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India and UK Sign Landmark Trade Deal to Slash Tariffs and Boost Bilateral Commerce

CETA agreement aims to double $56 billion trade by 2030 as key industries in both countries prepare for sweeping changes

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The India-UK Comprehensive Economic and Trade Agreement (CETA), signed on July 24, 2025, is set to take effect in the second week of May, according to an Indian government official. The agreement marks a significant step in economic relations between the two countries, aiming to double their current trade volume of $56 billion by 2030.

Under CETA, 99% of Indian exports will enter the UK market at zero duty. This move is expected to benefit Indian industries such as textiles, footwear, gems and jewelry, sports goods, and toys. These sectors have long sought greater access to the British market, and the removal of tariffs is likely to boost their competitiveness and export volumes.

In exchange, India has agreed to reduce tariffs on several British products. Notably, tariffs on Scotch whisky will drop from 150% to 75% immediately after the agreement comes into force. By 2035, these tariffs will be further reduced to 40%. The high import duties on whisky have been a longstanding issue for UK exporters seeking entry into India’s growing consumer market.

Automobiles are another key area addressed in the agreement. India will gradually lower import duties on British cars from rates as high as 110% down to 10% over five years. This reduction will occur under a quota system that allows for a controlled increase in imports. In return, Indian manufacturers will gain access to the UK market for electric and hybrid vehicles within a similar quota framework.

The agreement also covers a range of consumer goods. India has opened its market to British chocolates, biscuits, cosmetics, and other products. These items are expected to become more affordable for Indian consumers as tariffs are reduced or eliminated.

Alongside CETA, both countries have signed the Double Contributions Convention (DCC). This pact ensures that temporary workers from either country will not have to pay social security contributions in both jurisdictions. The DCC is expected to facilitate smoother movement of professionals and skilled workers between India and the UK.

Officials from both sides have indicated that CETA and DCC are likely to be implemented simultaneously. The agreements are seen as part of a broader effort to strengthen economic ties and create new opportunities for businesses and workers in both countries.

The rollout of CETA comes after years of negotiations and reflects a mutual interest in expanding trade beyond traditional sectors. For India, the deal offers a chance to increase exports in labor-intensive industries and attract investment. For the UK, it

provides access to one of the world’s fastest-growing markets at a time when it is seeking new trade partners post-Brexit.

Industry groups in both countries have welcomed the agreement but note that its success will depend on effective implementation and continued cooperation between governments. As the May rollout approaches, businesses are preparing for changes in tariffs and regulations that could reshape trade flows between India and the UK.