



INDIA - UK RELATIONS - GS II MAINS

Q. “India and the United Kingdom share a modern partnership bound by strong historical ties”. In line with the above statement, enumerate the significance of India-U.K. relations across sectors. (10 marks, 150 words)

News: *India, UK next round of talks for free trade agreement*

What's in the news?

- The next round of talks for the proposed Free Trade Agreement (FTA) between India and the UK will start to resolve remaining issues and conclude the negotiations, an official said.

Key takeaways:

- The 13th round of negotiations for the proposed pact was held between September 18 and December 15.
- These negotiations would focus on complex issues in the areas of goods, services, and investment.
- Issues that are pending include duty cuts on electric vehicles, whiskey, and the movement of professionals.

India-UK proposed Bilateral Investment Treaty (BIT):

- India and the UK launched the talks for an FTA in January 2022 with a view to boost economic ties between the two nations.
- There are **26 chapters** in the agreement, which include goods, services, investments and intellectual property rights.
- **The Indian industry is demanding greater access for its skilled professionals from sectors like IT, and healthcare in the UK market, besides market access for several goods at zero customs duties.**
- The bilateral trade between India and the UK increased to USD 20.36 billion in 2022-23 from USD 17.5 billion in 2021-22.

India - UK Relations:

1. Enhanced trade relationship:

- India and the UK are two of the largest economies on the planet. Economic relationship between the two is reaching new heights with an enhanced trade partnership.

2. Minimised trade barriers:

- Both have lowered several trade barriers, pledged to bring down many more and set an ambitious target to **double the value of India-UK trade by 2030.**



3. Opening up opportunities in UK:

- Since then, Indian firms, including established businesses and recent startups, have been finding opportunities in the UK.

4. Business and investment in India:

- British businesses in fields ranging from food to financial services are expanding and investing in India.
- The car manufacturer, McLaren, which has just opened a showroom in Mun is one example.

5. FTA's beneficial for future and mutual growth:

- An India-UK free trade agreement is a natural next step for both, bringing two nations with extraordinary plans for their futures closer still.

Free trade agreements (FTA):

- Free trade agreements are agreements between the two or more countries or trading blocks that primarily agree to eliminate or reduce customer tariff and non-tariff barriers on substantial trade between them.

Importance of Free Trade Agreements:

1. FTA include multiple trade aspects:

- FTAs cover a wide array of topics such as tariff reduction impacting the **entire manufacturing and the agricultural sector**; rules on services trade; digital issues such as data localization; intellectual property rights that may have an impact on the accessibility of drugs; and investment promotion, facilitation, and protection.

2. Great impact on economy and society:

- Consequently, an FTA has a far-reaching impact on the economy and society.
- Given this, one legitimately expects transparency and greater scrutiny of the FTA process both during and after the negotiations.

FTA Benefits to India:

1. Greater market access works both ways:

- Prime Minister Modi has urged Indian businesses to export their products to the world with "**zero- effect, zero-defect**".
- In other words, high-quality goods with no environmental impact. A free trade agreement between our nations could further help achieve this target.
- It would help Indian firms to sell to a market that imported almost **£820 billion of goods and services** from around the world in the last 12 months on record.

2. UK will aid in the ongoing India's economic progress:

- The Indian economy's future is an exciting one, with the prospect of **new technologies, growing businesses and better jobs** for its citizens.



- The UK has the skills and experience to aid this progress. A deal that's right for both could make it cheaper and easier for ambitious Indian businesses to tap into this expertise.
- It is also only right that the millions of SMEs that power India's economy benefit from a deal.

3. Investment in one another's economy will multiply the opportunities:

- The British cybersecurity solutions firm, Telesoft Technologies, has just said it will pump £10 million into its India subsidiary over the next five years supporting a growing **telecoms sector**.
- A free trade agreement that smooths British and Indian firms' path to invest in one another's economy would mean such opportunities multiply.

4. FTA can be a force of primary economic growth in uncertain times:

- A free trade agreement's value cannot be measured entirely in rupees and pounds.
- **Covid-19's impact on supply chains, slow global economic growth and volatile markets** mean we are living in uncertain times, where free trade could be the primary force of prosperity throughout history.
- It will help to build the long-term security that people around the world need right now.

In the economic uncertainty, free trade can be considered as the answer to building the long-term security that people around the world need right now. It would be great to have the UK alongside on this journey, as we together can use trade to benefit our citizens and the world.

