

# INDIA - UK FREE TRADE AGREEMENT

WTC

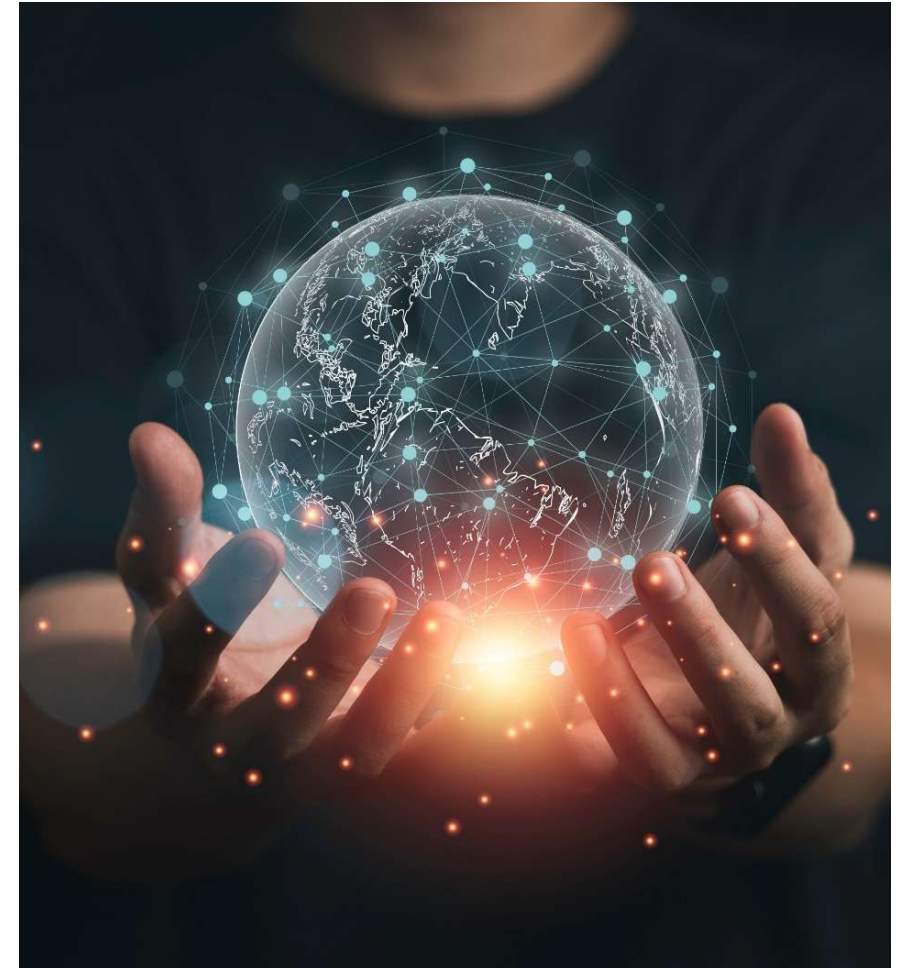
MAY 2025



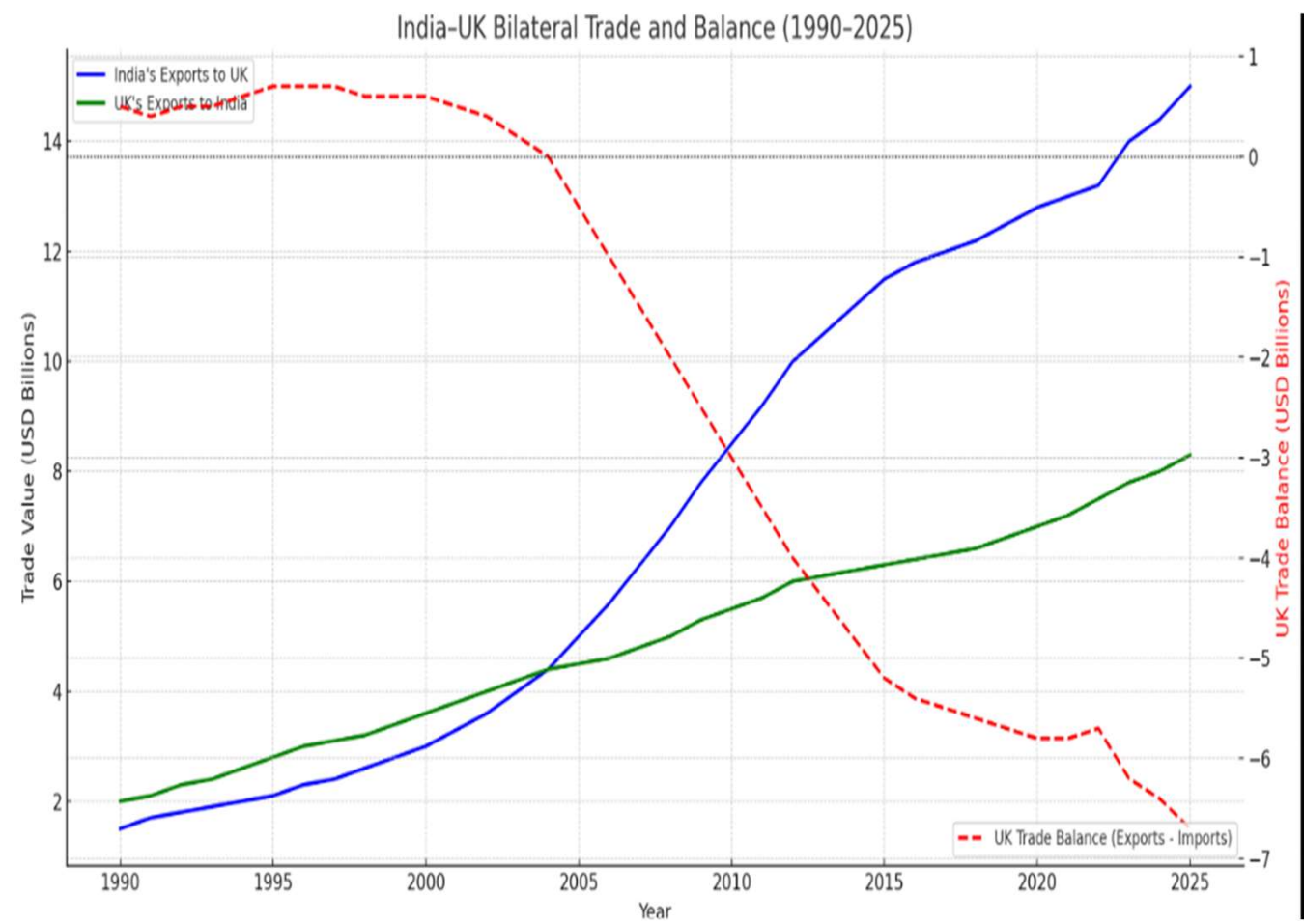
# INDIA AND GLOBAL TRADE

India's global trade has seen substantial growth due to the liberalization of its economy, particularly since the 1991 economic reforms.

- ▶ **Viksit Bharat 2047** vision
- ▶ India is the **4<sup>th</sup> largest economy** in the World and aims to be the **3<sup>rd</sup> largest by 2028**, after the USA and China
- ▶ India has **14 active regional agreements**, and several ongoing negotiations aimed at strengthening bilateral and regional trade partnerships
- ▶ India is currently negotiating with Chile (CEPA), EU, USA, New Zealand, Oman, Qatar, Canada.
- ▶ India and the US Trade Tariff War
  - Significant shift from multilateralism to economic nationalism.
  - 2018 - US imposed global **tariff of 25% on steel** and **10% aluminium imports**
  - 2018- Indian responds with **tariffs on 28 US goods** and tightened **rules on e-commerce**
  - 2019 - US **withdraws India's GSP status** citing India's failure to provide "equitable and reasonable access" to its markets
  - Strategic vs Economic Interests



# INDIA - UK TRADE



## UK-India Bilateral Trade Breakdown (2024)

### UK Exports to India: £16.6 billion

- Goods: £7.0 billion
- Services: £10.1 billion

### UK Imports from India: £25.4 billion

- Goods: £10.8 billion
- Services: £14.7 billion

### Top exports from India to UK:

- Machinery & electronics
- Pharmaceuticals
- Textiles & Apparel
- Gems & Jewellery

### Top exports from UK to India:

- Non-ferrous metals
- Financial & professional services
- Metal Ores, scraps

# INDIA - UK FTA

## OBJECTIVE AND INTENT

- ▶ Enhance bilateral trade and economic cooperation
- ▶ Double bilateral trade from \$60 billion in 2024 to \$120 billion by 2030
- ▶ FTA was finalized on 6<sup>th</sup> May 2025 - the legal text is yet to be released.
- ▶ Double Contributions Convention (DCC)
- ▶ India is UK's 11<sup>th</sup> largest trading partner, with total trade worth £53 billion, in 2024, with India maintaining a trade surplus, while UK is the 16th largest trading partner for India
- ▶ Bilateral trade is also expected to increase by £25.5 billion/ \$33 billion year on year as a result of this FTA

## KEY FEATURES OF THE FTA

- ▶ Tariff reductions
  - India to cut tariffs on 90% of UK exports
  - UK to eliminate tariffs on 99% of Indian goods
  - UK products will benefit from a saving up to an estimated £400 million a year





# INDIA - UK FTA

## KEY FEATURES

### PROFESSIONAL MOBILITY

- ▶ Easier visa processes for professionals - across sectors
- ▶ Exemption for paying social security payout for temporary work travel

### DIGITAL TRADE

- ▶ Electronic contracts, data localization and online consumer protection
- ▶ Custom procedures to be transparent, non- discriminatory and consistent

### INTELLECTUAL PROPERTY

- ▶ Enhanced patent protection
- ▶ Extended copyright protection
- ▶ In line with TRIPS- WTO, etc

### FOCUS ON SME

- ▶ Dedicated support for SME's in both countries to boost manufacturing and sales

### SOCIAL COMMITMENTS

- ▶ Uphold labour rights and gender equality
- ▶ Focus on inclusive development and innovation in key technologies
- ▶ Focus on environment standards

# INDIA -UK FTA

## SECTORIAL IMPACT



### AUTOMOTIVE

- Tariff reduction from 100% to 10%, with quotas
- Increased competitiveness in the luxury car sector
- Increase in exports of auto and auto parts from India
- Foster R&D and tech collaborations

#### Potential issues:

- Protection of local industry
- Impact on EV market
- Other countries like the US, EU, Japan may warrant equivalent cuts
- Auto sector contributes to nearly 3rd of manufacturing GDP and employs around 40 million



### WHISKEY AND SPIRITS

- Tariffs halved from 150% to 75%, reducing to 40% over 10 years
- Makes premium spirits more accessible to Indian consumers
- No Minimum Import Price (MIP)
- Import of Scotch malt to become cheaper thereby increasing sales of IMFL

#### Potential issues:

- Domestic industry
- Disincentivizing future expansion projects within the Indian distillation sector



### GOVERNMENT PROCUREMENT

- High value Government contracts will now be open to UK Companies
- Covers green energy, infrastructure, and transport
- UK firms will be treated as 'Class 2' local suppliers if only 20% of their product originates in UK

#### Potential issues:

- Low origin criteria can lead to flooding the markets with products/ raw materials originating in China, etc
- Same status provided to domestic suppliers



### FOOD PRODUCTS

- Reduced tariffs for processed foods, animal products, and vegetable oils
- Indian products like tea, spices, rice, prawns, and ready-to-eat foods are expected to benefit
- Sensitive goods excluded

For queries regarding our services, please [get in touch](#) with us

For any other comments or feedback, kindly write in to [marketing@bdo.in](mailto:marketing@bdo.in)

**Ahmedabad**

Westgate Business Bay, Floor 6  
Block A, S.G. Highway Makarba  
Ahmedabad 380051, INDIA

**Chennai**

Olympia Cyberspace, Floor 10, Module 4 No: 4/22  
Arulayiammanpet  
SIDCO Industrial Estate, Guindy  
Chennai 600032, INDIA

**Hyderabad**

1101/B, Manjeera Trinity Corporate  
JNTU-Hitech City Road, Kukatpally  
Hyderabad 500072, INDIA

**Mumbai - Office 3**

Floor 20, 2001 & 2002 - A Wing, 2001 - F Wing  
Lotus Corporate Park, Western Express Highway  
Ram Mandir Fatak Road, Goregaon (E)  
Mumbai 400063, INDIA

**Bengaluru - Office 1**

Prestige Nebula, Floor 3  
Infantry Road  
Bengaluru 560001, INDIA

**Coimbatore**

Pacom Square, Floor 3, 104/1, Sakthi  
Main Road, Bharathi Nagar, Ganapathy  
Coimbatore 641006, INDIA

**Kochi**

XL/215 A, Krishna Kripa  
Layam Road, Ernakulam  
Kochi 682011, INDIA

**Mumbai - Office 4**

2nd floor, Empire Complex  
414 , Senapati Bapat Marg  
Lower Parel West,  
Mumbai 400013, INDIA

**Bengaluru - Office 2**

SV Tower, No. 27, Floor 3 & 4  
80 Feet Road, 6th Block, Koramangala  
Bengaluru 560095, INDIA

**Delhi NCR - Office 1**

Magnum Global Park, Floor 21, Archview  
Drive, Sector 58, Golf Course Extn Road  
Gurugram 122011, INDIA

**Kolkata**

Floor 4, Duckback House  
41, Shakespeare Sarani  
Kolkata 700017, INDIA

**Pune - Office 1**

Floor 6, Building No. 1  
Cerebrum IT Park, Kalyani Nagar  
Pune 411014, INDIA

**Bhopal**

Floor 3, Pradhan Business Center  
Ansal Pradhan Enclave, E 8 Arera Colony  
Near Dana Pani Square,  
Bhopal 462026, INDIA

**Delhi NCR - Office 2**

Windsor IT Park, Plot No: A-1  
Floor 2, Tower B, Sector 125  
Noida 201301, INDIA

**Mumbai - Office 1**

The Ruby, Level 8 North West Wing,  
Level 9, North West & South East Wings  
Senapati Bapat Marg, Dadar (W)  
Mumbai 400028, INDIA

**Pune - Office 2**

Floor 2 & 4, Mantri Sterling, Deep Bunglow  
Chowk, Model Colony, Shivaji Nagar  
Pune 411016, INDIA

**Chandigarh**

Plot no. 55, Floor 5  
Industrial & Business Park, Phase 1  
Chandigarh 160002, INDIA

**Goa**

BIZ - Nest, Floor 7  
A Wing, Sunteck Corporate Park  
Opp. Shram Shakti Bhavan, Patto  
Panaji, Goa 403001, INDIA

**Mumbai - Office 2**

601, Floor 6, Raheja Titanium,  
Western Express Highway,  
Geetanjali Railway Colony, Ram Nagar  
Goregaon (E), Mumbai 400063, INDIA

**Vadodara**

1008, Floor 10, "OCEAN",  
Sarabhai Compound, Nr. Centre Square Mall  
Dr. Vikram Sarabhai Marg  
Vadodara 390023, INDIA

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained in this publication without obtaining specific professional advice. Please contact BDO India LLP to discuss these matters in the context of your particular circumstances. BDO India LLP, its partners, employees and agents do not accept or assume any responsibility or duty of care in respect of any use of or reliance on this publication and will deny any liability for any loss arising from any action taken or not taken or decision made by anyone in reliance on this publication or any part of it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against BDO India LLP or any of its partners, employees or agents.

BDO India LLP, a limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Copyright © 2025 BDO India LLP. All rights reserved. Published in India.

Visit us at [www.bdo.in](http://www.bdo.in)

