI), however, stressed that there was investment in India.

- Paul O’Kane MSP thanked all for their contributions to the discussion. Mr O’Kane advised that the UK Government had been keen to move forward with the FTA negotiations. He noted that it would be helpful for the SWA to write to the Rt Hon Ian Murray MP, Secretary of State for Scotland and to the Rt Hon Douglas Alexander, Minister of State for Trade Policy and Economic Security. Mr O’Kane would then be able to follow up with them verbally.

7. Areas of other business

The Convenor thanked everyone for participating in the discussion and re-affirmed the hope for a CPG visit to India during the February 2025 recess.

The Convenor concluded the meeting.