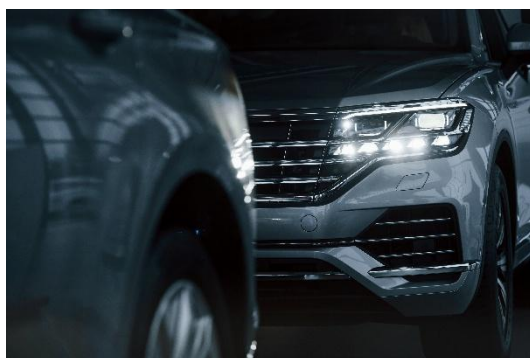


**Quote By Anurag Singh, Advisor, Primus Partners**

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## **India-UK FTA to steer gains for luxury carmakers, auto part exporters**



**Read on:** <https://www.businesstoday.in/auto/story/india-uk-fta-to-steer-gains-for-luxury-carmakers-auto-part-exporters-486204-2025-07-24>

### **Article Content:**

**The India-UK Free Trade Agreement signed on July 24, 2025, is set to reshape trade dynamics in the auto sector. Luxury carmakers like JLR and Bentley are poised to benefit from reduced import duties. Indian auto component exporters, meanwhile, are eyeing a major boost in shipments to the UK.**

The India-UK FTA (Free Trade Agreement), which was signed on July 24, 2025, is likely to benefit the luxury segment of the domestic passenger vehicle industry, even as auto component manufacturers look forward to a significant boost in the form of exports.

As per the text of the UK-India Comprehensive Economic and Trade Agreement (CETA), the UK's large and varied manufacturing sectors will benefit from tariff cuts on aerospace (as high as 11% reduced to 0%), automotives (up to 110% down to 10% under a quota), and electrical machinery (from up to 22% down to either 0% or a 50% reduction).

Notably, conventional vehicles and auto components will get duty-free access.

The FTA will provide access to UK luxury carmakers in India. In calendar year 2024, India's car imports from the UK were valued at around ₹650 crore, with luxury marques like Jaguar Land Rover (JLR), Mercedes-Benz, BMW, Rolls-Royce, Aston Martin, and Bentley contributing over ₹500 crore to the total. Motorcycle imports from the UK amounted to nearly ₹30 crore.

**"The Indo-UK FTA includes specific conditions and quotas for automobile imports, impacting only a niche segment of the Indian passenger vehicle market. However, the agreement allows British luxury vehicles to enter India under a lower-tariff quota, enhancing affordability for high-net-worth individuals. On the export side, Indian auto component manufacturers stand to gain significantly through tariff elimination on most shipments to the UK—boosting volumes and enabling greater technology collaboration and joint ventures. Indian OEMs with UK linkages will benefit from smoother trade flows and increased FDI," says Anurag Singh, Advisor, Primus Partners.**

**"While the premium segment remains relatively small, heightened competition could spur local players to elevate quality and innovation. The agreement also provides opportunities for Indian EV and hybrid manufacturers through preferential tariffs and import quotas. This is going to affect an insignificant number of the 4.3 million vehicles sold per annum in India. Overall, the FTA is a strategic step forward, especially for component exporters and premium manufacturers targeting global integration," he adds.**

Tata Motors-owned Jaguar Land Rover has emerged as the biggest beneficiary of the India-UK FTA. The company currently manufactures most of its models—except the Defender—in the UK. The FTA is especially significant for the company as it faces headwinds in the US and China amidst tariff concerns and ultra-luxury tax woes.

“We welcome this Free Trade Agreement between the UK and India, which over time will deliver reduced tariff access to the Indian car market for JLR's luxury vehicles. India is an important market for our British-built products and represents significant future growth opportunities,” says a spokesperson at JLR.

The company has, however, not made a decision on pricing.

Meanwhile, Indian automakers sourced auto components worth ₹1,150 crore from Britain, underscoring a continued dependence on UK-made parts for local vehicle assembly.

“The CETA is expected to benefit the Indian auto component sector through enhanced opportunities for exports, streamlined regulatory processes, particularly in key areas such as electric mobility, precision engineering, and lightweight materials. Indian MSMEs, which form the backbone of our industry, stand to gain from the liberalised terms of trade and improved access to UK markets,” says Shradha Suri Marwah, President, ACMA.