

Govt procurement market in India opens up for UK under FTA

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New Delhi, 7 May

In a significant concession to the United Kingdom (UK) under the just-concluded free trade agreement (FTA), India has granted “legally guaranteed access” to its vast government procurement market. This will allow British businesses to bid for around 40,000 Indian tenders with a value of at least 38 billion pounds a year, according to the UK government.

“For the first time, the UK businesses will be able to compete for a broad variety of goods, services and construction procurements, for a 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,” the UK Department for Business & Trade said in policy paper.

Through the agreement reached under the government procurement chapter of the India-UK FTA, UK companies will get exclusive treatment under the ‘Make in India’ policy, which currently provides preferential treatment in government procurement to businesses which manufacture or pro-

duce in India. “UK companies will be treated as a Class-II supplier if at least 20 per cent of their product or service is from the UK – granting them the status that only Indian firms currently enjoy (the Make in India preference will still apply for approved ‘Class-I’ suppliers offering 50 per cent or more of their goods or services from India),” the paper said.

Turn to Page 8 ▶

EDIT: STEP FORWARD FOR TRADE

P11

PAGE 4

UK deal may serve as model for India’s FTAs with EU, US

The conclusion of an ambitious trade deal between India and the UK could serve as a model for New Delhi’s ongoing FTA talks with major trade partners, including the US and EU. The long-pending deal with the UK was finalised on Tuesday.

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India spends an estimated 20 per cent of its gross domestic product on public procurement, and UK suppliers will have greater opportunities to bid for many of these contracts, on better terms and with greater access to the relevant information to support their bids.

“This increased market access in India could lead to more successful contract awards for UK companies, boosting their revenues, helping to increase UK economic growth. The chapter will also enable UK businesses to access information on published tender notices for procurements covered by the agreement, free of charge, through India’s single website portal,” the paper added.

Ajay Srivastava, founder of Global Trade Research Initiative, said though India opened up

its government procurement market first in the India-UAE FTA, the UK became the first country to have received legally guaranteed access to India’s central government procurement market at such a vast scale. “India has so far opted out of the World Trade Organization’s Government Procurement Agreement, preserving its right to favour domestic firms. Replacing its strategic flexibility with binding legal commitments under FTAs risks undercutting the very sectors that FTAs are meant to strengthen,” Srivastava said. The government procurement provisions in the India-UK FTA must be seen as a test case, he added. “If not implemented prudently, this agreement could become a template for future losses in policy autonomy.”