

India-UK Trade Agreement Opens £94 Billion Procurement Market

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The recently signed India-UK Comprehensive Economic and Trade Agreement (CETA) has opened a £94 billion public procurement market to Indian firms, granting them non-discriminatory access to UK government contracts. This landmark deal, described as a significant step in bilateral trade, ensures Indian suppliers can compete on equal footing with UK businesses in central government and select utility-level procurements. Commerce Secretary Sunil Barthwal, in a statement on Friday, highlighted the unprecedented nature of

the agreement, noting, “For the first time, the UK has committed to binding, non-discriminatory treatment for Indian suppliers under its social value regime.”

The UK’s social value framework requires public sector bodies to weigh the broader social, economic, and environmental impacts of their procurement decisions, moving beyond a narrow focus on cost. This means contracts are evaluated not just on price but on how suppliers contribute to community well-being and environmental sustainability. Indian firms will now have access to high-value contracts from major UK departments, including the Cabinet Office, Department for Business and Trade, National Highways, NHS Foundation Trusts, and the Foreign, Commonwealth & Development Office, among others. Select educational institutions, such as Belfast Metropolitan College and Northern Regional College, are also open to Indian suppliers, as a privilege not extended to all of the UK’s trading partners.

India, in return, has opened an £88 billion procurement market to UK suppliers, though its commitments are carefully circumscribed. The agreement covers only central government ministries, departments, and their subordinate offices, explicitly excluding state-level procurement and public sector enterprises. India has also safeguarded its Micro, Small, and Medium Enterprises (MSMEs) by fully carving out their preferential procurement policies. Indian suppliers retain an edge as “Class-I local suppliers” if their goods or services contain over 50% local content, while UK suppliers qualify as “Class-II local suppliers” with at least 20% UK content.

The CETA sets specific thresholds for market access. India’s limit for goods and services procurement is £650,000, while the UK’s is £190,000. For construction services, both nations agreed on a £7.1 million threshold. These figures contrast sharply with the India-UAE Comprehensive Economic Partnership Agreement (CEPA) signed in 2022, which restricts access to a few central government entities and imposes a much higher £29.5 million threshold for goods, services, and construction. The UAE deal also retains discriminatory practices, such as local value addition requirements and price preferences for green products, offering no guarantees for Indian suppliers.

Critics have raised concerns about the leeway granted to UK businesses under the CETA, particularly when compared to the more restrictive UAE agreement. Some argue that the UK has secured disproportionately favourable terms, though Indian officials counter that the deal offers “meaningful market access” for both sides. A senior official, speaking anonymously, noted, “This is only India’s second trade agreement with a government

procurement chapter, and it's far more open than the UAE deal, which was riddled with limitations."

The agreement has been defended by India as a balanced approach that protects national interests while fostering economic ties. By limiting foreign access to contracts below £650,000 and excluding state-level procurement, India has ensured its domestic businesses, particularly MSMEs, remain competitive. Meanwhile, the UK's decision to open its procurement market to Indian firms signals confidence in the growing trade relationship, though some remain sceptical about whether the Labour government's broader economic policies will fulfil such international commitments without prioritising domestic interests.