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UK Opens \$122 Billion Public Procurement Market to Indian Firms Under Landmark Trade Deal

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The United Kingdom has granted Indian companies access to its £95 billion public procurement market in a significant move to deepen post-Brexit trade ties. The landmark agreement marks the first time the U.K. has committed to legally binding terms giving Indian suppliers fair access to government contracts under its “social value regime.”

Indian firms will now be able to bid for high-value tenders issued by major U.K. departments, including the Cabinet Office, Department for Business and Trade, Department for Education, and National Highways. These sectors form the backbone of the U.K.'s public service delivery and infrastructure development, presenting valuable new opportunities for Indian exporters and service providers.

The deal ensures that Indian suppliers are not discriminated against and can compete on equal terms. Under the U.K.'s social value framework, contracts are awarded not just on price but also on how projects benefit communities and the environment. This reflects a broader UK commitment to responsible, inclusive procurement.

In return, U.K. companies will gain access to India's £88 billion public procurement market, though with certain limitations designed to protect Indian strategic interests. British businesses will only be eligible to bid on larger contracts: those valued over ₹5.5 crore (approximately £520,000) for goods and services, and over ₹60 crore (around £5.7 million) for construction projects. Additionally, only select Indian central government entities will be open to foreign participation.

While Indian suppliers are expected to benefit immediately, British firms still gain a valuable foothold in one of the world's most promising and rapidly growing markets. The deal also opens up sectors such as education and utilities in India that are not typically accessible to other foreign trading partners.

The agreement includes local content rules aimed at preserving domestic value. Indian firms must maintain at least 50% local content to qualify as top-tier "Class-I" suppliers in India. Meanwhile, U.K. firms will need to meet a 20% domestic input threshold to be recognised as "Class-II" suppliers, enabling access to specific government contracts.

India's Commerce Secretary, Sunil Barthwal, noted that this is only the second time India has included government procurement in a trade agreement, the first being with the UAE in 2022. The U.K. deal is more expansive and considered a milestone in India's growing leverage in global trade negotiations.

For the U.K., the agreement reflects a broader strategy to diversify trade relationships post-EU and strengthen ties with key Indo-Pacific economies. It could also help U.K. public bodies access more competitive suppliers, drive innovation, and deliver better value for money.

In today's global economy, such agreements are not just about goods, but also about services, infrastructure, and public spending. This trade pact signals a pragmatic and strategic approach, one that balances national interest, mutual opportunity, and long-term economic partnership between the U.K. and India.