

# India-UK CETA: Redefining the scope of bilateral trade

May 2026



# India-UK CETA: A strategic economic partnership reshaping bilateral trade, services and value chains

- The India-UK Comprehensive Economic and Trade Agreement (CETA) marks a shift in India's trade approach and strengthens economic ties with the UK. The agreement goes beyond tariffs to cover services, talent movement, digital trade, government procurement, and strong value-chain integration.
- CETA should be viewed not merely as a trade facilitation instrument, but as a strategic platform for economic integration, with far-reaching implications for how businesses structure supply chains, deploy talent, manage tax and transfer pricing outcomes, and pursue growth across both markets.

## What sets the CETA apart

### Beyond free trade

India and the UK chose the CETA framework to clearly signal ambition beyond tariff liberalisation. The name reflects the intent: CETA is designed as a broader economic integration framework, not merely a trade-in-goods agreement.

### Services focus

Most of India's earlier free trade agreements (FTAs) were goods-led with limited services commitments. The CETA is different with dedicated, detailed chapters on Trade in Services, Financial Services, Digital Trade, Telecommunications and Professional Services. This reflects the reality that services already exceed goods in the India-UK trade.

### Labour mobility and social security relief

This is the single-most distinctive feature compared to other Indian FTAs. Binding commitments have been made on temporary movement of natural persons (ICTs, business visitors) with clear entry pathways.

### Government procurement access

The CETA includes a Government Procurement chapter, opening selected procurement opportunities while retaining safeguards for MSMEs and public policy priorities. India has historically been reluctant to include procurement commitments in FTAs.

### Agile value chain

The agreement strengthens bilateral supply chains by reducing tariffs, simplifying customs and rules-of-origin procedures, enabling faster clearance through digital trade facilitation, and improving predictability for sourcing, manufacturing, and distribution across both countries.

### Data protection and IP protection

The FTA supports growth in digital and IP-intensive trade by enabling secure electronic transactions and safeguarding source code, algorithms, and confidential business information. At the same time, it preserves each country's full regulatory autonomy over data protection, data localisation, and public-interest safeguards within their intellectual property frameworks.

## Services at the core of the agreement

A defining feature of the India–UK CETA is its strong emphasis on services, supported by binding market-access commitments and enhanced regulatory transparency. The agreement **covers IT and IT-enabled services, professional and business services, financial services, education, telecommunications, architecture and engineering.**

The agreement establishes a formal framework for the **mutual recognition of professional qualifications**, with the potential to reduce regulatory friction and facilitate deeper integration of service providers. Financial services commitments emphasise non-discrimination, transparency and regulatory cooperation, while preserving domestic prudential regulation. Collectively, these provisions strengthen certainty for cross-border services delivery and long-term investment planning.

## Labour mobility and social security

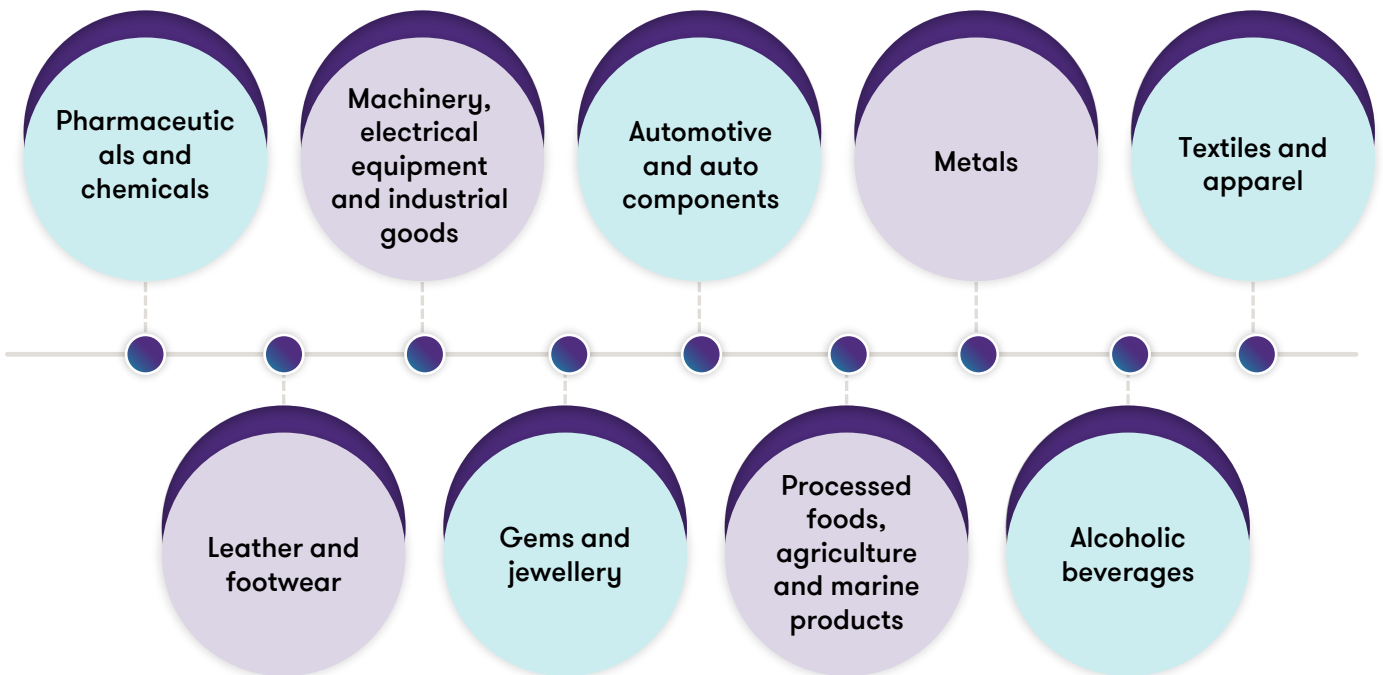
CETA facilitates the temporary movement of professionals — including business visitors, intra-corporate transferees, contractual service suppliers, and independent professionals — reinforcing India’s strengths in service exports and talent-driven growth.

The **Double Contribution Convention (DCC)** complements CETA by removing dual social security contributions for Indian assignees in the UK for up to 36 months. This reduces assignment costs and improves long-term commercial viability, although it does not provide for totalisation of contributions for benefit entitlements.

In contrast, DCC’s scope does not fully align with CETA mobility categories. It does not address frequent cross-border employees/workers without a Certificate of Coverage, restricts back-to-back postings through a six-month gap, and excludes self-employed professionals. Consequently, UK NIC liabilities may arise for shorter or fragmented visits without corresponding benefit aggregation.

## Goods trade and sectoral impact

On the goods side, CETA facilitates market access through tariff reduction and improved trade facilitation, while also strengthening bilateral supply-chain resilience. Sectors expected to see significant impact include:



The effectiveness of these benefits will depend on accurate origin determination, robust documentation and alignment of commercial arrangements with applicable rules of origin.

## Digital trade, IP and Regulatory autonomy

CETA provides a modern regulatory framework for digital trade by facilitating electronic transactions and supporting fair access to telecommunications networks. Protection of IP-intensive assets, such as source code, algorithms and confidential business information, is balanced with each country's right to regulate in the public interest.

This balance is especially relevant for technology-led, digital and data-driven businesses, where regulatory certainty and data-governance safeguards are critical for sustainable growth.

# The execution imperative

## Compliance, structuring and alignment

While the agreement creates opportunity, value realisation under CETA will be driven by disciplined execution. Key focus areas for businesses include:

Rules of origin and product-specific requirements

Consistency between customs valuation, cost statements and transfer pricing

Certificates of origin, self-declarations and Customs Administration of Rules of Origin under Trade Agreements (CAROTAR) compliance

Tax-optimised structuring of FTA-driven supply chains, evaluation of permanent establishment risk and treaty alignment

Shipment and trans-shipment safeguards

Integration of FTA benefits with broad commercial and investment strategies

## Creating value from CETA

The India-UK CETA presents an opportunity to rethink how enterprises design and operate cross-border value chains. In our experience, organisations that approach FTAs through a narrow duty-saving lens often under-realise their value. However, those that integrate trade policy with tax, transfer pricing, supply-chain design and transaction planning achieve more durable outcomes.

## India-UK CETA: A catalyst for strategic economic integration

The India-UK CETA marks a shift from traditional trade liberalisation towards strategic economic integration. The agreement emphasises on services, labour mobility, digital trade, government procurement and agile value chains to create meaningful opportunities. However, it also introduces execution complexity.

Businesses that proactively align policy provisions with operating models, governance frameworks and cross-border structuring decisions will be best positioned to unlock sustainable value. CETA is not merely a trade agreement, but a catalyst for long-term transformation of India-UK economic engagement.

# How Grant Thornton Bharat can help

Grant Thornton Bharat supports clients through end-to-end FTA advisory, including origin determination, multi-tier supply-chain modelling, CAROTAR compliance, integrated trade and transfer pricing solutions, and comprehensive deal lifecycle support for inbound and outbound expansion.



Assisting clients in end-to-end compliance with respect to free trade agreements



Determining origin, including review of cost statements, rules of origin, and product specific rules



Enabling CAROTAR compliances, including training sessions for exporters to ensure seamless information flow for accurate compliance



Providing end-to-end assistance for supply chain optimisation from the perspective of FTA, income tax (including transfer pricing) and foreign exchange regulations



Offering transfer pricing (TP) support linked to FTAs such as TP impact assessment, operating-model redesign, value chain documentation, revisiting arm's length benchmarking and dispute management through Advance Pricing Agreements and Mutual Agreement Procedures



Supporting deals lifecycle through end-to-end advisory for both inbound/outbound inorganic growth opportunities (including deal origination, diligence, valuation, structuring support, structure flips, cross border integrations)



Assisting supply chain modelling and FTA-related matters through our extensive expertise



Building strong connections and affiliations with industry experts

# Acknowledgements

For more information, contact our experts:



## Pallavi Joshi Bakhru

Partner and UK India  
Corridor Leader  
Grant Thornton Bharat LLP  
E: [pallavi.bakhru@in.gt.com](mailto:pallavi.bakhru@in.gt.com)



## Krishan Arora

Partner and India Investment  
Advisory Leader  
Grant Thornton Bharat LLP  
E: [krishan.arora@in.gt.com](mailto:krishan.arora@in.gt.com)



## Rahul Turki

Partner, Global Value Chains  
Ecosystem Leader  
Grant Thornton Bharat LLP  
E: [rahul.turki@in.gt.com](mailto:rahul.turki@in.gt.com)



## Karan Kakkar

Partner, India Investment Advisory  
Grant Thornton Bharat LLP  
E: [karan.kakkar@in.gt.com](mailto:karan.kakkar@in.gt.com)

## Contributors

### Grant Thornton UK LLP

#### Karen Robb

Partner, Head of Indirect Tax, Specialist Tax

### Grant Thornton Bharat LLP

#### Kannan Raman

Partner, Market Ecosystems

#### Priyanka Duggal

Partner, Deals Lifecycle

#### Abhishek Malik

Partner, Operations Consulting

#### Manashi Daas

Executive Director, Markets Ecosystem

#### Ravi Jain

Director, India Investment Advisory

### Editorial review

Runa Dasgupta

### Design

Roshani Kumari

### For media enquiries, write to

[media@in.gt.com](mailto:media@in.gt.com)



# We are Shaping Vibrant Bharat

A member of Grant Thornton International Ltd., Grant Thornton Bharat is at the forefront of helping reshape the values in the profession. We are helping shape various industry ecosystems through our work across Assurance, Tax, Risk, Transactions, Technology and Consulting, and are going beyond to shape a more **#VibrantBharat**.

## Our offices in India

- Ahmedabad ● Bengaluru ● Bhubaneswar ● Chandigarh ● Chennai
- Dehradun ● Gandhinagar ● Goa ● Gurugram ● Guwahati ● Hyderabad
- Indore ● Kochi ● Kolkata ● Mumbai ● New Delhi ● Noida ● Pune



Scan QR code to see  
our office addresses  
[www.grantthornton.in](http://www.grantthornton.in)

Connect  
with us on



@Grant-Thornton-Bharat-LLP



@GrantThorntonBharat



@GrantThornton\_Bharat



@GrantThorntonIN



@GrantThorntonBharatLLP



GTBharat@in.gt.com

© 2026 Grant Thornton Bharat LLP. All rights reserved.

Grant Thornton Bharat LLP is registered under the Indian Limited Liability Partnership Act (ID No. AAA-7677) with its registered office at L-41 Connaught Circus, New Delhi, 110001, India, and is a member firm of Grant Thornton International Ltd (GTIL), UK.

The member firms of GTIL are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered independently by the member firms. GTIL is a non-practicing entity and does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.