

India flags off consignments worth \$140 million on Day 1

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New Delhi, 15 July

India on Wednesday operationalised its free trade agreement (FTA) with the UK, called the Comprehensive Economic and Trade Agreement (Ceta), by flagging off consignments worth \$140 million comprising electronics, pharmaceuticals, gems & jewellery under the preferential tariff regime.

"During the day, over 50 export consignments valued at more than \$140 million were flagged off from more than 20 ports, airports, Inland Container Depots (ICDs), Special Economic Zones (SEZs) and factories across India. The consignments covered a wide range of products including electronics, pharmaceuticals and gems and jewellery, and were dispatched from locations including the seaports of Mundra, Nhava Sheva and Chennai, as well as air cargo complexes at Mumbai (Sahar), Kolkata and Hyderabad," the commerce department said in a statement.

The Double Contribution Convention (DCC) also came into force with the FTA. It allows eligible Indian professionals on temporary assignments in the UK to avoid dual social security contributions for up to five years.

Commerce Secretary Rajesh Agrawal said all requisite notifications on both sides have been rolled out to ensure that the advantages of the FTA kick in from day one.

Following the pact, India and the UK aim to increase their bilateral trade to \$100 billion by 2030, from around \$60 billion at present.

The government on Wednesday issued the notification to implement the preferential tariffs on a wide range of UK-origin goods under the deal. They build on a series of notifications in the past week covering procedures ranging from obtaining Rules of Origin certificates to tariff-rate quota (TRQ) certificates for claiming duty concessions under the FTA.

British High Commissioner Lindy Cameron said the FTA is



“THE CETA WILL GIVE FRESH MOMENTUM TO OUR FARMERS, ENTREPRENEURS AND MSMEs. SEVERAL VIBRANT SECTORS WILL GAIN STRONGER ACCESS TO THE UK MARKET”

Narendra Modi, Prime Minister

expected to raise UK-India bilateral trade by over 25 billion pounds a year over the long term, creating new business opportunities.

Under the FTA, New Delhi has agreed to open 89.5 per cent of its tariff lines, while London has

offered duty liberalisation on 99 per cent of tariff lines. India is expected to gain improved access to the UK market for labour-intensive exports such as textiles, garments, footwear, carpets, seafood, automobiles, and certain agricultural products. The UK, in turn, will secure wider access to India's large and protected market, including automobiles, alcoholic beverages, industrial goods, and government procurement.

A key outcome of the FTA is India's commitment to reduce tariffs on automobiles to 10 per cent from 110 per cent over five years, subject to quotas on both sides. The notification issued on Wednesday operationalises TRQ commitments for UK-origin vehicles imported as completely built-up units. Higher engine capacity internal combustion engine vehicles (over 3,000 cc for petrol; over 2,500 cc for diesel) will attract 30 per cent duty, while other engine capacities will benefit from a 50 per cent tariff rate.