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India-UK Trade Pact Grants Indian Firms Access to $122B in UK Contracts

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In a significant step forward for India–United Kingdom trade relations, Indian companies will now gain non-discriminatory access to British government contracts worth $122 billion, following provisions agreed under the recently concluded India–UK Free Trade Agreement. The move, announced by India's Commerce Secretary Sunil Barthwal on Friday, underscores a mutual recognition of the importance of expanding bilateral economic opportunities in a post-Brexit environment.

“For the first time, the UK has agreed to a binding commitment that provides non-discriminatory treatment to Indian suppliers under its social value regime,” Barthwal stated during a press briefing.

The UK’s social value regime requires public sector entities to assess suppliers not only on cost but also on the wider economic, environmental, and community benefits of their bids. Indian firms are expected to gain a competitive edge in this context, given their experience and cost-efficiency in global service and infrastructure projects.

Meanwhile, British suppliers will have access to India’s public procurement market, estimated at $114 billion, but with clearly defined thresholds designed to protect domestic industries. Goods and services contracts below ₹5.5 crore (approx. $660,000) remain off-limits to foreign firms, while construction contracts are capped below ₹60 crore (approx. $7.2 million). Market access on India’s end is also limited to a select group of central government entities, with high-value thresholds around ₹250 crore (approx. $30 million).

The agreement, which falls under the broader Comprehensive Economic and Trade Agreement (CETA), builds on India’s earlier procurement commitments made in a similar trade deal with the United Arab Emirates in 2022, though the current deal with the UK offers more expansive terms.

Indian suppliers are expected to benefit from streamlined access to prominent UK departments, including the Cabinet Office, Department for Business and Trade, National Highways, and several NHS Foundation Trusts. These opportunities extend to central-level procurement and select utility sectors, offering Indian firms a broader platform to participate in the UK’s supply chains.

Notably, Indian businesses will also be allowed to compete for tenders issued by regional educational institutions such as Belfast Metropolitan College and Northern Regional College, entities that are not typically open to all trade partners.

The agreement includes safeguards ensuring Indian companies retain Class-I supplier status, defined as those whose goods or services consist of more than 50 per cent Indian content. In contrast, UK firms will be categorised as Class-II local suppliers, permitted to participate only if their product or service consists of at least 20 per cent UK-origin content.

By opening procurement channels between the world's fifth and sixth largest economies, the deal is being seen by trade observers as a pragmatic move that aligns with broader economic priorities on both sides. It reflects India's push for global competitiveness and strategic market access, while providing UK suppliers an avenue into India's growing infrastructure and services sectors, though on more restricted terms.

While the current UK government may tout the deal as a win, it's the structure of the agreement itself, not political manoeuvring, that creates genuine value. The framework favours long-term trade growth grounded in market principles rather than empty political promises.