

COUNTRY PROFILE REPORT OF ITJ DIVISION, DGC&S INDIA-UNITED KINGDOM BILATERAL TRADE RELATIONS

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

1. The United Kingdom lies in north-western Europe, occupying the major portion of the British Isles. The country's only land boundary is with the Republic of Ireland to the south. Northern Ireland is a constitutionally distinct part of the United Kingdom. Great Britain, consisting of one large island and a number of smaller ones, comprises England, Scotland to the north and Wales to the west. It is separated from the coast of Western Europe by the English Channel to the south and by the North Sea to the east. The northern and western shores are washed by the Atlantic Ocean. Ireland lies to the west across the Irish Sea. The United Kingdom is a member of the UN, WTO, NATO, BIS, OECD, the Council of Europe, WEU, OSCE, CERN, the Commonwealth, Inter-American Development Bank, Asian Development Bank, the Pacific Community, IOM and the Antarctic Treaty.

2. The UK has a highly developed social market economy. Based on market exchange rates, it is the sixth-largest economy in the world and the second-largest in Europe, both by nominal GDP. Its currency, the pound sterling, is the fourth-most-traded currency in the foreign exchange market and the world's fourth-largest reserve currency (after the United States dollar, the euro and the yen). The pound sterling maintains its high nominal value through both its long history of stability and by never undergoing formal redenomination. London is the world capital for foreign exchange trading, with a market share of 38.1 per cent in 2022 of the daily USD7.5 trillion global turnover. The UK has amongst the highest levels of income inequality in the OECD, but has a very high HDI ranking. Growth is projected at 1.2 percent in 2025 and 1.4 percent in 2026, as monetary easing, positive wealth effects, and an uptick in confidence bolster private consumption, while the boost to public spending in the October budget will also help support growth. The forecast assumes that, all else equal, global trade tensions lower the level of UK GDP by 0.3 percent by 2026, due to continued uncertainty, slower activity in UK trading partners, and the direct impact of remaining US tariffs on the UK. The pickup in headline inflation that started in the second half of 2024 is expected to continue as a result of regulated price increases, the employer NIC rate hike, and waning base effects from energy prices. The rise in inflation should nonetheless be temporary, and average CPI is projected to decline from 3.2 percent in 2025 to 2.3 percent next year”.

A snapshot of United Kingdom's selected economic indicators is presented at **Table 1**.

TABLE-1

United Kingdom: Selected Economic Indicators, 2019-2030												
(Percentage change, unless otherwise indicated)												
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
							Projections					
Real Economy (change in percent)												
Real GDP	1.6	-10.3	8.6	4.8	0.4	1.1	1.2	1.4	1.5	1.5	1.4	1.4
Domestic demand	1.9	-11.5	9.1	5.1	0.0	2.4	1.8	1.4	1.5	1.4	1.4	1.4
Private domestic demand	1.3	-13.1	7.2	7.2	0.5	0.8	1.3	1.6	1.5	1.5	1.5	1.4
CPI, period average	1.8	0.9	2.6	9.1	7.3	2.5	3.2	2.3	2.0	2.0	2.0	2.0
CPI, end-period	1.3	0.6	5.4	10.5	4.0	2.5	2.9	2.0	2.0	2.0	2.0	2.0

Unemployment rate (in percent) 1/	3.8	4.6	4.6	3.8	4.1	4.3	4.5	4.4	4.3	4.2	4.1	4.0
Gross national saving (percent of GDP)	15.6	14.6	17.2	16.6	14.3	15.0	13.1	13.2	13.5	13.5	13.7	13.9
Gross domestic investment (percent of GDP)	18.2	17.6	17.7	18.7	17.8	17.7	16.4	16.5	16.6	16.6	16.6	16.7
Public Finance (fiscal year, percent of GDP)												
Public sector overall balance 2/	-2.6	-15.1	-5.3	-5.0	-4.8	-4.7	-4.1	-3.5	-2.8	-2.6	-2.3	-1.9
Public sector primary balance	-1.3	-14.1	-3.2	-1.2	-1.7	-1.9	-1.1	-0.6	0.2	0.5	0.8	1.1
Public sector cyclically adjusted primary balance 3/	-1.4	-12.0	-3.6	-2.4	-1.9	-1.8	-0.8	-0.3	0.4	0.6	0.9	1.1
Public sector net financial liabilities (PSNFL) 4/	74.5	83.2	80.5	80.5	81.1	81.5	82.9	84.0	84.1	84.1	83.9	83.4
Money and Credit (12-month percent change)												
M4 (end-period)	3.8	12.6	6.4	1.6	-1.2	2.6	...	...	...	...	...	...
Net lending to non-fin private sector (end-period)	2.8	3.6	2.7	2.9	0.0	2.1	4.6	3.6	3.7	3.7	3.8	3.7
House Price Index (HMLR, end-period)	0.9	7.0	7.3	7.3	-2.7	4.0	...	...	...	...	...	...
Interest Rates (percent; year average)												
Bank Rate	0.8	0.2	0.1	1.5	4.7	5.1	4.1	3.2	3.0	3.0	3.0	3.0
Long Term Interest Rate	0.9	0.4	0.8	2.4	4.1	4.1	4.5	4.1	4.1	4.2	4.3	4.3
2y mortgage rate (75% LTV fixed rate, average)	1.6	1.6	1.4	3.5	5.3	4.8	...	...	...	...	...	...
5y mortgage rate (75% LTV fixed rate, average)	1.9	1.8	1.6	3.4	4.8	4.4	...	...	...	...	...	...
Balance of Payments (percent of GDP)												
Current account balance	-2.7	-2.9	-0.4	-2.1	-3.5	-2.7	-3.4	-3.3	-3.1	-3.1	-2.9	-2.8
Trade balance	-1.4	0.6	-0.2	-1.7	-1.1	-1.1	-1.1	-1.1	-0.9	-0.8	-0.7	-0.6
Exports of G&S (volume change in percent)	2.0	-11.8	3.2	12.6	-0.4	-1.2	0.3	1.1	1.2	1.2	1.1	1.1

Imports of G&S (volume change in percent)	2.7	-15.9	5.8	13.0	-1.2	2.7	1.9	1.2	1.3	1.1	1.1	1.1
Terms of trade (percent change)	0.7	1.5	-0.2	-3.9	1.0	3.6	1.7	0.2	0.4	0.4	0.4	0.0
FDI net	-1.5	-5.2	5.0	2.6	0.4	1.8	0.2	0.2	0.2	0.2	0.2	0.2
Reserves (end of period, billions GBP)	131.6	131.8	143.4	146.7	139.6	139.5	139.5	139.5	139.5	139.5	139.5	139.5
Exchange Rates												
Nominal effective rate (2010=100, year average)	97.8	98.3	102.6	101.0	102.2	106.5	...	...	...	...	...	...
Real effective rate (2010=100, year average)	98.6	98.8	102.6	101.3	103.9	108.3	...	...	...	...	...	...
Memorandum Items:												
Nominal GDP (billions GBP)	2,234	2,103	2,285	2,526	2,711	2,851	2,981	3,089	3,203	3,321	3,447	3,575
Nominal GDP (billions USD)	2,853	2,699	3,144	3,125	3,371	3,645	...	...	...	...	...	...
Sources: Bank of England; IMF's Information Notice System; HM Treasury; Office for National Statistics; and IMF staff calculations.												
1/ ILO unemployment; based on Labor Force Survey data.												
2/ Corresponds to the fiscal year beginning in April.												
3/ In percent of potential GDP.												
4/ PSNFL is a broader balance sheet metric than public sector net debt, that includes the Bank of England and additional liabilities (e.g. funded pension schemes), while subtracting a broad range of financial assets (e.g. student loans).												

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the five major merchandise export partners of United Kingdom are United States, Netherlands, Germany, China and Switzerland. On the other hand five major import partners of United Kingdom are China, United States, Germany, Norway and France. Major five exported goods of United Kingdom are (i) Gold in other semi-manufactured forms, non-monetary, (ii) Petroleum oils and oils obtained from bituminous, (iii) Petroleum oils, etc. (excl. crude); preparation (iv) Other medicaments of mixed or unmixed products and (v) Turbo-jets of a thrust exceeding 25 KN. On the other hand major five imported goods are (i) Gold in other semi-manufactured forms, non-monetary, (ii) Petroleum oils and oils obtained from bituminous, (iii) Natural gas in gaseous state, (iv) Petroleum oils, etc. (excl. crude); preparation and (v) Natural gas, liquefied.

4. United Kingdom's total exports in 2020 were of the order of USD 395,692 million. It scaled up to USD 508,685 million in 2024 with a positive growth of 18.92% in 2021 in comparison with 2020. During the period from 2020 to 2024, the annual average compound rate of growth of exports was 6.48%.

5. United Kingdom's total imports in 2020 were of the order of USD 634,175 million and which was USD 809,206 million in 2024. During the period from 2020 to 2024, the annual average compound rate of growth of Imports was 6.28%.

6. United Kingdom faced an overall Balance of Trade deficit from 2020 to 2024. United Kingdom had a trade deficit of USD 300,521 million in 2024. During the period from 2020 to 2024, the annual average compound rate of growth of total volume of trade was 6.36%.

A snapshot of United Kingdom’s overall Trade Statistics is presented in Table 2 &Figure 1

TABLE - 2

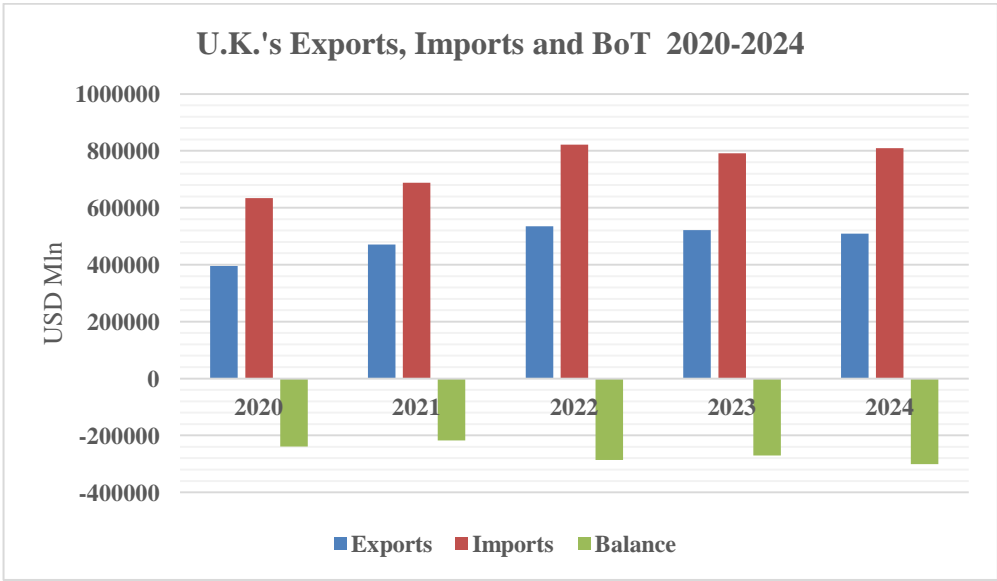
UNITED KINGDOM'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE BETWEEN 2020 TO 2024

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2020	395692		634175		10,29,867		-238483
2021	470548	18.92	688237	8.52	11,58,785	12.52	-217689
2022	535135	13.73	821631	19.38	13,56,766	17.09	-286496
2023	521207	-2.60	791657	-3.65	13,12,864	-3.24	-270450
2024	508685	-2.40	809206	2.22	13,17,891	0.38	-300521
Annual Compound Growth Rate		6.48		6.28		6.36	

NOTE : Figures relate to calendar year (January to December)
SOURCE : UN COMTRADE PUBLICATION

FIGURE- 1



BILATERAL TRADE WITH INDIA

Merchandise Trade

7. The India-UK bilateral trade relationship has been significantly strengthened by a recently signed Free Trade Agreement (FTA), aiming to double trade by 2030. The FTA, finalized on May 6, 2025, and signed on July 24, 2025, includes tariff reductions and improved market access for goods and services. India's export to United Kingdom was 3.33% of India's total export value in FY 2024-25. United Kingdom was India's 4th largest export destination in FY 2024-25. In the same financial year imports from United Kingdom was 1.23% of India's total import value. United Kingdom was the 24th largest trading partner of India in FY 2024-25. Almost 1.73% of India's total international trade value between India and United Kingdom was recorded in FY 2024-25 as per DGCI&S data base.

8. Indo-United Kingdom total volume of bilateral trade in FY 2020-21 was of the order of USD 13,162.23 million. It increased to USD 23,390.95 million in FY 2024-25. The annual compound growth rate of volume of trade during the period from 2020-21 to 2024-25 was of the order of 15.46%.

9. It appears from the available figures that between 2020-21 and 2024-25, India had a surplus Balance of Trade with United Kingdom. Exports from India to United Kingdom increased by 27.94% in FY 2021-22 immediately after the pandemic hit year. The annual average compound rate of growth of Exports was 15.39% during the period under review. On the other hand, imports from United Kingdom to India increased by 41.60% in FY 2021-22 and 27.69 % in FY 2022-23 compared to the previous FY respectively. During the period from 2020-21 to 2024-25, the annual average compound rate of growth of Imports was 15.57%.

A snapshot of India's merchandise trade statistics with respect to United Kingdom is presented in **Table 3 & Figure 2**

TABLE-3

**INDIA'S MERCHANDISE EXPORTS & IMPORTS WITH RESPECT TO
UNITED KINGDOM FY 2020-2021 to 2024-2025**

(Value in USD Million)

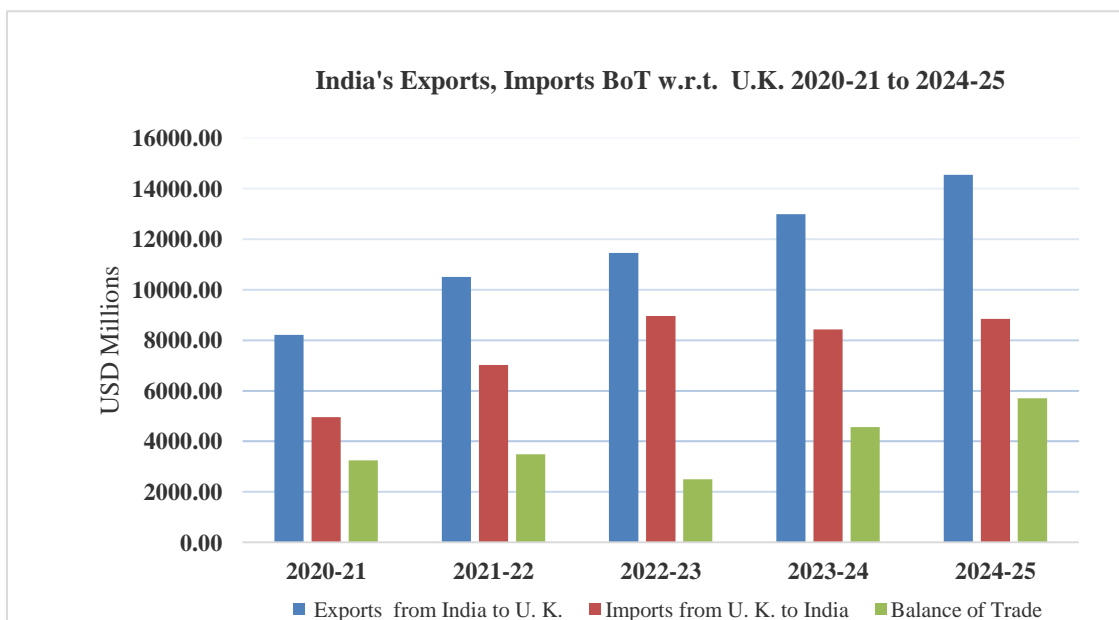
Year	Exports from India to U. K.	Percentage Growth in Exports	Imports from U. K. to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2020-21	8206.24		4955.99		13162.23		3250.25
2021-22	10498.75	27.94	7017.78	41.60	17516.53	33.08	3480.97
2022-23	11457.77	9.13	8960.73	27.69	20418.50	16.57	2497.04
2023-24	12981.85	13.30	8420.80	-6.03	21402.65	4.82	4561.05
2024-25	14549.73	12.08	8841.22	4.99	23390.95	9.29	5708.51

Annual Compound Growth Rate	15.39	15.57	15.46
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NOTE : Figures relate to Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

FIGURE-2



10. Additionally, from Tables 4 & 5 presented below the following are stated:

a. (i) **Telecom Instruments**, (ii) **Petroleum Products** and (iii) **Electric Machinery and Equipments** are occupying the top three slots in India's exports to United Kingdom in the year 2024-25. Petroleum Products occupied the highest share of 10.41% in total exports from India to United Kingdom.

b. (i) **Silver**, (ii) **Electric Machinery and Equipments** and (iii) **Iron and Steel** are the three major commodities in India's imports list from United Kingdom in the year 2024-25, **Silver** is occupying bulk share of 23.93% in India's imports from United Kingdom.

TABLE -4

**INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO UNITED KINGDOM
2020-2021 TO 2024-2025 AND THEIR GROWTH RATES**

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
1	Telecom Instruments	265.62	501.12	900.96	1159.83	1515.13	88.66	79.79	28.73	30.63
	Share in total export	3.24	4.77	7.86	8.93	10.41				
2	Petroleum Products	108.01	173.99	924.14	1334.15	1320.24	61.09	431.15	44.37	-1.04
	Share in total export	1.32	1.66	8.07	10.28	9.07				
3	Electric Machinery and Equipments	381.91	530.83	652.24	954.54	1213.44	38.99	22.87	46.35	27.12
	Share in total export	4.65	5.06	5.69	7.35	8.34				
4	RMG Cotton Incl. Accessories	653.13	844.38	885.60	783.84	900.25	29.28	4.88	- 11.49	14.85
	Share in total export	7.96	8.04	7.73	6.04	6.19				
5	Drugs Formulations Biologicals	610.95	607.44	523.88	673.40	773.34	-0.57	-13.76	28.54	14.84
	Share in total export	7.44	5.79	4.57	5.19	5.32				
6	Iron and Steel	94.56	355.84	224.08	383.82	526.96	276.31	-37.03	71.29	37.29
	Share in total export	1.15	3.39	1.96	2.96	3.62				
7	Gold and Other Precs. Metals Jewellery	213.39	433.96	379.52	379.96	396.77	103.36	-12.54	0.12	4.42
	Share in total export	2.60	4.13	3.31	2.93	2.73				
8	Silver	399.43	34.08	55.37	0.97	370.31	-91.47	62.47	- 98.25	38076.29
	Share in total export	4.87	0.32	0.48	0.01	2.55				
9	Products of Iron and Steel	271.32	420.78	338.09	355.49	341.15	55.09	-19.65	5.15	-4.03
	Share in total export	3.31	4.01	2.95	2.74	2.34				
10	RMG Manmade Fibres	219.56	312.16	340.80	285.30	269.20	42.18	9.17	- 16.29	-5.64
	Share in total export	2.68	2.97	2.97	2.20	1.85				
	Total export to UNITED KINGDOM	8206.24	10498.75	11457.77	12981.85	14549.73	27.94	9.13	13.30	12.08

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -5

**INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM UNITED KINGDOM
2020-2021 TO 2024-2025 AND THEIR GROWTH RATES**

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
1	Silver	113.36	1309.18	2683.49	1992.19	2115.91	1054.89	104.97	-25.76	6.21
	Share in total imports	2.29	18.66	29.95	23.66	23.93				
2	Electric Machinery and Equipments	331.79	456.78	481.32	465.55	971.09	37.67	5.37	-3.28	108.59
	Share in total imports	6.69	6.51	5.37	5.53	10.98				
3	Iron and Steel	220.85	185.69	763.25	761.82	432.69	-15.92	311.03	-0.19	-43.20
	Share in total imports	4.46	2.65	8.52	9.05	4.89				
4	Aluminium, Products of Aluminium	225.29	369.69	413.37	326.87	383.91	64.10	11.82	-20.93	17.45
	Share in total import	4.55	5.27	4.61	3.88	4.34				
5	Alcoholic Beverages	131.70	192.96	375.70	315.02	356.43	46.51	94.70	-16.15	13.15
	Share in total import	2.66	2.75	4.19	3.74	4.03				
6	Electronic Instruments	182.77	184.41	196.60	187.64	236.30	0.90	6.61	-4.56	25.93
	Share in total import	3.69	2.63	2.19	2.23	2.67				
7	Medical and Scientific Instruments	120.45	170.16	190.69	247.58	235.23	41.27	12.07	29.83	-4.99
	Share in total import	2.43	2.42	2.13	2.94	2.66				
8	Indl. Machinery For Dairy Etc.	209.43	220.20	196.38	208.78	227.28	5.14	-10.82	6.31	8.86
	Share in total import	4.23	3.14	2.19	2.48	2.57				
9	Handcrafts (Excl. Handmade Craft)	22.13	20.73	25.71	161.20	209.16	-6.33	24.02	526.99	29.75
	Share in total import	0.45	0.30	0.29	1.91	2.37				
10	Aircraft, Spacecraft and Parts	42.16	74.58	58.74	72.80	194.77	76.90	-21.24	23.94	167.54
	Share in total import	0.85	1.06	0.66	0.86	2.20				
	Total import from UNITED KINGDOM	4955.99	7017.78	8960.73	8420.80	8841.22	41.60	27.69	-6.03	4.99

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCIS, M/o C&I

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