



India-U.K. Comprehensive Economic and Trade Agreement (CETA)

Why in news: India and the U.K. signed CETA, a landmark FTA concluding talks since 2022, seen as Britain's **biggest trade deal since Brexit**.

- PM Modi began his U.K. visit by meeting **King Charles III** and unveiling the **India-U.K. Vision 2035**, replacing the 2030 Roadmap. The visit also marked progress under the **Comprehensive Strategic Partnership**, with earlier agreements like the **Technology & Security Initiative** and a defence industrial cooperation framework.

India-U.K. Comprehensive Economic and Trade Agreement (CETA):

Dimension	Pros (Gains)	Risks (Concerns)
Goods Trade & Tariff Reductions	<ul style="list-style-type: none"> - U.K. removes tariffs on 99% of product lines, covering \$6.5B Indian exports (textiles, footwear, carpets, seafood, autos, fruits). - India reduces/eliminates duties on 90% of tariff lines, covering 92% of U.K. exports (whiskey, cars, engineering goods, cosmetics, medical devices). - Automobiles: first-time inclusion; luxury cars duty cut 110% → 10% over 15 yrs under quotas; mid-sized cars 50% initially, then 10% by yr 5; no EV/hybrid concessions for 5 yrs. - Indian exports of footwear, jewellery, seafood, engineering, agriculture to expand; farm exports projected + 20% in 3 yrs. - Tariffs on 99.7% processed food lines cut (70% → zero), giving India advantage over U.S. & China. 	<ul style="list-style-type: none"> - Sensitive sectors excluded: dairy, apples, oats, edible oils → reflects India's defensive stance. - Tariff concessions on autos may pressure domestic automobile industry despite phased quotas.
Services & Professional Mobility	<ul style="list-style-type: none"> - India opens accounting, auditing, financial, telecom, environmental services to U.K. firms without local presence. - India to recognise U.K. qualifications in law & accounting (excluding practice). - U.K. grants commercial presence rights to Indian IT, consultancy, environment firms. - Double Contribution Convention (DCC): 75,000 Indian workers on short stints exempt from dual social security payments. 	<ul style="list-style-type: none"> - U.K. allows just 1,800 visas annually for niche roles (yoga instructors, classical musicians). - Broader categories (IT professionals, business visitors) excluded, limiting labour mobility benefits for India.



GCCs & Digital Economy	<ul style="list-style-type: none"> - Global Capacity Centres (GCCs) recognised as key collaboration; India already hosts 1,500+ GCCs, 1.9M employees. - U.K. firms see India as hub for R&D, cybersecurity, analytics, emerging tech. - Digital trade chapter avoids source code disclosure, ensuring tech firm confidence. - Commitments: validity of e-contracts, consumer protection, spam curbs, open internet. - India retains flexibility on data localisation. 	<ul style="list-style-type: none"> - Misalignment between India's strict localisation norms (e.g., RBI) and U.K.'s preference for free data flows may create friction.
Investment, Procurement & Rules of Origin	<ul style="list-style-type: none"> - Local sourcing norms (RoO): goods must be significantly transformed in India/U.K. → prevents Chinese rerouting. - Encourages FDI in Indian manufacturing. - U.K. firms gain access to 40,000 Indian central govt contracts (transport, green energy, infrastructure). - U.K. clean energy sector gets unprecedented procurement access. - India's MSMEs retain Class-I supplier status; U.K. firms treated as Class-II suppliers. 	<ul style="list-style-type: none"> - U.K. access to procurement may challenge Indian firms, even if MSMEs protected. - FDI may concentrate in stronger states, leaving smaller states behind.
Public Health Concerns	<ul style="list-style-type: none"> - Economic survey & Dietary Guidelines (2024) recommend tighter food regulations. - SC (2025) directed govt to act on warning labels (FOPNL). 	<ul style="list-style-type: none"> - Tariff-free entry for U.K. biscuits, chocolates, soft drinks → risks HFSS consumption surge. - Lessons from Mexico NAFTA: obesity/diabetes rise after junk food influx. - India lacks binding HFSS ad bans (unlike U.K., which bans TV pre-9pm & all online ads from Oct 2025). - FOPNL stalled, industry lobbying weakened proposals. - UPF/HFSS foods grew at 13.3% CAGR (2011–21); linked to obesity, diabetes, hypertension.
Intellectual Property & Pharma	<ul style="list-style-type: none"> - Zero-duty access for 99% Indian pharma & med-device exports. - India's generics exports to U.K. already \$910M (FY24). - U.K. pharma market projected to grow \$45B → \$73B by 2033, opening opportunities. - Boost for high-quality niche Indian manufacturers. 	<ul style="list-style-type: none"> - IP provisions favour patent owners, undermining generic drug access in India & Global South. - Patent working disclosures cut annual → triennial, weakening compulsory licensing. - Evergreening concerns under Section 3(d) of Patents Act. - Reliance on voluntary licences may limit affordability of medicines.

Strategic and Long-Term Significance

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- U.K. is India's **6th-largest investor** (\$36B cumulative), while India has invested **\$20B** in the U.K.
- CETA expected to **boost FDI**, with the U.K. acting as a **gateway to Europe** for Indian goods.
- Both sides highlighted **give-and-take**: India opening 90% of tariff lines, U.K. 99%, but each protecting sensitive sectors.
- States like **Uttar Pradesh** are creating GCC conclaves and policies to attract U.K. investments to **Lucknow, Varanasi, Kanpur, and Prayagraj**.
- CETA serves as a **template for India's upcoming trade talks** with the U.S. and EU, especially on **MSME safeguards, digital norms, and IP rights**.

Do you know?

- The **European Union (EU)** is a group of **27 countries in Europe** that work together to make things **better, easier, and safer** for people.
- These countries agreed to **cooperate and help each other**.
- **India** established **diplomatic relations** with the **European Economic Community** (precursor to the EU) in **1962**.
- The **Joint Political Statement (1993)** and the **Cooperation Agreement (1994)** strengthened **India-EU ties**.

[**Current Affairs Course is now Live**](#). Course will start in October 2025 1st week.

Modules will include class notes, monthly compilation, quarter compilation and annual compilation. This will help in regular revision r/t in the fag-end of preparation.

I will provide my annual compilation, like last year, on Telegram in May 1st week.

[**Last year I had promised 20 questions in Prelims from my notes & 28+ Questions could be answered from the same.**](#)

30 questions is my aim for 2026 prelims. To meet that, I have analyzed why I missed 5-6 C.A. questions in 2025 and I have increased my coverage accordingly.

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