

UK and India Poised to Sign Major Free Trade Deal Boosting Whisky and Garment Trade

July 23, 2025

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The United Kingdom and India are set to sign a landmark Free Trade Agreement during Prime Minister Narendra Modi's official visit to London, concluding more than three years of negotiations. The deal will significantly reduce tariffs on British exports such as Scotch whisky, cars, cosmetics, and food items, while offering Indian goods like textiles and electric vehicles duty-free access to the UK market.

Under the agreement, duties on Scotch whisky and gin in India will be halved from 150 percent to 75 percent immediately, further declining to approximately 40 percent over ten years. Similarly, import duties on UK-made cars will be slashed from over 100 percent to 10 percent under a quota system. Other UK exports, including medical devices, aerospace equipment, lamb, and salmon, are also included in the tariff reductions. In return, 99 percent of Indian exports to the UK, covering sectors such as textiles, footwear, engineering products, and gems, will enjoy zero-duty access.

The deal is expected to raise bilateral trade significantly, with forecasts suggesting an additional boost of around £25.5 billion annually by 2040. The UK Government anticipates a long-term gain to gross domestic product of £4.8 billion, while Indian exporters anticipate major expansion into the UK market. The agreement also includes a social security exemption for Indian professionals working in the UK for up to three years, saving both employees and employers hundreds of millions annually.

Business and trade officials in Westminster view the deal as the largest and most economically significant since the UK left the European Union. The accord aims to enhance economic growth across the UK by opening lucrative new markets and strengthening India–UK strategic ties.

Supporters highlight that British whisky producers stand to gain billions in exports to India, the world's largest whisky market, potentially generating new jobs and investment in both the UK and India. Indian exporters in labour-intensive industries are also expected to benefit from expanded access and reduced barriers to Britain's consumer market.

Critics, including analysts at Chatham House, warn that while the deal is symbolically important, the UK should ensure it remains part of a broader Indo—Pacific strategy and not overly reliant on a single bilateral agreement.

The pact now awaits ratification by both the UK Parliament and India's federal cabinet. Subject to legislative approval, it is expected to take effect within approximately one year and reshape trade flows between the two economies.