

Auto to textiles, India Inc hopes to reap benefits

Medical-device makers apprehensive due to the China factor

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Bilateral trade between India and the United Kingdom (UK) will increase by 25.5 billion pounds with the sealing of their free-trade agreement (FTA), and it is expected to benefit sectors such as textiles, marine products, leather, gems and jewellery, footwear, and engineering goods, said companies and industry experts.

It may also give an impetus to trade in services: Information technology, finance, and education.

Trade between the two nations in 2024 stood at 42.6 billion pounds.

However, some segments like medical devices raised concern over the possibility of the UK becoming a transshipment hub for Chinese products.

Analysts say in the textiles sector alone, India's export could double from \$1.4 billion now. Tariffs on whisky and gin will be halved from 150 per cent to 75 per cent before reducing to 40 per cent by the 10th year of the deal.

Indian automobile companies with their arms in the UK — like Tata Motors and TVS Motor — are expected to benefit from common supply chains.

The FTA is likely to have significant implications for Jaguar Land Rover (JLR), the British luxury car manufacturer owned by Tata Motors. The FTA aims to reduce tariffs on various goods, including JLR vehicles, thereby potentially making them more affordable, and in turn boosting volumes.

The agreement could facilitate JLR's exports of electric vehicles from the UK to India, said industry insiders. Tata Motors declined to comment until they saw the fine print.

"Our British brand Norton will launch later this year. This agreement will help us scale up faster and leverage common supply chains," said Sudarshan Venu, managing director, TVS Motor.

"The defence industry will get a huge opportunity to supply to the UK and Europe and also take advantage of capabilities in the UK to partner with more UK companies," Amit Kalyani, joint managing director, Bharat Forge, told the media.

Exports from India to the UK in 2024-25



BIG SECTORAL GAINERS FOR INDIA

Sector	Current duty range	Share of products at zero duty under FTA
Animal products	Up to 20%	99.3%
Vegetable/oil products	Up to 20%	99.8%
Processed food	Up to 70%	99.7%

INDUSTRIAL GOODS THAT WILL ATTRACT ZERO DUTY UNDER FTA

Sector (current duty range)

- Minerals (Up to 8.0%)
- Chemicals (Up to 8.0%)
- Plastic/rubber (Up to 6.0%)
- Leather/footwear (Up to 16.0%)
- Wood/paper (up to 10.0%)
- Textile/clothing (up to 12.0%)
- Headgear/glass/ceramic (Up to 12.0%)
- Gems & jewellery (Up to 4.0%)
- Base metals (Up to 10.0%)
- Mechanical machinery (Up to 8.0%)
- Electrical machinery (Up to 14.0%)
- Transport/auto (up to 18.0%)
- Instruments/clocks (up to 6.0%)
- Arms/ammunition (Up to 2.0%)
- Furniture/sports goods (Up to 4.0%)
- Works of art (0.0%)

Source: Commerce dept

were \$14.55 billion, up 12 per cent from \$12.98 billion in 2023-24. Of this, engineering goods accounted for \$4 billion, followed by electronics (\$1.85 billion), and textiles (\$1.43 billion).

"China's share in the UK textile market is 21 per cent, followed by Bangladesh at 18 per cent and India at 5 per cent. Even if India doubles its market share to 10 per cent, it would add an additional \$1 billion in export volume," said Prabhu Dhamodharan, convener, Indian Textpreneurs Federation (ITF).

Tiruppur Exporters' Association President K M Subramanian indicated the share of UK exports from the textile hub was expected to more than double from 9 per cent of its revenue to around 20 per cent.

On medical devices, Rajiv Nath, forum coordinator, Association of Indian Medical Device Industry (AiMed), told *Business Standard*: "We had requested India (the government) to include a clause that 35 per cent value addition should happen in the UK, and at least the assembly of the device should happen in the UK." "If the product is only packaged or relabelled in the UK, it would open the floodgates to the UK becoming a transshipment hub for Chinese medical devices routed to India," Nath said.

Pavan Choudary, chairman, Medical Technology Association of India, said: "The FTA signals the loosening of tariff and non-tariff barriers, which will help the medical devices segment. It can facilitate innovation and collaboration."

Sanjit Padhi, chief executive officer, International Spirits and Wines Association of India, said: "We anticipate this will accelerate the ongoing trend of premiumisation within the AlcoBev sector."

Vinod Giri, director general, Brewers Association of India, said: "It will be pertinent to see what India gets in return and how non-tariff issues are handled — whether they dilute the mandatory condition of three-year maturation of spirit to qualify as whisky and the measures to prevent predatory pricing by Scotch makers."

Anant Iyer, director general, Confederation of Indian Alcoholic Beverage Companies, said: "We hope that the government includes in the FTA the minimum import price, which will prevent dumping /under invoicing, etc."

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