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# COUNTRY DOSSIER

## United Kingdom

January 2023

# Country Dossier - UK

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The United Kingdom (UK) is the sixth largest investor in India and has invested USD 32.82 billion in FDI inflows between April 2000- September 2022. A strong trade deal with India could boost the UK economy by billions of pounds over the long term. Cutting red tape and high tariffs could also make it easier and cheaper for UK companies to sell in India, driving growth and supporting jobs. India-UK bilateral trade currently stands at around 29.6 billion pounds a year. Both sides formally launched FTA negotiations in January last year. There are currently 572 UK companies in India with a combined turnover of USD 48 billion. Some of the sectors attracting investment from the UK that have seen strong growth include education, retail, consumer goods, life sciences, healthcare, and infrastructure. India is the second largest FDI contributor in the UK. Over 900 Indian companies operate in the UK , generating a total turnover of USD 68.04 billion.

# G2G initiatives

India and the UK have agreed to conclude negotiations towards a free trade agreement (FTA) at the earliest. UK Secretary of State for International Trade Kemi Badenoch met Commerce and Industry Minister Piyush Goyal, as both nations started their sixth round of FTA negotiations. The FTA is likely to be closed by March 2023. The FTA won't include any increase in the number of free movement visa offers for Indians, Badenoch said.

Prime Minister Rishi Sunak had earlier conveyed to Prime Minister Narendra Modi his hope of finalising the trade agreement during a call. The talks concluded in December 2022 with detailed draft treaty discussions across 11 policy areas over 28 separate sessions. The UK expects a deal to cut tariffs, open opportunities for UK services such as financial and legal, and allow British businesses to expand into the Indian economy.

Supported by the UK Government, the defence industry organisations from India and the UK have come together to create a new Defence Industry Joint Working Group for more effective cooperation. UK industry is already integrating Indian defence suppliers into their global supply chain and manufacturing defence equipment .

# Sectoral Synergies

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## *Retail*

- Online fashion retailer Boohoo is entering the Indian market through a deal to feature its brands on Walmart Inc -owned online fashion site Myntra. The UK-based group and its Dorothy Perkins and Nasty Gal brands will offer categories including dresses, tops, bottoms and footwear on the Indian site.
- Tata Consultancy Services has partnered with Sainsbury, a supermarket retailer in the UK, to accelerate the business growth of the latter through a cloud-first strategy.
- Tesco is expanding its India operations with plans to hire over 1,000 people in the next one year for its technology centres in Bengaluru.

## *Defence*

- Rolls-Royce is offering India the MT30 turbines in collaboration with HAL which has been designed to meet the requirements of naval platforms for all-electric and hybrid propulsions. Rolls-Royce has a long history of partnering with India in manufacturing and operating aero engines. Currently, some 750 Rolls-Royce engines power aircraft in service with the IAF, the Indian Navy and Hindustan Aeronautics Limited (HAL). For Rolls-Royce, the big prize in India's aero engines field is the opportunity to design and develop a power pack for the Advanced Medium Combat Aircraft, which will form the backbone of the IAF's fifth-generation fighter fleet starting a decade from now.

## *Fintech*

- British International Investment, the development financial institution of the UK government, will be investing USD 9.2 million in India's NBFC-MFI Light Microfinance.
- Small business lender Kinara Capital secured Rs 2 billion (around USD 25 million) in a financing round led by UK's development finance institution (DFI) British International Investment (BII).

## *Insurance*

- UK-headquartered insurance broker Howden will increase its stake in its Indian arm from 49% to 100%. The group, the largest non-US broker globally, has received regulatory approval for the transaction.

## *Energy*

- Energy giant Shell has announced that it plans to set up more than 10,000 electric vehicle (EV) charging points in India by 2030, even as Shell launched its first EV chargers in India, for the four-wheeler and two-wheeler segments in Bengaluru. Notably, India is the first market for Shell to launch chargers for two-wheelers and in its statement.


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