

India – UK finalise Free Trade Agreement and Double Contribution Convention

7 May 2025

The India-United Kingdom (UK) Free Trade Agreement (FTA) and the Double Contribution Convention were concluded on 6 May 2025. The agreement represents a significant milestone in strengthening the bilateral Comprehensive Strategic Partnership between India and the UK. It aims to promote trade in goods and services, facilitate investments, foster innovation, and enhance employment opportunities. The FTA also incorporates provisions to promote mobility, regulatory cooperation, and sustainable economic growth.

This FTA aligns with India's Viksit Bharat @ 2047 vision and represents the country's most comprehensive trade deal to date.

Key highlights of FTA:

- **Elimination of tariffs:** 99% of Indian exports will now benefit from zero duty access. The tariff elimination covers nearly 100% of trade value, offering significant market access to Indian exporters in the UK market.
- **Labour-intensive and high-value sectors:** The agreement provides enhanced market access for labour-intensive sectors, such as textiles, marine products, leather, footwear, sports goods, toys, and high-value sectors, including gems and jewellery, engineering goods, auto parts, engines, and organic chemicals.
- **Non-tariff measures:** The parties have committed not to adopt or maintain non-tariff measures that create unjustified restrictions on trade between the parties.
- **Trade in services:** India secured one of the most ambitious commitments from the UK, covering sectors such as IT/ITeS, financial services, professional services, business services, and educational services.
- **Mobility provisions:** Facilitation of mobility for contractual service suppliers, business visitors, investors, intra-corporate transferees and their family members, and independent professionals (including yoga instructors, musicians, and chefs).
- **Digitally delivered services:** Commitments secured for Indian service suppliers, particularly in professional services, such as architecture and engineering, computer-related services, and telecommunication services.
- **Regulatory cooperation and transparency:** The FTA promotes good regulatory practices and transparency and addresses non-tariff barriers to ensure the free flow of goods and services.

Double Contribution Convention

- **Social security exemption:** Indian workers temporarily employed in the UK and their employers are exempted from paying social security contributions in the UK for three years, reducing the financial burden and enhancing the competitiveness of Indian service providers.

Investment and economic cooperation

- **Investment facilitation:** The agreement promotes deeper economic integration and aims to increase India's participation in global value chains.
- **Small and medium enterprises (SMEs) cooperation:** Commitments to facilitate commercial opportunities for SMEs and collaboration on enhancing trade and investment flows.
- **Duration:** The FTA and the Double Contribution Convention are designed to support long-term economic cooperation and growth, reinforcing the bilateral relationship between India and the UK.

Our comments

India and the UK have formally concluded the long-anticipated and mutually advantageous FTA, along with the Double Contribution Convention. This landmark development is poised to substantially elevate bilateral trade, foster employment generation, raise living standards, and improve the socio-economic fabric of both nations. It also marks a significant step forward in strengthening the Comprehensive Strategic Partnership between the two countries and is expected to serve as a catalyst for trade, investment, innovation, and job creation.

The FTA aims to boost market access by eliminating tariffs on nearly 99% of Indian exports, benefitting key sectors, such as textiles, footwear, engineering goods, chemicals, and gems and jewellery. Additionally, it opens up further opportunities in IT/ITeS, as well as financial, professional, and educational services. The agreement is set to enhance competitiveness, increase exports, generate employment in labour-intensive industries, and facilitate the mobility of skilled professionals.

A noteworthy element of the agreement is the three-year exemption from UK social security contributions for Indian workers temporarily posted in the UK and their employers. Under the Double Contribution Convention, this provision is expected to lower operational costs and significantly improve the competitiveness of Indian service providers in the UK market.

The FTA also promotes regulatory transparency, mitigates non-tariff barriers, and encourages integration with global value chains, further reinforcing India's position as a trusted global trade and investment partner.

In light of the recent reciprocal tariff measures announced by the US, this FTA stands out as a forward-looking and strategic agreement, reflecting the culmination of intense bilateral negotiations. It is structured to deepen trade and investment linkages across goods, services, and technology while supporting inclusive growth, resilient supply chains, and the creation of high-quality employment in India.

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