

India-UK FTA: British firms get guaranteed access to compete for portion of govt contracts

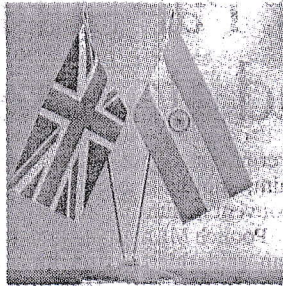
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British businesses will have guaranteed access to compete for a portion of Indian government tenders, worth £38 billion, once the recently concluded India-UK Free Trade Agreement (FTA) is implemented.

PREF TREATMENT

British companies will get exclusive treatment under the 'Make in India' policy, which currently provides preferential treatment for government procurement to businesses that produce in India, a UK government's report on the India-UK pact noted.

According to the details of the pact put out by the UK, "India's federal government



entities covered by the agreement publish, on average, approximately 40,000 tenders per year with a value of at least £38 billion (\$50.7 billion)... UK businesses will have legally guaranteed access to compete for a proportion of these contracts that meet the criteria specified within India's schedule."

For the first time, British businesses will be able to compete for a broad variety of goods, services and con-

struction procurements for the majority of Central government entities in India, as well as for several of India's federal state-owned enterprises at thresholds lower than ever before, it said.

POLICY PRIORITISATION

Experts, however, advise that India should retain the right to set and revise local content criteria, especially to prioritise domestic suppliers for national interest objectives. Extending state-level procurement or MSME-specific schemes to foreign suppliers should be avoided.

According to a report by the Global Trade and Research Initiative, "India's government procurement policy has served as a pillar of industrial and MSME development. Replacing its strategic flexibility with binding

legal commitments under FTAs risks undercutting the very sectors that FTAs are meant to strengthen.

"The GP provisions in the India-UK FTA must be seen as a test case. If not implemented prudently, this agreement could become a template for future losses in policy autonomy."

British companies will be treated as a Class 2 supplier if at least 20 per cent of their product or service is from the UK, granting them the same status that only Indian firms currently enjoy, the UK report said.

While the government procurement market was first opened as part of the India-UAE FTA, the UK is the first foreign country to have received legally guaranteed access on such a scale, the GTRI report said.