

UK INDIA
BUSINESS COUNCIL

PARTNERSHIP FOR GROWTH

**Recommendations for a
stronger UK-India partnership**
June 2024

India matters. By 2028 it will become the world's third biggest economy. With the world's largest population, the median age of its 1.4 billion citizens is just 28 years. Its geopolitical role is growing.

Much work has already been done to lay the foundations of an ambitious Free Trade Agreement (FTA) between the UK and India.

Concluding the FTA promptly should be a priority for the UK government. Getting this right will mean higher economic growth, better productivity and increased private sector investment in the UK. It will also build trust and strengthen the wider UK-India partnership in areas important to both countries such as defence and security and addressing climate change.

COLLABORATION SAVES LIVES AND CREATES JOBS

As the world struggled with lockdowns and the chaos of a global pandemic, teams at Oxford University, AstraZeneca, and the Serum Institute of India in Pune got to work on a vaccine. That partnership delivered incredible results. Developed and approved in less than a year, more than 2 billion doses found their way to citizens of 170 countries. The UK-India partnership is not only relevant to the UK and India. Its effects are far reaching.

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And it's not only massive enterprises that reap the rewards. A petfood company in the north of England is following a similar path, albeit it on a smaller scale. T. Forrest, an 85-year-old family business, is creating an international footprint by integrating India in its supply chain.

Two British motorcycle brands are back on the road thanks to investment from Indian manufacturers. Mahindra Classic Legends has relaunched the iconic BSA, and Norton has been revived under the stewardship of TVS, a bike-maker from Chennai.

In the past 15 years UK India Business Council has helped more than 800 clients understand the huge potential of UK-India trade.

PROSPERITY PARTNERS

The UK-India partnership already contributes jobs and growth in both countries. It provides opportunities for students. Research & development and innovation collaborations will unlock future prosperity. They will help solve global challenges and move us towards our collective Sustainable Development Goals.

However, there is much more to be achieved. The UKIBC believes that an incoming UK government must prioritise the relationship with India by forging a future-facing partnership that brings benefit to both countries.

India wants to work with long-term partners in the co-creation and scale of technologies for defence, aerospace, climate change and healthcare. The UK is perfectly positioned.

To make the most of this opportunity requires changes at home. Success demands a different kind of partnership within the UK. The whole of government needs to work in concert. Team UK must see Whitehall, the devolved governments, and mayoral combined authorities, all collaborate to showcase the full breadth of UK expertise.

In this document we set out five central themes, and ten associated recommendations for a successful UK-India partnership.

THEME 1

LONG-TERM VISION

In 2021, the UK and India signed a Comprehensive Strategic Partnership and agreed a 2030 Roadmap. It covers five broad areas of shared interest: healthcare; defence and security; trade and investment; combatting climate change; and people to people connections.



Recommendation 1

Building on the success of the 2030 Roadmap, we recommend that the UK Government refreshes and updates its shared goals with India under a new **'2047 Partnership Programme'**. 2047 marks 100 years of Indian independence and is the Government of India's target date for achieving developed nation status. Working towards this milestone with India demonstrates the UK's long-term commitment.



THEME 2

BOOSTING TRADE AND INVESTMENT

Bilateral trade between the UK and India was £39 billion in FY2023-24, an increase of 4.8% (or £1.8 billion in current prices) from the previous year.ⁱ Indian businesses employ more than 105,000 people in the UK, while UK businesses employ more than 660,000 people in India. India is the second largest investor in the UK and the UK remains a major source of FDI into India. The numbers are strong but there remains scope for improvement.



Recommendation 2

We recommend that the UK Government prioritises completion of the negotiations and ratification of a win-win UK-India FTA, that benefits our goods and services sectors.

The Government should also help prepare UK businesses so they can take the new opportunities to engage with partners in India.



Recommendation 3

To attract more Indian investment into the UK, we recommend that the Government provides a clear, consistent, and welcoming vision for businesses, including an energy transition and industrial strategy. This will lay the groundwork for strong, trusted partnerships with Indian business leaders.

More Indian businesses will invest in the UK if they have full exposure to the breadth of industrial and R&D assets and talent across the whole country. The result will be more economic growth and job creation across the UK.

i. <https://assets.publishing.service.gov.uk/media/66448078bd01f5ed32793b82/india-trade-and-investment-factsheet-2024-05-17.pdf>



Recommendation 4

We recommend that the UK Government encourages UK businesses to enter the Indian market. This is not counter to the aim of stimulating growth in the UK. When a British firm sets up in India, better trading access means new revenues and additional profits, which ultimately flow back to the UK parent company. We have evidence from UK clients that a presence in India increases their sales, makes them more competitive and dynamic, and opens new markets in Asia Pacific. An India strategy will ignite business and job growth in the UK.



Recommendation 5

We recommend that the UK Government promotes the City of London as the gateway to global growth for Indian businesses – whether that means raising capital or deal-making.

India's businesses are globally ambitious. Their first-choice partner for international expansion should be the UK's world-class financial, legal, and professional services sector. The City of London is also a natural source of finance for India's energy transition and wider infrastructure development. By helping India grow, we fuel our vitally important services sector.

THEME 3

TECHNOLOGY COLLABORATION AND R&D PARTNERSHIPS

UK and Indian businesses and universities are doing joint R&D and co-creating new technology that contributes to the achievement of Sustainable Development Goals (SDGs). Initiatives include clean and renewable energy generation, food security, gender equality programmes, increased access to education, water preservation, and job creation.

The Oxford University-AstraZeneca-Serum Institute of India partnership on a COVID-19 vaccine is the standout example, but beyond vaccines and healthcare innovations, there are other global challenges that the UK and India can address in partnership. At COP26 in Glasgow, Prime Minister Modi announced India's plan to become carbon neutral by 2070. India is hungry for UK technology to support its energy transition. Coupling the UK's broad and deep technology ecosystem with India's domestic scale and reach into the developing world is a very powerful combination.



Recommendation 6

We recommend that the incoming government positions the UK as India's partner of choice on its net zero journey. This will mean supporting R&D partnerships that co-create IP or take IP created in the UK into India where it can be shared and scaled, for India and for the rest of the world.

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Recommendation 7

We recommend that the UK Government establishes a collaborative framework for bilateral cooperation in developing fields of technology such as AI, quantum computing and semiconductors, plus technologies that solve global challenges like climate change, healthcare and food security.

Promoting mutual trust and the recognition of technical excellence in both countries should make innovation easier between both countries and between government, industry, and academic institutions.



Source: rolls-royce.com

THEME 4

DEFENCE AND SECURITY

As democracies committed to a rules-based international order, the UK and India share a common set of values. This makes us natural partners in each other's defence and security.

The UK once provided most of India's defence equipment. Today it has a 2.5% market share. Yet the potential for bilateral collaboration has never been greater. India is focussed on indigenisation, building reliable defence technology supply chains, and securing access to critical technology. It is trying to reduce its imports, increase its exports, and create domestic manufacturing jobs. To achieve this quickly requires support from technology providers within the UK's mature and sophisticated defence industry.

By supporting India - a strategic partner - to provide its forces with the latest capability, we make the UK

itself more secure. At the same time, UK firms will benefit from India's economical manufacturing input into global supply chains.



Recommendation 8

While national security considerations remain paramount, we recommend that, where feasible, the UK Government reviews and ensures that export licencing rules are aligned with and support the UK's ambitions for a strong defence manufacturing, technology creation, trade and investment partnership with India.

THEME 5

PEOPLE-TO-PEOPLE LINKS

Mobility between the UK and India, whether it is students or those travelling for work, is vital. At a macro level it imparts a sense of trust and mutual confidence in the relationship. It sends a strong message to Indian investors that the UK is welcoming and supporting. At a day-to-day level it allows individuals assigned to specific G2G-backed defence projects to work together seamlessly. This mobility, what Prime Minister Modi called the 'living bridge', is of great benefit to both nations.



Recommendation 9

We recommend that the UK Government negotiates a two-way Labour Mobility Agreement with the Government of India. This will give businesses the clarity and flexibility they need to support their growth and deliver for clients. This goes hand in hand with a growing trade and investment partnership, where there is an increasing need for employees from both countries to move staff between the two countries.



2021 - 2022
UK HIGHER EDUCATION INSTITUTIONS

679,970

International students

£41.9 billion spent

20%

Indian students

In the 2021-22 academic year, 679,970 international students studied at UK higher education institutions, contributing a huge £41.9 billion to the UK economy, creating jobs, and supporting growth in cities and towns across the country. Around 20% of these international students were from India. The UK will benefit if its young people understand India and its business environment. A programme that encourages UK students to work, study, and do part of their apprenticeships in India will further this understanding. It will also enhance the UK talent base.

UK universities and Indian counterparts are partnering to provide dual- and joint-degrees in India, and there is huge scope for even more research partnerships between Indian and UK business and universities. These educational and research partnerships, and the personal connections they bring, are vital building blocks for a long-term and thriving bilateral and economic partnership. Mobility makes this possible.



Recommendation 10

As young people need a level of certainty and predictability when making choices about their future, we recommend that the UK Government should make a long-term commitment – at least until the end of the Parliament – to the Graduate Visa route.

Labour mobility gives

businesses the clarity and

flexibility to grow and

deliver for clients.

A CHANCE TO CHANGE

Elections in both countries in summer 2024 provide a moment for reflection and for new beginnings.

There is much to celebrate in our two countries' existing partnership. And much to do.

The UK India Business Council is deeply engaged in the UK India corridor. Our vision is a vibrant, equal economic partnership, which creates jobs and prosperity in both countries and acts as a force for good globally.

An incoming UK Government has an opportunity to make this a reality.

Getting it right will deliver powerful results and far-reaching benefits. These include access to fast-growth markets and higher economic growth, better productivity, supply chain security, and new private sector investment in the UK.

A lot of the groundwork is done. Networks and know-how are in place. A small investment of political capital can deliver a significant return over the lifetime of the next Parliament.



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UK INDIA

BUSINESS COUNCIL

The UK India Business Council is a strategic advisory and policy advocacy organisation with a mission to grow UK-India trade and investment. We believe passionately that the UK-India partnership creates jobs and growth in both countries, and that UK and Indian businesses have ideas, technology, services, and products that can succeed in India and the UK.