

India, UK conclude FTA, social security agreement

LANDMARK DEAL. India's labour intensive goods will benefit from the free trade pact; British cosmetics, scotch, auto and medical devices will become cheaper in India

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In the shadow of the US' reciprocal tariffs, India and the UK have successfully concluded an "ambitious and mutually beneficial" India-UK Free Trade Agreement and a double contribution convention for social security after over three years of hard-nosed negotiations.

The finalisation of the India-UK FTA was sealed by Prime Ministers Narendra Modi and his British counterpart Keir Starmer via a phone call on Tuesday.

'HISTORIC MILESTONE'

Announcing the FTA on X, Modi said: "Delighted to speak with my friend PM @Keir_Starmer. In a historic milestone, India and the UK have successfully concluded an ambitious and mutually beneficial Free Trade Agreement, along with a Double Contribution Convention. These landmark agreements will further deepen our comprehensive strategic partnership, and catalyse trade, investment, growth, job creation and innovation in both

DEAL HIGHLIGHTS

- India to gain from tariff elimination on about 99% of the tariff lines by the UK
- UK to gain tariff-free access to India for 85% tariff lines in 10 years
- Gains for India in digitally delivered services
- Easing of mobility for professionals, including CSS, business visitors, investors, ICTs
- Double contribution convention exempts Indian short-term workers in the UK from social security payments for 3 years
- India to exclude sensitive items like dairy products, apple, cheese from duty concession to protect farmers



our economies. I look forward to welcoming PM Starmer to India soon."

India will benefit from tariff elimination on about 99 per cent of the tariff lines covering almost 100 per cent of the trade value, easing of mobility for professionals, and a three-year exemption for temporary Indian workers from paying social security contributions in the UK, according to the Commerce Department. The bilateral trade of about \$60 billion is projected to double by 2030.

On its part, India has agreed to halve tariffs on

scotch and gin to 75 per cent from 150 per cent before reducing them to 40 per cent by year 10 of the deal, while automotive tariffs will be slashed to 10 per cent from over 100 per cent under a quota. "The FTA opens up massive export opportunities for labour-intensive sectors such as textiles, marine products, leather, footwear, sports goods and toys, gems and jewellery, and other important sectors such as engineering goods, auto parts and engines, and organic chemicals," per an official statement from Delhi.

The services sector is expected to gain from easing of mobility for professionals, including contractual service suppliers (CSS), business visitors, investors, intra-corporate transferees (ICTs), partners and dependent children of ICTs with right to work and independent professionals like yoga instructors, musicians and chefs, the statement added.

TRADE PUSH

The UK government said the deal is expected to increase bilateral trade by £25.5 billion, UK GDP by £4.8 billion and wages by £2.2 billion each year in the long run.

"Indian tariffs will be slashed, locking in reductions on 90 per cent of tariff lines, with 85 per cent of these becoming fully tariff-free within a decade... Other goods with reduced tariffs, which can open markets and make trade cheaper for businesses and Indian consumers include cosmetics, aerospace, lamb, medical devices, salmon, electrical machinery, soft drinks, chocolate and biscuits," the UK statement added.

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