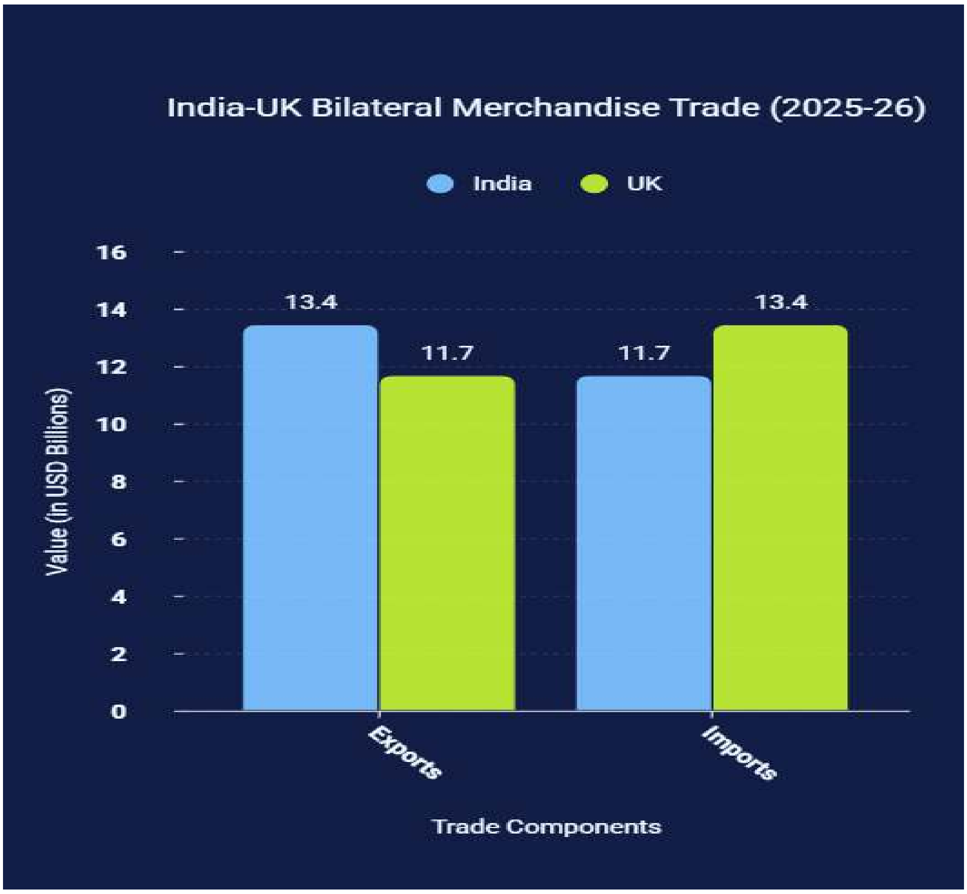
# India–UK CETA: Unlocking New Opportunities for Trade and Services




**Source - PIB**

Bilateral merchandise trade between India and the United Kingdom reached USD 25.12 billion in 2025–26, reflecting the steady expansion of economic and commercial ties between the two countries. India's exports to the UK stood at USD 13.44 billion, while imports were valued at USD 11.68 billion, resulting in a merchandise trade surplus of USD 1.76 billion.

The India–UK Comprehensive Economic and Trade Agreement (CETA) builds upon this strong trade foundation and is expected to further elevate bilateral economic engagement. By creating a more liberalised, transparent and predictable trade framework, the agreement is poised to enhance trade and investment flows, strengthen business confidence, improve supply-chain integration and foster deeper commercial cooperation.

## What is India-UK CETA Agreement?

The India–UK Comprehensive Economic and Trade Agreement (CETA), effective from 15 July 2026, provides Indian businesses with one of the most comprehensive market access packages negotiated by India with a developed economy. The UK has granted **zero-duty access on nearly 99% of India's exports,** covering almost the entire trade value, creating significant opportunities for labour-intensive sectors. Additionally, the accompanying **Double Contribution Convention (DCC)** extends social security exemption for eligible Indian professionals on temporary assignments in the UK from three to five years, reducing employment costs and improving the competitiveness of Indian companies operating overseas.

For **Indian businesses**, CETA is expected to improve export competitiveness by eliminating tariff disadvantages vis-a-vis competitors and by facilitating greater integration into UK and global value chains. India's engineering exports to the UK alone are projected to **exceed US$7.5 billion by 2029–30**, while MSMEs are expected to benefit from easier market access, stronger buyer confidence and increased participation in international supply chains. However, businesses will need to comply with the rules of origin, technical standards and certification requirements to qualify for preferential treatment.

For **Indian consumers**, the agreement is likely to increase the availability of premium British products and services, particularly in automobiles, luxury goods, education, financial services and select consumer products. Tariff reductions on UK imports are being implemented in phases, meaning retail prices may decline gradually rather than immediately, as exchange rates, logistics costs and distribution margins continue to influence final prices. The broader consumer benefit lies in greater product choice, higher quality standards, improved service offerings and stronger market competition.

## Evolution of the India–UK CETA


**May 2021 – Enhanced Trade Partnership Launched**

Prime Ministers Narendra Modi and Boris Johnson launched the Enhanced Trade Partnership (ETP), committing India and the United Kingdom to deepen bilateral economic cooperation and work towards a comprehensive free trade agreement.

**13 January 2022 – Formal Negotiations Begin**
India and the UK formally commenced negotiations, initially aiming to conclude the agreement by Diwali 2022.

**2022–2024 – Negotiations Continue Across 15 Rounds**
The negotiations extended beyond the original deadline due to differences over automobile and Scotch whisky tariffs, professional mobility, social security contributions, rules of origin, financial services, intellectual property rights and the UK's proposed carbon border measures.

**Early 2025 – Most Negotiating Chapters Finalised**
By early 2025, negotiators had resolved 25 of the 26 chapters, creating the basis for the agreement's conclusion.

**6 May 2025 – Conclusion of Negotiations Announced**
India and the UK officially announced the successful conclusion of negotiations for the Comprehensive Economic and Trade Agreement.

**24 July 2025 – CETA Formally Signed**
The agreement was signed during Prime Minister Narendra Modi's visit to the United Kingdom.

**July 2025–June 2026 – Legal and Domestic Procedures Completed**
Both countries undertook legal scrutiny, ratification and the necessary domestic procedures required for implementation.

**June 2026 – Entry into Force Announced**
India and the UK announced that CETA and the Double Contribution Convention on social security would take effect from 15 July 2026.

**15 July 2026 – CETA Comes into Force**
The UK granted duty-free access to almost all Indian exports, while India began phased tariff reductions on selected UK goods. The agreement also expanded market access in services and investment.

## Indian Sectors Benefited

The India–UK CETA is expected to generate significant gains in areas where India possesses strong manufacturing capabilities, established export clusters and considerable untapped potential in the UK market. By eliminating tariffs across a wide range of products, simplifying customs procedures and improving market access, the agreement reduces the cost disadvantage faced by Indian exporters. These provisions are expected to enhance export competitiveness, increase production and capacity utilisation, diversify export baskets, attract investment and create employment across key sectors of the Indian economy.

**Textiles & Apparel**

The textile and apparel sector is expected to be among the largest beneficiaries of the India–UK CETA. The UK imports textiles and clothing worth USD 28.8 billion annually, while India's exports to the UK currently stand at USD 1.79 billion, representing a 6.1% market share. Under CETA, the UK has granted zero-duty access across 1,143 tariff lines, eliminating India's tariff disadvantage vis-à-vis Bangladesh, Pakistan and Cambodia. This is expected to significantly improve the competitiveness of Indian ready-made garments, home textiles, carpets and handicrafts and strengthen India's position as the fourth largest textile supplier to the UK.

**Agriculture & Food Processing**

CETA provides zero-duty access across 1,437 agricultural tariff lines, with agricultural exports expected to increase by over 50% during the next three years. Farmers and exporters from Maharashtra, Kerala, Gujarat, Punjab, Andhra Pradesh, Tamil Nadu and the North Eastern States are expected to benefit from increased exports of grapes, spices, tea, processed food, bakery products, fruits and vegetables.

**Leather, Footwear & Lifestyle Products**

Duty-free market access for footwear and leather products is expected to significantly enhance India's competitiveness in the UK's USD 8.9 billion leather and footwear market. Major manufacturing clusters in Uttar Pradesh, Tamil Nadu, West Bengal and Delhi-NCR are projected to benefit, with exports expected to exceed USD 900 million, generating employment in labour-intensive manufacturing and rural industries.

**Engineering, Electronics & Technology Manufacturing**

Engineering goods receive duty-free access across 1,659 tariff lines, with tariffs of up to 18% being eliminated. Engineering exports to the UK are projected to more than double and exceed USD 7.5 billion by 2029–30. Electronics manufacturers also gain zero-duty access for eligible products, while ambitious commitments on software and IT-enabled services are expected to accelerate exports of smartphones, optical fibre cables, inverters and digital solutions.

**Pharmaceuticals, Chemicals & Plastics**

Pharmaceuticals receive zero-duty access across 56 tariff lines, on a wide range of medical devices, including surgical instruments, diagnostic equipment, ECG machines, and X-ray systems, while chemicals gain duty-free treatment across 1,206 tariff lines covering fertilisers, industrial chemicals and petrochemicals. Plastic manufacturers also benefit from duty-free exports of films, sheets, pipes, packaging and kitchenware, enabling Indian producers to compete more effectively in the UK market.

### Marine Products

The India–UK CETA eliminates UK tariffs on Indian marine products, including shrimp, where import duties earlier ranged from 4.2% to 8.5%. The UK imports marine products worth USD 4.9 billion annually, creating significant opportunities for Indian exporters. The agreement is expected increase exports of frozen shrimp, fish and cuttlefish. Coastal states such as Kerala, Andhra Pradesh, Gujarat, Tamil Nadu, Odisha and West Bengal are expected to benefit through higher exports, stronger capacity utilisation in seafood processing units and greater employment generation.

### Gems & Jewellery

CETA provides tariff relaxations for Indian gems and jewellery exports, strengthening India's competitiveness in the UK market, which imports jewellery worth approximately USD 4 billion annually. India's current exports to the UK are valued at USD 1.03 billion, and the agreement is projected to double these exports within the next two to three years. The benefits are expected to accrue to major manufacturing and processing hubs including Surat, Ahmedabad, Mumbai, Jaipur, Kolkata, Hyderabad, Chennai and Thrissur, while generating additional employment across jewellery design, manufacturing, diamond processing and artisan-based value chains.

### Plantation Products

Duty-free access for instant coffee is expected to strengthen the competitiveness of Indian value-added plantation products in the UK. The agreement will benefit producers, processors and exporters by improving market access and enabling Indian suppliers to compete more effectively with established European exporters. Indian instant coffee, along with tea and spices, holds strong potential for export expansion.

### Sports Goods and Toys

The elimination of UK import duties on eligible sports goods and toys is expected to increase exports of footballs, cricket equipment, rugby balls and non-electronic toys. Greater compliance with UK and European standards will also improve buyer confidence and strengthen commercial partnerships. The sector is projected to grow by around 15%, with exports targeted to reach USD 186.97 million by 2030.

### Steel

The India–UK CETA strengthens market access for Indian steel exporters through expanded tariff-free quotas across key product categories. India's country-specific quota for hot-rolled steel products has increased nearly threefold from 12,405 tonnes to 33,456 tonnes, with an exclusive 9.45 lakh tonnes reserved under the Authorised Use Scheme (AUS). The agreement also removes restrictions on 95% of India's non-alloy wire exports and raises India's overall country-specific quota to 1,68,029 tonnes, ensuring greater export certainty and protecting the commercial interests of the Indian steel industry.

### Oilseeds

Reduced tariffs and streamlined trade procedures provide Indian oilseed exporters with an opportunity to expand their customer base in the UK. Improved market access is expected to enhance price competitiveness, strengthen India’s presence in the market and support higher exports of oilseed products.

## Impact on Services and Professionals


**Source - PIB**

India enjoys a services trade surplus of around USD 7.9 billion with the UK, with exports valued at USD 21.6 billion against imports of USD 13.7 billion. By improving market access, facilitating professional mobility and reducing regulatory barriers, CETA is expected to strengthen India's position as a leading global provider of knowledge-intensive and professional services.

### Comprehensive Services Market Access

Under CETA, the UK has committed market access across all 12 major service sectors and 137 sub-sectors, covering over 99% of India's services export interests. The agreement benefits sectors such as IT and IT-enabled services, business and professional services, financial services, telecommunications, education, hospitality and transport, creating new opportunities for Indian companies to grow their presence in the UK market.

### Greater Mobility for Indian Professionals

CETA establishes a transparent framework for the temporary movement of Indian professionals. The UK has agreed to eliminate the Economic Needs Test (ENT) and numerical restrictions for eligible categories, reducing uncertainty for service providers. The agreement also provides an annual quota of 1,800 positions for Contractual Service Suppliers and permits temporary entry for business visitors, intra-corporate transferees, investors, independent professionals and graduate trainees across multiple sectors.

**Recognition of Professional Qualifications**

Both countries have agreed to pursue Mutual Recognition Agreements (MRAs) within 12 months of CETA coming into force. The proposed MRAs cover professions such as nursing, accountancy and architecture, enabling qualified Indian professionals to access employment opportunities more easily while promoting greater professional collaboration and exchange of best practices.

**Double Contribution Convention (DCC)**

A major achievement accompanying CETA is the Double Contribution Convention (DCC). Previously, Indian professionals on temporary assignments in the UK and their employers contributed nearly 23% of salaries towards the UK's National Insurance system without receiving corresponding benefits. The DCC removes this dual social security contribution for assignments of up to 60 months, benefiting more than 75,000 Indian professionals and around 900 Indian companies.

## How India UK CETA Advantages Indian Economy

The India–UK Comprehensive Economic and Trade Agreement (CETA) transcends the conventional contours of a free trade agreement. It is not merely an instrument for tariff liberalisation, but a strategic compact that aligns India's economic ambitions with the evolving architecture of global commerce. By combining enhanced market access with investment facilitation, regulatory cooperation and mobility of skilled professionals, the agreement lays the foundation for a deeper and more resilient economic partnership. More importantly, it reflects India's growing confidence in engaging advanced economies on terms that simultaneously expand commercial opportunities and safeguard national priorities.

**Catalysing an Export-Led Growth Model**

For an economy aspiring to become a global manufacturing and trading powerhouse, sustained export growth is indispensable. CETA strengthens India's export ecosystem by reducing trade barriers, improving price competitiveness and opening new opportunities across labour-intensive and value-added industries. The agreement enables Indian enterprises to move beyond traditional markets, diversify export destinations and integrate better into global value chains. The resulting expansion in production, investment and industrial activity is expected to generate widespread multiplier effects across logistics, transport, finance and ancillary industries, reinforcing exports as a durable engine of economic growth.

**Strengthening India's Manufacturing Competitiveness**

The India–UK CETA reinforces the objectives of **Make in India** by expanding global market access for products manufactured in India, thereby encouraging firms to scale production, invest in technology and improve quality standards. Duty-free or preferential access across thousands of tariff lines enhances the export competitiveness of sectors prioritised under India's industrial strategy. The agreement also complements the **Production Linked Incentive (PLI)** programme by creating larger overseas markets for value-added products manufactured in India, enabling domestic industries to achieve economies of scale and attract greater domestic and foreign investment.

**Empowering MSMEs as Engines of Global Trade**

India's economic dynamism is sustained not solely by large corporations but by millions of micro, small and medium enterprises that form the backbone of its industrial landscape. CETA recognises this reality by simplifying customs procedures, promoting paperless trade, facilitating digital certification and reducing compliance costs. These reforms lower the barriers to international commerce, enabling MSMEs to participate more effectively in cross-border trade, integrate into global supply chains and access sophisticated overseas markets. In doing so, the agreement democratises the benefits of globalisation by extending export opportunities well beyond metropolitan industrial centres.

**Elevating India's Knowledge Economy**

India's comparative advantage increasingly resides not only in the goods it manufactures but also in the knowledge it exports. CETA secures one of the UK's most comprehensive market access commitments for services while facilitating greater mobility for Indian professionals. The accompanying Double Contribution Convention significantly reduces employment costs for Indian enterprises. Together, these provisions strengthen India's position as a global provider of technology, finance, consulting and professional services, while reinforcing the country's reputation as a reservoir of skilled human capital.

**A Blueprint for India's Next Phase of Economic Growth**

The enduring significance of the India–UK CETA embodies a calibrated model of trade liberalisation that embraces global integration without compromising domestic priorities, encourages competitiveness without sacrificing strategic sectors, and fosters growth that is both inclusive and sustainable. As India advances towards the vision of Viksit Bharat 2047, CETA stands as a hallmark of a nation that is no longer content with participating in global trade but is increasingly determined to shape its future.