

India-UK Free Trade Deal Expected to Strengthen Economic Ties by €25.5 Billion Annually

July 21, 2025

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A landmark Free Trade Agreement (FTA) between the United Kingdom and India is set to bolster bilateral trade by an estimated €25.5 billion (approximately £21.5 billion) each year, according to the British High Commission. Signed on 6 May after nearly three years of detailed negotiations, the deal is considered one of the most comprehensive trade pacts either country has entered into, promising significant benefits across goods, services, and intellectual property.

Anna Shotbolt, Deputy Trade Commissioner for South Asia at the British High Commission, outlined the broad scope of the agreement at a recent event hosted by PHDCCI (PHD Chamber of Commerce and Industry) in New Delhi. She stated that the FTA includes tariff reductions on 90% of traded goods, making it particularly impactful for manufacturing and export-driven sectors. “It is not only about tariffs, which are indeed a crucial aspect that will benefit many industries,” she explained. “Creative companies will also benefit through stronger copyright protections, and the services sector will see gains as well. The Double Taxation Avoidance Convention will also help workers on both sides, creating more transparency and certainty.”

The deal introduces greater legal clarity and opens new channels for collaboration, especially in intellectual property, technology, and sustainability. The inclusion of the Double Taxation Avoidance Convention (DTAC), a bilateral agreement designed to prevent income from being taxed twice, adds a crucial layer of fiscal reliability for cross-border professionals and businesses alike.

Ranjeet Mehta, CEO and Secretary General of PHDCCI, emphasised the FTA’s value for Indian professionals working in the UK. “The social security clause embedded in this agreement ensures smoother mobility and financial security,” he said. PHDCCI, celebrating its 120th anniversary, announced plans to send a business delegation to the UK this September to explore emerging opportunities under the FTA.

On a broader strategic level, TS Vishwanath, Executive Chairman of policy advisory firm VeK, noted that the agreement is not just about commerce, but about establishing deeper economic collaboration. “We should seriously explore how both countries can invest in each other through a strong Ease of Doing Business (EODB) environment. We must engage directly with industries to identify challenges and build robust relationships,” he urged.

The scale of opportunity was also highlighted by Prof Rakesh Mohan Joshi, Vice Chancellor of the Indian Institute of Foreign Trade (IIFT). Citing that India’s retail market stands at USD 1 trillion compared to Britain’s USD 386.3 billion, he pointed to a clear case for increased cross-market participation. He called the inclusion of the DTAC “a commendable step” for easing the cost of doing business.

From a business standpoint, the FTA is already energising key sectors. Kishore Jayaraman, OBE, Chairman India for the UK India Business Council, hailed the agreement as “the beginning of a new era,” noting its potential to unlock sectoral synergies that go far beyond

trade volumes. “India has the potential to contribute to the economy of both nations,” he said.

Among the industries expected to gain traction is India’s evolving toy manufacturing sector. Ajay Aggarwal, President of the Toy Association of India, highlighted how the country’s toy production has shifted from import-dependency to 80% domestic production. He identified tariff reductions as a catalyst for further growth in the UK market, particularly in high-skill categories such as leather toys, where India has a competitive edge.

The Free Trade Agreement stands as a significant signal of renewed global trade ambition between the UK and India. While tariffs and technicalities often dominate headlines, the deeper story is one of shared vision, economic resilience, and the pursuit of mutual prosperity through enterprise and cooperation. With strong institutional frameworks and business interests on both sides, this agreement will serve as a model for future bilateral partnerships in a more connected global economy.