



India-United Kingdom (U.K.) bilateral trade

Accelerating investment and market access

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India's strategic path to economic supremacy

India's sustained economic growth has played a crucial role in its global position, fueled by demographic dividend, digital innovation, infrastructure expansion and policy reforms. These growth catalysts are accelerating progress towards the country's ambition of achieving the USD7 trillion economy target by 2030¹.

Key drivers powering India's long-term growth prospects

USD825 billion

Total exports in FY25²
(6 per cent y-o-y growth)

173,350

Number of
exporting MSMEs*
(FY25)³

184,981

Number of DPIIT*
recognised startups⁴
(as of 31 July 2025)

USD729 billion

Cumulative FDI*
equity inflow⁵
(Apr'00 – Mar'25)

Trade liberalisation and surging FDI inflows are crucial driving pillars of India's advancing global influence and strategic economic ties with geographies such as the United Kingdom (U.K.)

*MSME: Micro, small and medium enterprises; DPIIT: Department for Promotion of Industry and Internal Trade; FDI: Foreign direct investment

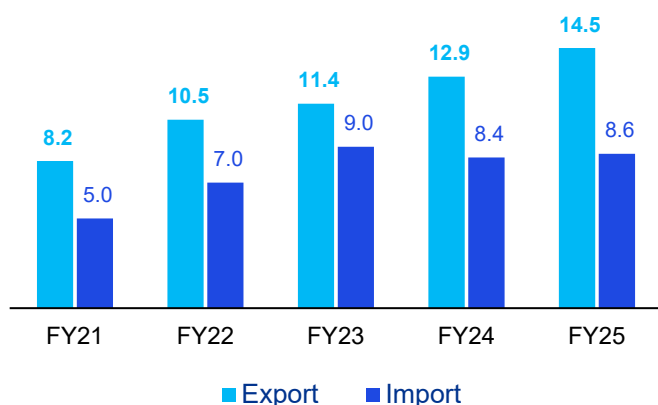
Economic synergies transforming India-U.K. partnership

The India-U.K. partnership reflects a dynamic economic alliance powered by astute investments, knowledge exchange and thriving goods and services trade. With expanding market access and growing opportunities across sectors, cross-border ties are gaining momentum, opening new growth avenues and easing market entry. Together, these forces are forging a resilient bridge that is shaping the future of bilateral cooperation between the two nations.

- 1.8 million+ strong Indian diaspora in the U.K., representing 3.1 per cent of the population and contributing over 6 per cent to the country's GDP⁶
- Renewal of the five-year health partnership memorandum of understanding, enhancing collaboration in health tech, pharmaceuticals and innovation⁷
- Launch of the Technology Security Initiative (TSI) to boost collaboration in emerging and critical technologies across key sectors, including artificial intelligence (AI), advanced materials, biotechnology, critical minerals, biotech, healthtech, semiconductors, telecom and quantum⁸
- Collaborative agreement on co-designing and producing electric propulsion systems for future Indian naval ships through a statement of intent⁹.



India-U.K. trade overview (USD billion)¹⁰



Key exported commodities¹⁰



Engineering goods



Electronic goods



Ready made garments



Petroleum products



Gems and jewellery

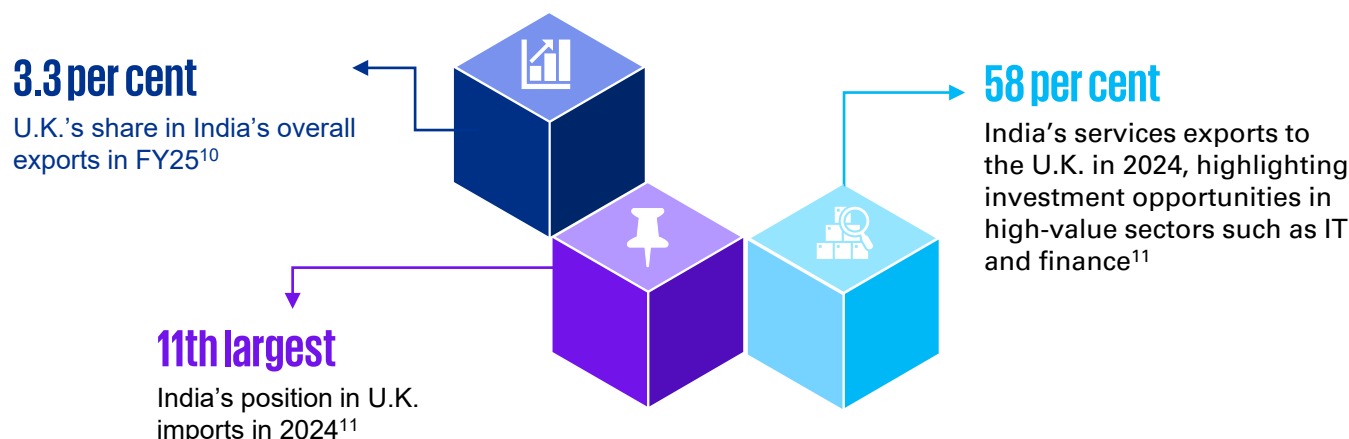


Drugs and pharmaceuticals



Scaling new heights: India-U.K. trade outlook

India's trade with the U.K. has grown considerably from USD21.7 billion* to USD56.4 billion* between 2015 and 2024¹¹. This upward trajectory presents untapped opportunities for further trade expansion and increased market collaborations for both nations.



The recently announced India-U.K. Comprehensive Economic and Trade Agreement (CETA) is poised to enhance bilateral trade, drive substantial investments and facilitate deeper market access for both nations.

The multifaceted role of the India-U.K. agreement

India, as one of the fastest-growing emerging economies, has evolved from a global trade participant to a strategic force shaping market trends and driving economic momentum. In response to shifting global dynamics, India and the U.K. signed CETA and the Double Contribution Convention (DCC) on 24 July 2025, unlocking new opportunities for trade, investment, innovation and job creation. The agreement grants India preferential access to U.K. markets, paving the way for expanded reach into European and Atlantic economies.



- The agreement is expected to boost bilateral trade, currently valued at around USD56 billion, with a shared goal to double it by 2030¹²
- CETA is expected to increase India's exports to the U.K. by USD13 billion* (up 25 per cent) by 2040¹³
- Long-term economic growth is projected to rise, with India's GDP increasing by 0.06 per cent and the U.K.'s by 0.13 per cent annually¹³.

Export opportunities for India

Grants duty-free access to 99 per cent of India's exports to the U.K.¹², covering nearly the entire trade basket. It is set to unlock new opportunities for:

- Labour-intensive sectors, such as marine products, textiles and leather, among others
 - It is projected to boost exports of clothing, textiles and footwear by 45 per cent, 40 per cent and 30 per cent, respectively¹³
- High-growth industries, including engineering goods, auto components and organic chemicals.

Import opportunities for India

India agreed to lower import duties on 90 per cent of U.K. tariff lines¹⁴. Beneficiary sectors include:

- Automotives, high-end optical products, electrical circuits and medical devices, along with cosmetics, soft drinks and alcoholic beverages such as whisky and gin¹⁴

Imports in the beverages and tobacco sector are expected to grow by 180 per cent in the long run, compared to a baseline scenario without the agreement¹³.

With India's traditionally high tariffs, this move boosts the country's export potential and positions it as a key global trade partner.

*The currency has been converted as per the conversion rate of GBP1 = USD1.32 as of 31 July 2025



India-U.K. CETA boosts trade and inclusion

Major tariff cuts unlock trade potential across key sectors

The agreement unlocks new opportunities for labour-intensive and fast-growing sectors, while empowering MSMEs, startups, women and youth entrepreneurs through inclusive trade, innovation support and reduced non-tariff barriers.

U.K.'s commitment

Tariffs reduced to nil¹²

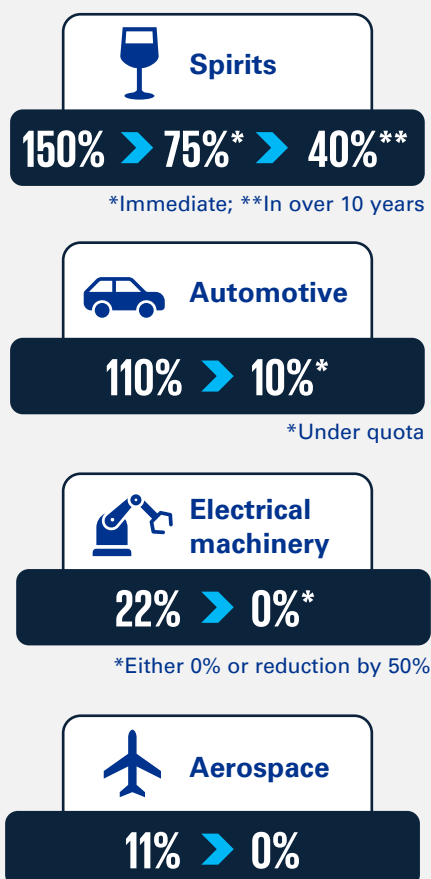


The value in brackets represents maximum tariffs before the signing of CETA.

*Covers 97.1 per cent of all goods within the category

India's commitment

Reductions for U.K. products¹⁵



From 15 to 3 per cent

Weighted average reduction in tariffs could enable U.K. exporters to significantly benefit from improved market access to India¹³.

Driving growth through services trade

Strengthening India's service sector and employment opportunities¹²

- India is expected to gain from **the U.K.'s service sector commitments** in IT/ITeS, finance, professional services, business and education
- The agreement enables enhanced mobility opportunities for Indian professionals, including:
 - Contract-based professionals, investors, business visitors and intra-corporate transferees
 - Up to 1,800 self-employed experts annually, such as chefs, musicians and yoga instructors
 - Family members of intra-corporate transferees with work rights in the U.K.
- Given the U.K.'s position as a global centre for digitally delivered services, Indian talent is anticipated to have unparalleled opportunities in sectors strengthened by advanced digital infrastructure.



A paradigm shift beyond trade

Advancing transparency and ease of doing business



- **India's first-ever anti-corruption chapter in the agreement** is expected to ensure fair trade and transparency by criminalising bribery, restricting facilitation payments and combating money laundering, thereby boosting investor confidence and mitigating risks
- These measures are expected to foster a more secure and ethical business environment.

Achieving financial growth and a competitive edge



- DCC grants Indian professionals in the U.K., up to a **three-year exemption from social security contributions**, reducing costs while enhancing competitiveness, job creation and service exports
- **~75,000 Indian professionals and 900 companies** are set to benefit, **saving ~20 per cent on salaries**, amounting to over **USD457 million***, making Indian service providers highly competitive in the U.K.¹².

Scaling MSMEs and SMEs for broader market reach



- The agreement is set to empower Indian MSMEs by enabling **duty-free exports, simplified customs processes and broader market access**. Reduced trade barriers, technology transfer and R&D collaboration is expected to boost the competitiveness of MSMEs in the U.K. market
- With a strong focus on **transparency, cooperation and financial accessibility**, it equips SMEs to overcome financial challenges and seize new opportunities.

Advancing technology, boosting manufacturing and driving green growth



- Reduced tariffs on U.K. exports of medical devices, industrial machinery and green technologies **empower Indian manufacturers** with affordable and high-tech equipment, driving efficiency and strengthening the Make in India initiative
- Technology transfer may further boost India's domestic manufacturing and the U.K. expertise in renewable energy could support India's green transition.

Diversifying supply chains and mitigating risks



- The agreement strengthens India's supply chain resilience by **reducing dependence on a single region/country-specific** trade corridor, ensuring secure access to critical imports and mitigating geopolitical risks
- Diversified sourcing and expanded trade partnerships position India as one of the leading markets in the evolving international trade landscape.

Enhancing education and creating dynamic career pathways



- CETA enhances the **easy travel for Indian students and professionals** by simplifying visa procedures, reducing financial constraints, expanding job opportunities and fostering greater academic and professional mobility
- It further boosts **joint skilling, student exchanges, mutual recognition of qualifications and cooperation** in education and professional services, ensuring smoother career transitions for Indian graduates.

*The currency has been converted as per the conversion rate of INR1 = USD0.011 as of 31 July 2025



Way forward

INDIA-U.K. Vision 2035: A strategic blueprint for the future

On 24 July 2025, the Prime Ministers of both countries introduced India-U.K. Vision 2035¹⁶, a transformative roadmap that redefines bilateral cooperation. Rooted in the newly signed CETA, this vision lays the foundation for shared innovation, prosperity and global leadership. Both nations are committed to expanding through joint efforts and time-bound actions, fostering a BRISK future focused on business, research, innovation, science and technology and knowledge. Designed to reinforce one another, these pillars create a high-impact partnership that is anticipated to deliver far-reaching outcomes across trade, education, technology, climate and security.



Market expansion

India and the U.K. aim to deepen economic ties through enhanced trade, investment, financial cooperation, legal and cultural exchange, infrastructure connectivity and innovation-driven partnerships for building a resilient, inclusive and growth-oriented bilateral relationship across strategic sectors.



Education and skill development

Both nations are anticipated to strengthen their intellectual partnership by embracing emerging opportunities, advancing education and research and developing a skilled talent pool to tackle global challenges and build a sustainable future.



Technology advancements

Innovation can be fostered through joint research in critical and emerging technologies, such as quantum, AI, anchored in the TSI and future-focused sectors.



Climate resilience

The countries plan to advance climate and clean energy collaboration to mobilise green finance, scale innovation, strengthen energy security and drive sustainable growth, thus benefiting global climate leadership and resilient economic development.



Strategic defence roadmap

The nations are expected to advance strategic and defence ties through a 10-year roadmap, enhance cooperation under the Indo-Pacific Oceans' Initiative and boost maritime security. They could also strengthen R&D in emerging capabilities such as underwater systems and direct energy weapons.

Conclusion

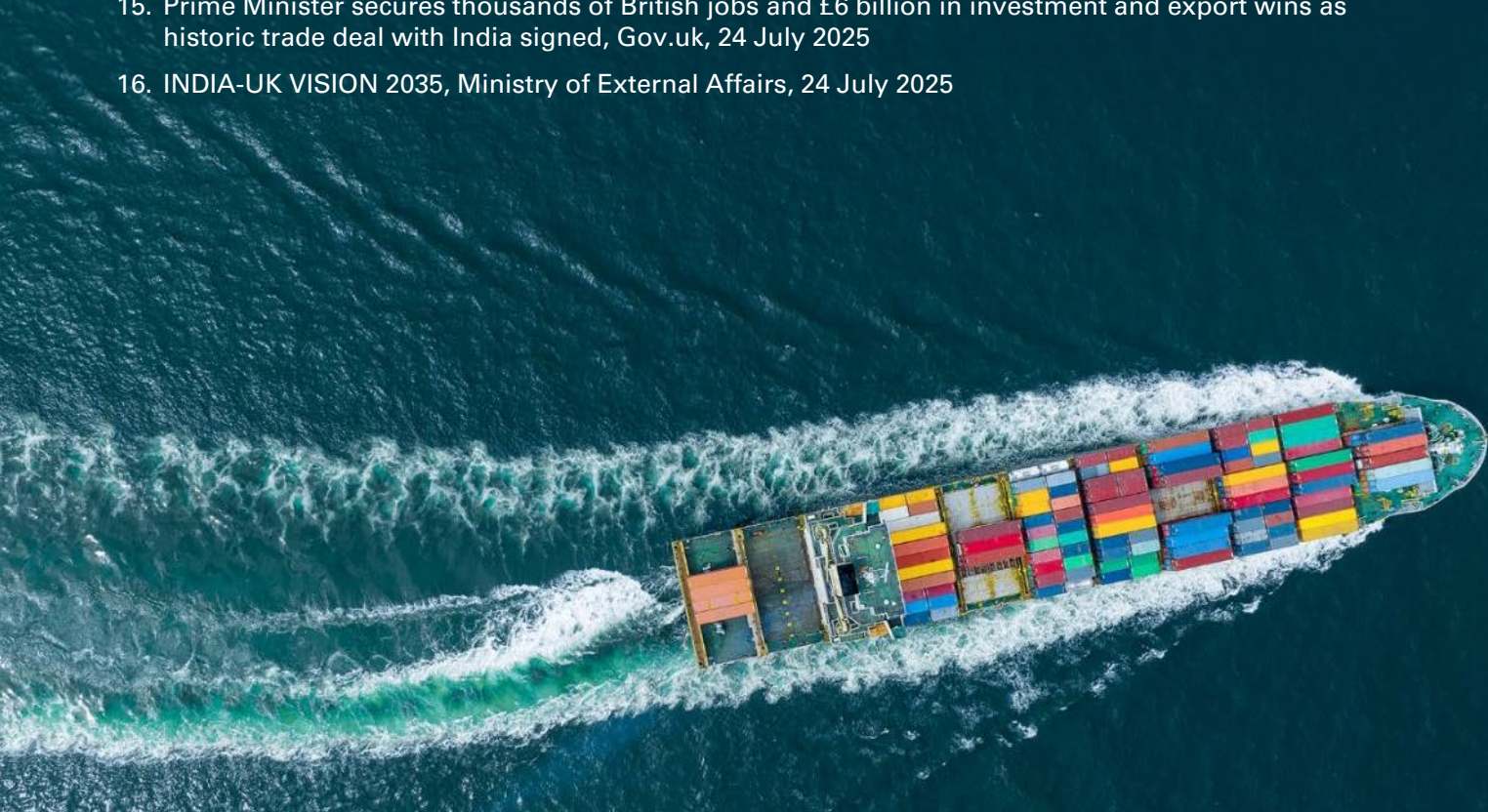
By positioning CETA as a global benchmark, both nations aim to unlock new opportunities in trade, investment and technological progress. The agreement is anticipated to boost job creation in both countries by opening markets and expanding economic opportunities. India's skilled workforce is likely to play a pivotal role in driving innovation and growth in the U.K.'s service sector, reinforcing its reputation as a global talent hub. The deal supports inclusive development, with targeted benefits for key sectors such as MSMEs, agriculture, fisheries and manufacturing, while also making the U.K.-made products, such as medical devices and aerospace components, more accessible and affordable in India.

Vision 2035 marks a bold shift from transactional ties to a transformative alliance rooted in shared democratic values. To realise this vision, robust frameworks may prove essential to optimise outcomes for businesses, workers and consumers, while assessing both expected and unforeseen impacts. These mechanisms could also guide adaptive policy development and shape future trade strategies. A resilient and forward-looking approach is expected to be key to building a future-ready partnership in a rapidly evolving global landscape.



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KPMG in India contacts:

Akhilesh Tuteja
Head – Clients and Markets
E: atuteja@kpmg.com

Neeraj Bansal
Head – India Global
E: nbansal@kpmg.com

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KPMG Assurance and Consulting Services LLP, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi, Mumbai – 400 011 Phone: +91 22 3989 6000, Fax: +91 22 3983 6000.

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