

Our Views

Be Ready to Export: India-UK FTA is a Transformational Leap

India's signing of its 13th Free Trade Agreement (FTA), this time with the United Kingdom, marks a watershed moment in our trade and economic journey. While India has previously signed important FTAs with Japan, Singapore, Australia and the UAE, the India-UK deal stands out for its depth, breadth, and long-term potential.

Though the full impact will play out over the next decade, early signs of transformation will be visible much sooner. This agreement is more than just a trade pact, it is a strategic shift in India's global trade posture.

The Twin Impact: Tariffs and Trade Processes

Most conversations around FTAs focus on tariff reductions, and rightly so. The India-UK FTA provides near-total elimination of duties (around 99%) on traded goods over time. For sectors such as textiles, gems and jewellery, leather, farm produce, and processed food, this opens vast new market opportunities in the UK.

However, just as significant, and often underappreciated, is the simplification of trade processes. The promise of clearer tariff structures, reduced documentation burdens, and potential customs clearance within 48 hours could be a game changer. For many exporters, especially MSMEs, these process frictions are the real bottlenecks. Removing them will have an immediate impact.

India's Expanding Trade Architecture

With the India-UK deal, India now has 13 FTAs and around 6 Preferential Trade Agreements (PTAs) in place. Coupled with improving infrastructure such as industrial clusters, road-rail-port connectivity, and digitized logistics, we are well-positioned to accelerate our export-led growth.

This is the time to scale up, not just capacity but ambition.

MSMEs and Employment: The Hidden Engine

The FTA's greatest impact will likely be felt in labour-intensive, MSME-driven sectors. Industries such as textiles, handicrafts, food processing, and leather goods are key beneficiaries. These are also the sectors that create millions of jobs.

Supporting these sectors through improved access, reduced costs, and better logistics has a multiplier effect, not just on exports, but on livelihoods across the country.

Services and Skilled Mobility

India's services sector, especially in IT, consulting, finance, education, and creative fields, depends heavily on the free movement of professionals. The India-UK FTA is expected to streamline visa regimes and ease temporary mobility, allowing talent to flow more freely.

While India's financial services sector is already largely open to FDI, areas like accounting, auditing, and advisory could benefit from mutual recognition and regulatory alignment.

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A Clear Strategic Shift

The India-UK FTA represents a philosophical and policy transition. India is clearly moving from protectionism to global integration, balancing domestic priorities with international competitiveness.

This agreement includes, Near-universal tariff elimination, Enhanced services and procurement access, Social and environmental safeguards, Commitments on investment and innovation.

It sets the stage for India's deeper integration into global value chains, especially at a time when supply chains are being redefined worldwide.

Execution Will Be Key

As with all policy shifts, implementation is everything. The success of this FTA depends on, Regulatory clarity and consistency, Industry alignment, Infrastructure support, And above all, execution at the ground level.

The natural question arises: Are we ready?

We faced the same question in 1991, when India opened its economy. History shows that we didn't just survive the change, we thrived. The India of today is far more prepared, resilient, and capable.

A Bold Step Toward a Developed India

This FTA is more than an economic arrangement, it is a strategic and symbolic move. It reflects India's aspiration to lead, to compete, and to be counted among the world's most open, dynamic, and forward-looking economies.

Credit must go to our leadership for taking this bold, long-term view, and aligning it with the needs of industry, employment, and inclusive growth. The message is clear: the world is opening its markets to India. It's time for us to step forward, and lead from the front.

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