

Insights Unwrapped

A Closer Look at the UK-India Free Trade Deal



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• **India's Total Trade (Merchandise + Services) in FY 2024-25, April-March-**

- Exports: USD 820.93 billion
- Imports: USD 915.19 billion
- Trade deficit: USD 94.2 billion

• **India-UK Merchandise Trade (2024):**

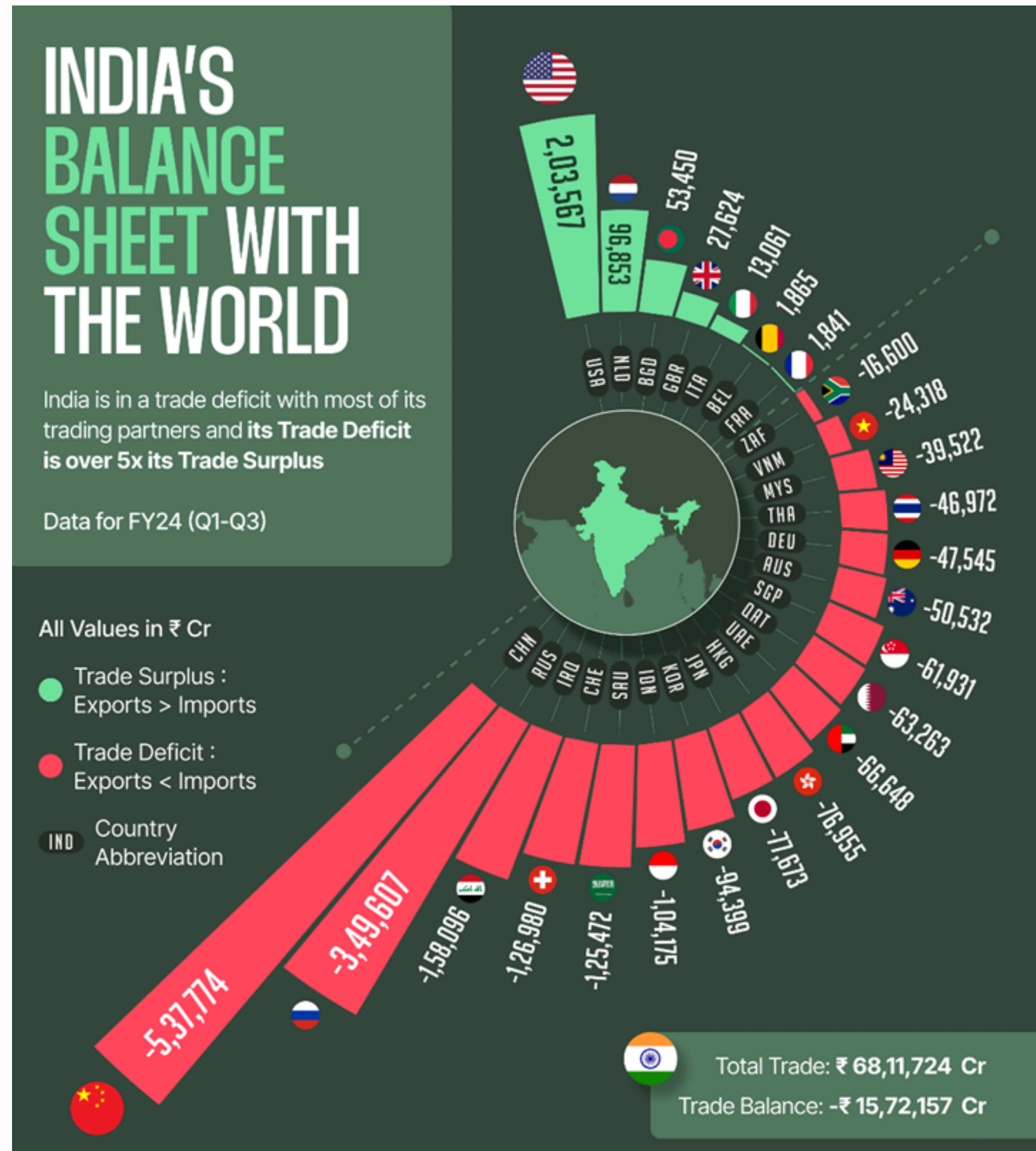
- Exports to UK: USD 13.96 billion
- Imports from UK: USD 6.53 billion
- Trade surplus: USD 7.4 billion

• **Trade Balance with Key Countries:**

- United States: Trade surplus of USD 40.4 billion
- China: Trade deficit of USD 112 billion

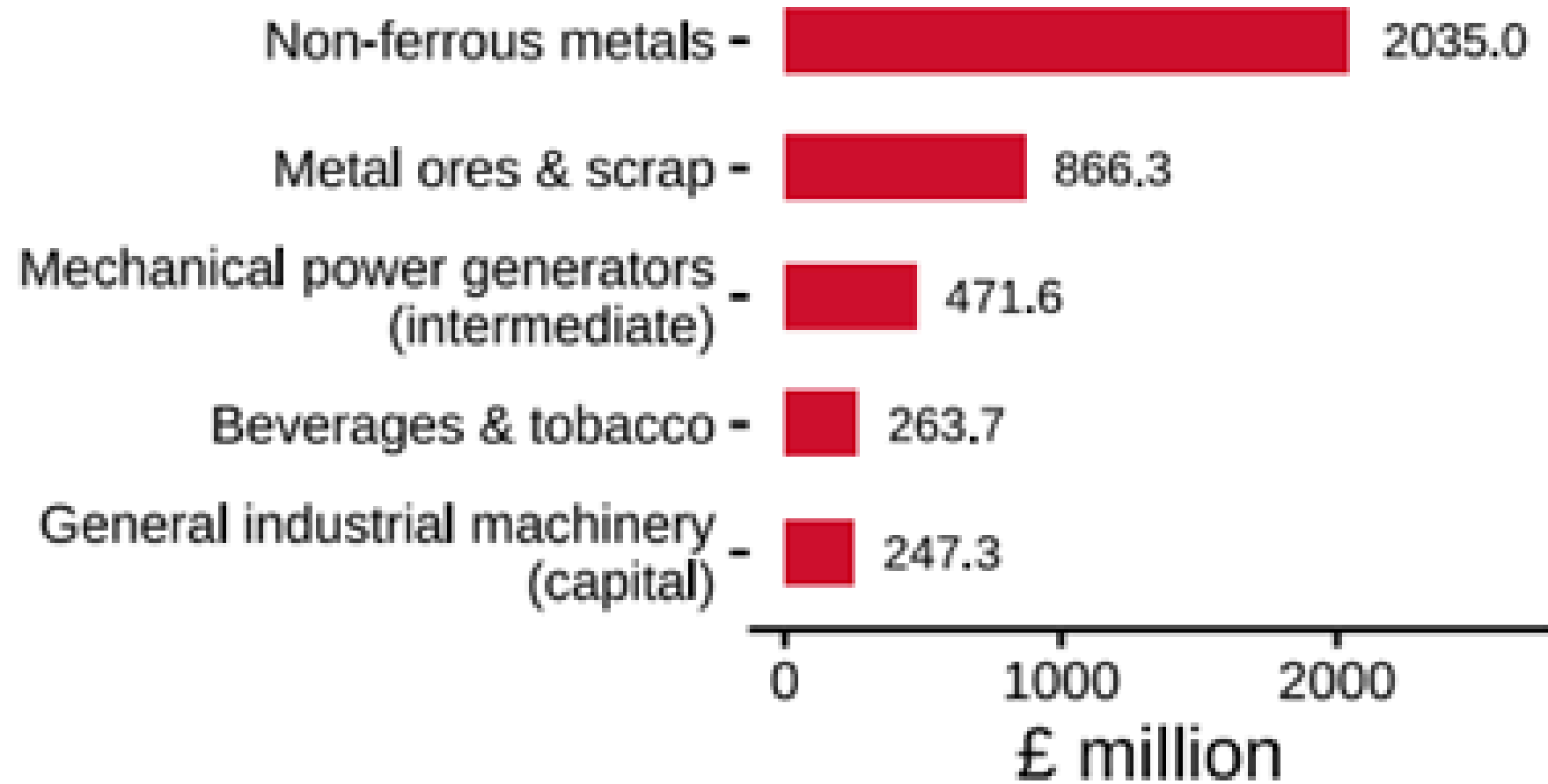
The UK is not even among India's top 10 trading partners and accounts for only 2.9% of India's merchandise exports, yet it maintains a trade surplus

Source: tradestat.commerce.gov.in, Finshots



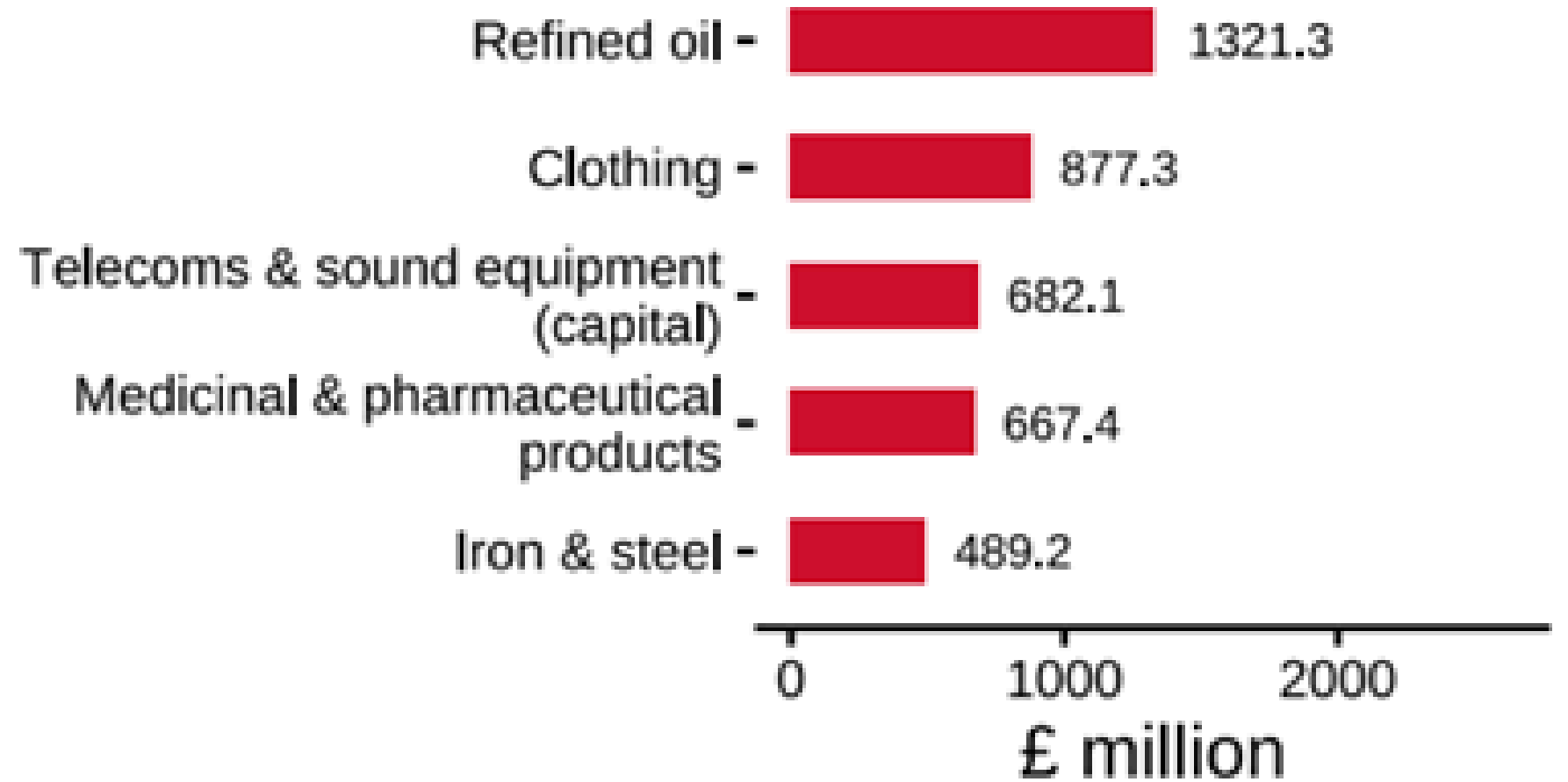
Top 5 Goods Exchanged Between India and the UK

The top 5 UK goods exports, in the four quarters to the end of Q4 2024, to India



Source: ONS, February 2025

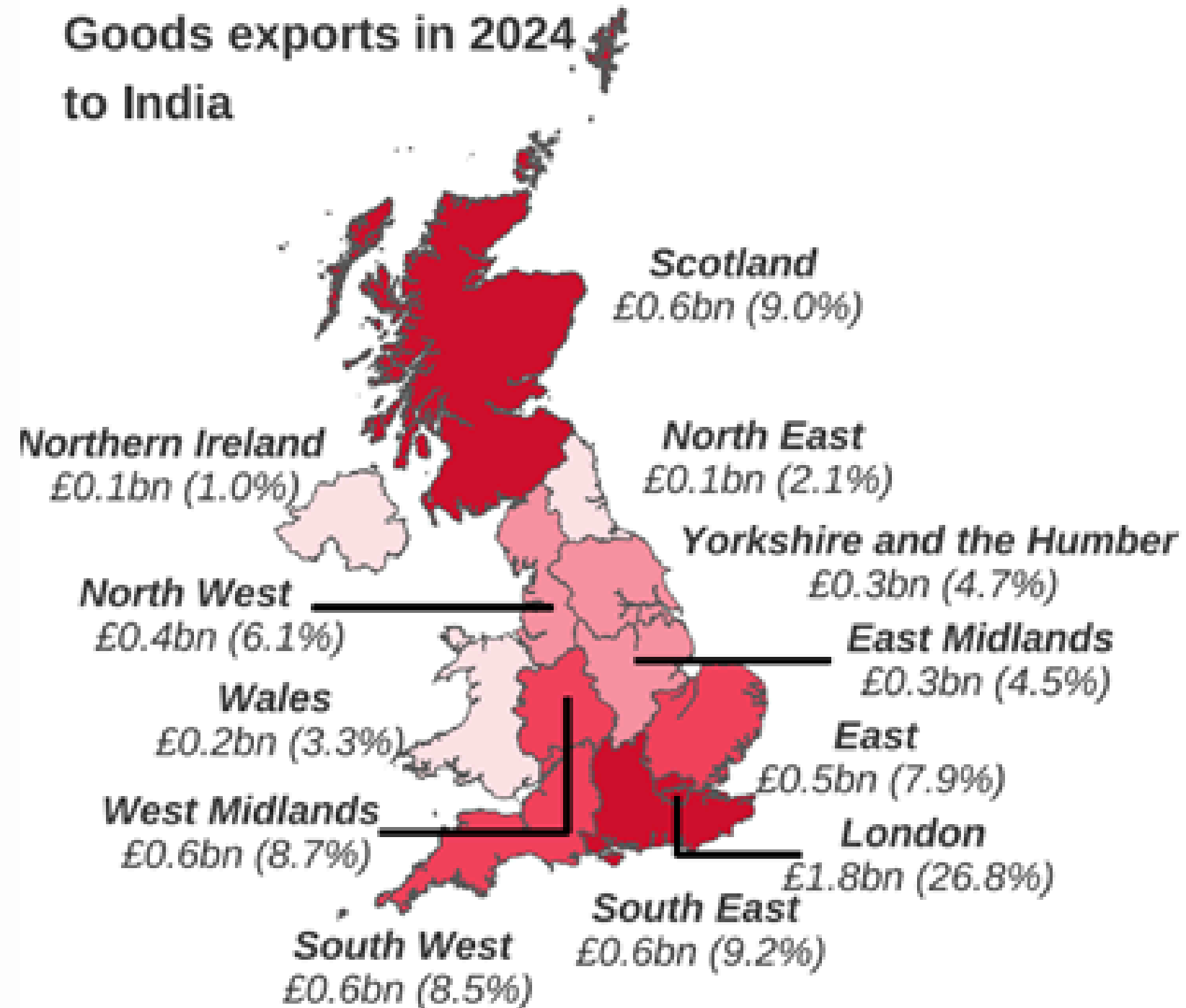
The top 5 UK goods imports, in the four quarters to the end of Q4 2024, from India



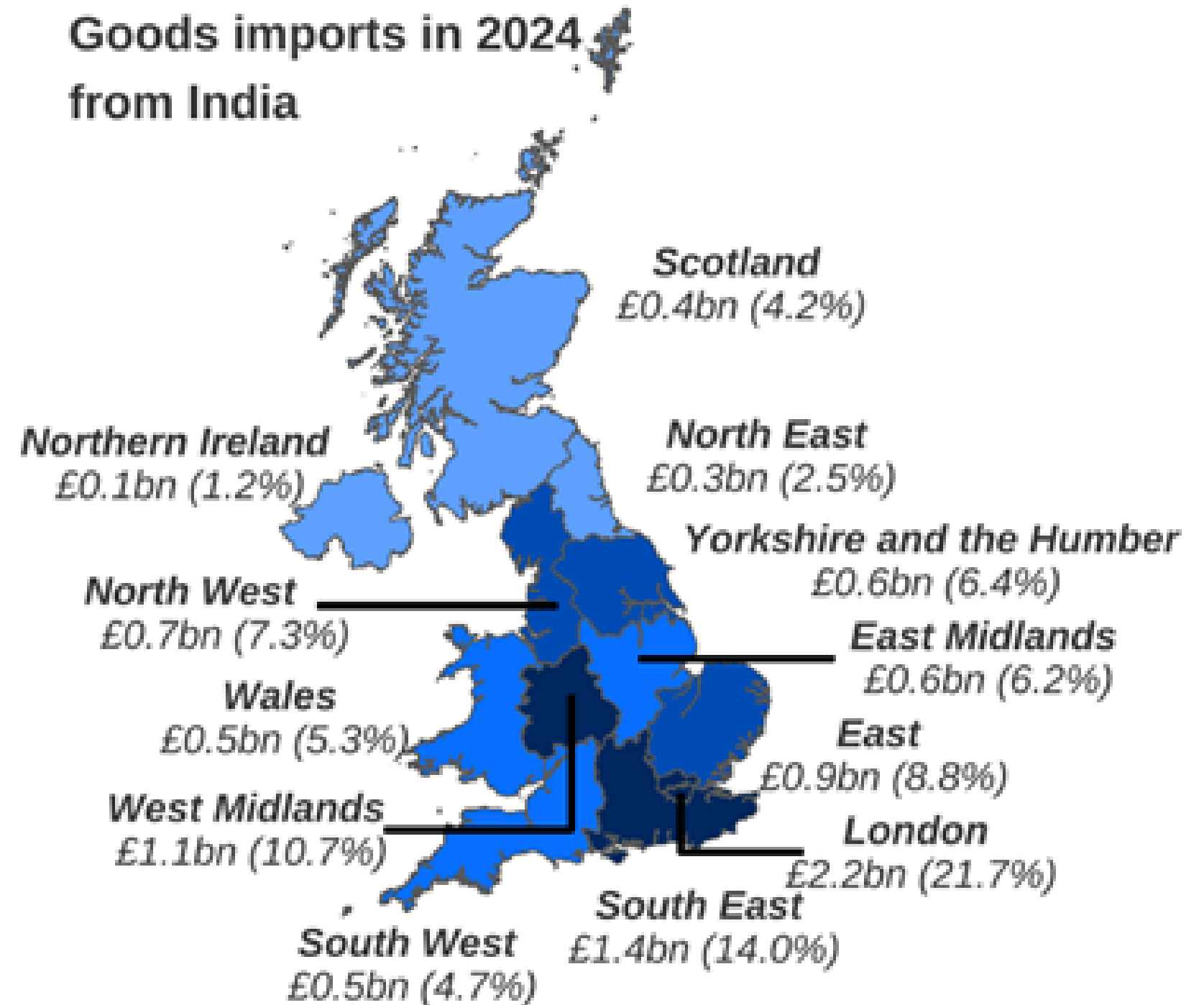
Source: ONS, February 2025

UK Regional Trade with India: Who Trades the Most?

Goods exports in 2024 to India



Goods imports in 2024 from India



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Source: HMRC, March 2025

The maps are shaded with the 3 UK regions with the highest amount of trade as the darkest colour, and the 3 UK regions with the lowest amount of trade as the lightest colour.

PEGGING ORDER

Primary exporters of Whisky to India

|  | Value (\$mn) | Quantity (MT) |
|---|--------------|---------------|
| UK | 328 | 51,500 |
| US | 24 | 3,020 |
| Ireland | 19 | 4,107 |
| Total | 406 | 61,535 |

MT: Metric Tonnes; Source: DGCIS

Source: The Times of India

- As per the agreement, India will reduce duty on UK whisky and gin from 150 per cent to 75 per cent and further to 40 per cent in the tenth year of the deal
- The tariff reduction on imports is over a longer period of time (10 years) and even after that it will attract significant customs duty (40 per cent)
- India's whisky market is dominated by country-made liquor (88%) and India-made foreign liquor (9.5%), with Scotch whisky comprising only 2.5%. Despite planned tariff reductions, Scotch imports will still face high duties, and per the Scotch Whisky Association, are unlikely to significantly impact the domestic market.

(Source: ET)

India's Textile & Apparel Exports to UK – Baseline vs. Potential Growth

| Metric | Pre-FTA (2023) | Projected Short-Term (2028–30) |
|--------------------------------------|--|---|
| India → UK textile & apparel exports | ~\$1.2 billion (6 per cent share of UK market) | \$2.0-2.5 billion (estimated 10 per cent+ share of UK market) |
| Import duty in UK on Indian apparel | 8-12 per cent tariff (MFN) | 0 per cent (duty-free access) |
| Annual growth in export value | ~10-20 per cent (recent trend) | 15 per cent+ (surge expected post-FTA) |
| Competitive position | Disadvantaged vs duty-free suppliers (e.g. Bangladesh) | Parity or advantage (tariff parity + India's scale and quality) |

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