

Country Dossier

UK

2025





Country Dossier – UK

The bilateral trade between India and the UK increased to USD 21.34 billion in 2023-24 from USD 20.36 billion in 2022-23. The UK is the 6th largest inward investor in India, with a cumulative equity investment of USD 35.65 billion (April 2000 – December 2024), accounting for around 5% of all foreign direct investment into India.

The India-UK Free Trade Agreement has been hailed as a landmark step in strengthening bilateral ties, with industry leaders recognising its potential to deepen economic cooperation, drive innovation, and support the shared goal of reaching USD 100 billion in trade by 2030. The agreement is seen as a catalyst for strategic collaboration across technology, supply chains, and investment flows, aligned with the broader 2030 roadmap.

Overview (1/3)

- The recently signed UK-India FTA (Free Trade Agreement) is further expected to increase investment of UK Businesses in India and vice versa. The agreement will indirectly create hundreds and thousands of jobs across both countries in key sectors. As per media agencies, UK enterprises currently support over 6,00,000 jobs in India, and this figure is anticipated to rise with increased bilateral investments facilitated by the FTA. On the other side, Indian companies have generated employment and new jobs in the UK over the past three years. This FTA will be expected to further bolster the trend by encouraging more Indian investments. In 2024, there were 971 Indian Owned companies operating in the UK employing nearly 118,430 people and this is expected to increase further once the agreement comes into full force. This agreement would level up businesses throughout the UK, benefiting MSMEs as well as large-scale UK exporters.
- The agreement will lead to enhanced cooperation in emerging areas such as advanced technologies, defense, health, climate change, clean & renewable energy, and the financial sector. India's strengths in software development, artificial intelligence, and digital innovation, as showcased by successful several startups offer valuable lessons for the UK's tech innovation experience. The agreement will explore research & development, education & skilling for deeper collaboration. Further, potential joint research programs in life sciences and deep tech can also be enhanced.

Transforming Infrastructure

India and the UK have launched the UK-India Infrastructure Financing Bridge (UKIIFB) to boost international investments in India's infrastructure, focusing on sectors such as highways, transportation, and renewable energy. Established during the UK Economic and Financial Dialogue in September 2023, this two-year initiative involves the City of London Corporation and NITI Aayog. Its goal is to make India's large-scale projects "bid-ready" by aligning them with global standards and reducing investment risk.

Overview (2/3)

India-UK education corridor

- India's National Education Policy (NEP) 2020 opened new opportunities for collaboration between Indian and UK educational institutions. A key example is the University of Southampton, which in August 2024, became the first foreign university to set up a campus in Gurugram, with academic programmes starting in July 2025, offering the same standards as its UK counterpart. Moreover, the 2022 Mutual Recognition of Qualification Agreement (MRQA) between India and the UK facilitates recognition of degrees, promoting the establishment of joint and dual degree programmes. Meanwhile, Indian students continue to be the largest group of non-EU international students in the UK, accounting for 26% of such enrollments in the 2022-23 academic year.

Growing collaboration in telecommunications

- In July 2024, India and the UK launched the 'Technology Security Initiative' (TSI) to boost joint research and development in telecom security and network performance. This includes a Future Telecoms Partnership focusing on Open RAN systems, 6G development, and telecom security, involving the UK's SONIC Labs, India's C-DOT, and the DOT's Telecoms Startup Mission. UKRI and DST have also announced a GBP 7 million partnership on telecoms research. India is home to many British telecom companies such as BT, Vodafone, Ericsson, and Claranet, who are expanding their activities in the country, focussing on areas like 5G, cybersecurity, and infrastructure enhancement. India-UK education corridor Growing collaboration in telecommunications India and the UK are working to enhance cooperation between their cyber agencies for a secure cyberspace. In July 2024, they held the Sixth Cyber Dialogue, focusing on cyber-threat assessment, internet governance, data protection, and critical infrastructure security. Both countries are committed to strengthening this partnership. UK businesses in India are investing in advanced security technologies, like AI-driven threat detection and encryption, to protect telecom data and infrastructure.

Joint efforts in cybersecurity

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Overview (3/3)

In 2024, India-UK investment dynamics revealed differing priorities and market conditions. The first half of FY25 experienced a decline in inbound deals, falling from seven deals totalling USD 1 billion in early 2024 to just one deal worth USD 5 million. Despite this, overall deal volumes remained stable compared to 2024, with a fourfold increase in value, largely due to Bharti Global's USD 4 billion acquisition of a 25% stake in British Telecom Group.

- Deal momentum in the India-UK corridor has slowed, particularly for inbound investments, mirroring global trends. Rising interest rates, inflation, and geopolitical uncertainties have dampened activity, with investor caution and valuation gaps hindering closures. In 2024, UK-to-India inbound investment totalled 10 deals worth USD 1,070 million, primarily due to a second-quarter spike. However, FY25 saw a sharp decline, with only one deal worth USD 5 million in Q1 and none in Q2.
- The Banking and Financial Services sector led inbound investments, attracting USD 945 million through four deals, including Rapyd's USD 610 million acquisition of PayU and Bupa's USD 329 million stake increase in Niva Bupa Health Insurance, highlighting interest in FinTech, insurance, and sustainable finance. The IT & ITES sector also grew, with six deals worth USD 125 million, driven by SaaS and tech start-ups, including SRAM & MRAM's USD 100 million investment in Zyber 365. In 2025, inbound activity slowed with only one education deal, while outbound investments picked up, especially in real estate and telecom, culminating in a USD 4 billion deal.

Key highlights of the India-UK FTA



India-UK FTA to unlock EUR 25.5 billion in trade: UK Trade Commissioner for South Asia

The India-UK Free Trade Agreement (FTA), finalized in May 2025, is more than just a diplomatic milestone—it is a transformative economic pact that will reshape business landscapes in both nations. With projections indicating a EUR 25.5 billion annual boost in bilateral trade by 2040 (UK Government, 2025) and a target to double trade to USD 100 billion by 2030.

- Zero-duty market access: Approximately 99 percent of Indian exports will enjoy zero-duty access to the UK market, enhancing export competitiveness.
- Tariff reductions for Indian imports: Import duties on 90 percent of tariff lines will be reduced, with 85 percent of these becoming completely tariff-free over the next 10 years, offering notable savings for Indian consumers and businesses.
- Lower tariffs on key UK exports: India has agreed to lower tariffs on a range of high-value British exports, including whisky, medical devices, advanced machinery, and lamb, making these products more competitive in the Indian market.
- Reduced costs for Indian consumers: The agreement cuts import duties on a wide range of products, including cosmetics, aerospace components, medical equipment, salmon, electrical machinery, soft drinks, chocolates, and biscuits, potentially lowering consumer prices in India.
- Affordable British imports: UK consumers will benefit from reduced costs on popular Indian imports such as clothing, footwear, and various food items, including frozen prawns.
- Automotive tariff reductions: Tariffs on automobiles will drop significantly, from over 100 percent to 10 percent under a special quota system, reducing costs for UK automakers exporting to India.

Key highlights of the India-UK FTA

- Social security savings: Indian professionals working temporarily in the UK will benefit from a three-year exemption from social security contributions, reducing the financial burden for both employees and employers.
- Expanded export opportunities for key sectors: The agreement is expected to boost exports from India's labor-intensive sectors, including textiles, marine products, leather, footwear, sports goods, toys, gems and jewelry, engineering goods, auto parts, engines, and organic chemicals, creating new business and employment opportunities.

Sectoral Synergies



Automotive

- UK-based development finance institution British International Investment (BII) will invest USD 33.5 million in three companies in India's electric vehicle (EV) sector. BII provide USD 15 million of debt financing to Mumbai-based fleet operator Everest Fleet and USD 15 million in equity funding for EV manufacturer TI Clean Mobility, a subsidiary of Tube Investments India. It would also invest USD 3.5 million in EV component maker Vecmocon.



Renewables

- ReNew Energy Global Plc, a leading decarbonisation solutions company, has secured a USD 100 million (INR 8700 million) investment from BII to accelerate the growth of its solar manufacturing business in India. The investment will be made in ReNew Photovoltaics Private Limited ("ReNew Photovoltaics" or "Company"), ReNew's dedicated solar manufacturing subsidiary in India.
- The UK government's development finance institution British International Investment (BII) plans to invest about USD 1 billion in Indian climate-related projects by 2026, a top official said, drawn to the country's expanding renewable energy capacity.



Insurance

- Prudential plc announced its plan to establish a joint venture with Vama Sundari Investments (Delhi) Private Limited ("Vama"), an HCL Group's Promoter Company, to operate a standalone Indian health insurance business. The joint venture aims to address the growing healthcare needs of the Indian consumer and contribute to the Indian Government's vision - "Insurance for All by 2047."

Sectoral Synergies



Defence

- India and the UK agreed to enhance their defence-industrial collaboration in electric propulsion for warships and fighter jet engines while reaffirming their expanding strategic convergence in the crucial Indo-Pacific region.
- The UK India Business Council (UKIBC) report highlights major opportunities for UK defence firms to partner with India through joint R&D, technology transfer, and co-manufacturing aligned with India's defence modernisation goals. It recommends deeper government-to-government collaboration, creation of a UK-India MSME defence hub, and active engagement with Indian defence corridors to leverage local incentives and infrastructure.
- Further commitments under the UK India 2030 Roadmap include partnership initiatives for India's indigenous combat air programs, namely LCA Mk-II and AMCA. Rolls Royce has solidified its presence in India through a partnership with Hindustan Aeronautics Limited (HAL) for packaging, installation, marketing, and service support of Rolls-Royce MT30 marine engines.
- Thales UK and Bharat Dynamics Limited (BDL) have entered into an agreement to produce the next generation of VSHORAD missiles in India, supplying both the UK and Indian Armies with a 'Made in India' Laser Beam Riding MANPAD System. MBDA UK has also established a live build capability for the Advanced Short Range Air-to-Air Missile (ASRAAM) in partnership with BDL.

Sectoral Synergies



Funds/Investments

- British International Investment (BII), the UK government's development finance institution, plans to invest more than USD 250 million in India in the current year (2024). Overall, the BII is also looking to invest about USD 1 billion in Indian climate-related projects by 2026. The DFI is evaluating businesses in bio-fuels, circular economy, etc, as part of the agreed 2030 roadmap between the two countries. Its current portfolio in India is about USD 2.2 billion, with investments in over 290 businesses. Last year, BII invested up to USD 250 million in automaker Mahindra and Mahindra Ltd's new electric vehicle unit.
- BII, which also makes venture capital and private equity-style investments across debt, equity, and funds, aims to up its game coming in at an early stage through primarily direct and co-investments.



Agriculture

- BII to support the future of farming in India and invested USD 10 million in Grow Indigo, a pioneer in sustainable agriculture programmes for smallholder farmers.

Key Representative Experience

UNITED KINGDOM

WPP Plc

- Sale of 60 per cent stake in its global data analytics arm, Kantar to US private equity group Bain Capital for around USD 4 billion including debt.

Rolls Royce

- Review of their employment contract, employee policies, and employment handbook. Also, advisory on various compliance related issues.

Smiths Detection UK PLC

- Investment in the detection equipment supply and services business in India with a minority stake held by an Indian partner.

Tesco Overseas Investments

- Joint venture with the Tata group to operate the Star Bazaar hypermarket business, which is the only multi-brand retail trading business, having foreign direct investment, with a license to operate in India.

Aon Plc

- Insurance broking JV with Hober Mallow Trust and exiting its earlier JV with Global Insurance Services.

3i Group Plc

- Successfully representing against Krishnapatnam Port Company Ltd in a LCIA Arbitration.
- Exiting its investment in KMC Constructions Ltd.

UNITED KINGDOM

British International Investment plc (BII) (formerly known as CDC Group plc)

- Acquisition of minority stake in Renew Photovoltaics Private Limited (a group entity of the Renew Group).
- Minority stake in iMerit Inc., which has an Indian subsidiary (iMerit Technology Services).
- Co-investment with TPG (through certain Mauritian co-investment vehicles) in STS Holdings Limited, engaged in multi-disciplinary hospitals in Bangladesh.
- Subscription of up to secured non-convertible debentures issued by Future Consumer Limited on a private placement basis.
- Investments in Tata Housing and Blue Sapphire.

Regeneris Plc

- 100% Acquisition of Digicomp Complete Solutions.

Capita Plc.

- Acquisition of Prudential Process Management Services' captive BPO business in India.

Actis

- Investment in Ostro Energy and subsequently on the sale of its entire stake in Ostro Energy to ReNew Power.
- Acquisition of a 400 MW portfolio of renewable energy projects from Shapoorji Pallonji Infrastructure.





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