

**GOODS
AND
SERVICES
TAX**

**GST
UPDATES**

India UK Comprehensive Economic and
Trade Agreement (CETA)

Date of Signing: 24 July, 2025

On 24 July 2025, India and the United Kingdom officially signed the Comprehensive Economic and Trade Agreement (CETA). This marks a historic milestone in bilateral economic cooperation aimed at expanding trade, investment, and people-to-people movement.

Key Official Commitments: -

1. Tariff Liberalization

- **United Kingdom's commitment:** One hundred percent of Indian exports by trade value will receive **99 percent tariff-free access**, covering approximately **10 billion British Pounds worth** of goods exported from India to the United Kingdom annually.
- India has opened 89.5 % of its tariff lines covering 91 % of UK's export.

2. Sector-Wise Data

a) Textiles and Apparel

The United Kingdom will eliminate tariffs on all textile and apparel lines, down from the earlier 12% duty. This accounts for 1,143 tariff lines, contributing 11.7%.

b) Leather and Footwear

0% duty has been granted for importing Leather, Leather and Synthetic Products, Fur and fur products and Footwear and Footwear Components from India, where these products were earlier facing up to 16% duty.

c) Gems and Jewellery

For jewellery articles, the United Kingdom has eliminated tariffs effective from the date of entry into force of the agreement. Earlier this sector was facing up to 4% duty.

d) Agriculture and Processed Foods

For agriculture and processed food, the United Kingdom has provided zero duty market access. The India-UK CETA is projected to significantly boost India's agricultural and processed food sector, with exports of these products expected to increase by more than 50% over the next three years.

e) Pharmaceuticals

- Zero duty market access is also provided to Pharma sector covering 56 tariff lines.
- Many medical devices like surgical instruments, ECG machines, X-Ray systems will not attract any duty.

f) Engineering Goods and Auto Components

- The zero-duty access is provided to engineering goods. The engineering goods sector holds the largest share among all listed sectors, encompassing 1,659 tariff lines, which represent 17.0% of the total.
- This highlights the wide array of engineering products—such as machinery, components, and equipment—covered under the agreement, emphasizing the sector's key role in industrial growth and trade relations.

g) Information Technology and Business Services

- The UK has taken full commitments in Computer and Related Services, giving certainty to Indian businesses planning to invest in the UK.
- Service sector entities, particularly in IT with an established presence in the UK, stand to benefit from enhanced regulatory regarding visa provisions for Indian professionals.

h) **Mutual Recognition and Professional Mobility**

- Both countries have committed to establishing Mutual Recognition Agreements (MRAs) for professional qualifications within 12 months of the agreement's implementation, focusing on sectors such as nursing, accountancy, and architecture.
- For Indian professionals, the UK has offered a structured framework for temporary entry and stay across various categories, including Business Visitors, Intra-Corporate Transferees, Contractual Service Suppliers, Independent Professionals, and Investors.


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