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Navigating Geopolitical Trade Challenges: Assessing India’s Export & Investment Resilience under the India-UK Trade Pact

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Abstract

In today’s volatile, uncertain, complex and ambiguous environment, international trade relationships are in constant flux as they are shaped by changing political tides at a global level and through changes in economic policies. This research looks to examine what is changing in the trade and investment climate between India and the UK, which are at the heart of the Indian –UK Free Trade Agreement issue, which is a large part of a larger effort at better bilateral relations and economic growth. We look at how India’s export and investment strategies have played out during the FTA talks, and we look into what policies may help both countries to better fortify their trade in an uncertain world. The study draws upon secondary sources such as government reports, World Trade Organization publications, UN Conference on Trade and Development publications, the Reserve Bank of India, and the UK Department for Business and Trade. Analysis of trade performance for the years 2019 to 2024 captures trends before negotiations and after. According to the findings, there is growing diversification in the composition of Indian exports, with the pharmaceuticals, textiles, IT, and services sectors witnessing particularly robust growth. India-UK bilateral investments have also increased, suggesting higher confidence and further economic interdependence between the two countries. The negotiation of the India-UK Free Trade Agreement (FTA) underscores potential expansion of exports, long-term investments, and diversification of trade for the two countries. Institutional collaboration consolidation, trade infrastructure and development, and transparent and predictable policy enforcement, however, will be required to maximize these prospects..

Keywords: India–UK Trade Pact, Free Trade Agreement, Exports, Investment, Trade Resilience, Geopolitical Challenges, VUCA World.

INTRODUCTION

These days, the global economy feels anything but steady. It’s always moving, always shifting and honestly, it’s tough to predict what’ll happen next. One minute, trade looks stable; the next, it’s turned on its head. Political relationships change, inflation spikes, demand rises and falls and supply chains twist in directions nobody saw coming. If there’s one thing you can count on, it’s change. That’s why people keep calling this world volatile, uncertain, complex and ambiguous. Countries aren’t working in some fixed, comfortable setup anymore. Instead, they’re dealing with a landscape full of risks, unexpected disruptions and curveballs. Old trade habits just don’t cut it. Nations have to rethink and reshape their economic strategies all the time if they want to keep growing and bounce back when shocks hit. In this kind of unpredictable world strong, dependable trade partnership matter more than ever. Everyone’s looking for economic ties they can actually trust when things get shaky. Against this backdrop, India and the United Kingdom – two countries with a long, complicated shared history are trying to give their economic relationship a modern upgrade. Their relationship has seen a lot of twists and turns – history, education, diplomacy and trade have all played their part. These days they are not just looking back.

Both sides want something that actually fits the world right now and whatever's coming next. They're aiming for a partnership that really delivers – think more trade, more investments, steady growth. That's why they are pushing for a free Trade Agreement. The idea is simple – make their cooperation stronger and set up a trading system that's fair and dependable.

been through the wringer lately-pandemics, political flare – ups, new tech, changing rules. All of that's shaping how they move forward. Reliable supply chain suddenly snapped causing shortages, delays and higher cost all over. A lot of countries woke up to how risky it is to depend on just a handful of trading partners especially during the crisis. Now, the government is everywhere searching for trade relationships that are both stable and diverse something that can handle shocks and still deliver growth. The India – UK trade negotiations fit right into this bigger trend, where countries want partnerships that are tough, adaptable and build for the future.

India's been on the rise lately. Its manufacturing and services industries are growing fast, startups are popping up

2.Objectives

- a. To analyze changes in India's export and investment patterns following the India-UK Trade Pact
- b. To explore policy implications and prospects for strengthening trade resilience

LITERATURE REVIEW

• Shri Sanjeev Agrawal, 2023, Geopolitical spillovers & Resilience of the Indian Economy; The researcher points out that India's economy has stayed solid, growing over 7% each year since 2022 even while the rest of the world wrestles with uncertainty. That growth means India's now delivering close to 15% of the world's economic contribution. When you look at exports things are moving steadily – expected to rise about 2.8% a year from 2023 to 2028. Government efforts like Make in India, Atmanirbhar Bharat and the PLI schemes are working; they are pulling in more foreign investors. Furthermore, the business environment in India is becoming increasingly conducive to international trade, with advancements in logistics and digital infrastructure facilitating novel connections between India and global markets. The key considerations for this research are India's focus on export promotion, its capacity to attract foreign investment and its implementation of strategic trade policies. These factors collectively contribute India's enhance

everywhere, and its huge consumer market makes it a natural trade magnet. Textiles, pharmaceuticals, IT and professional services-these industries show time and again that they compete just fine around the world. India keeps pushing to boost exports, bring in more foreign investments and get tighter with global trade. A Free Trade Agreement with the UK helps with all of this. It cut down trade barriers and opens up new market, and gives businesses in both countries more reasons to work together. Indian companies would find it easier to reach new customers and international investors would be more confident jumping in.

Meanwhile, the UK is going through its own economic reset, especially after Brexit. Now that it can't rely on its old regional deals, it's hunting for new partnerships with fast-growing economies worldwide. India stands out as a key player – big, growing and influential. Tightening trade with India lets the UK diversify, depend less on the same old market and get a foot hold in one of the world's fastest growing economies. So, this FTA isn't just another piece of paperwork; it's a smart move for both countries as they try to adapt to a new global order and lock in long – term benefits.

resilience in the realm of international trade, particularly in its capacity to navigate challenges and fortify economic relationships with nations such as United Kingdom.

• Shramishtha Srivastava, 2023, Impacts of Free Trade Agreement (FTA) between India and the United Kingdom. The researcher looks at the India–UK Free Trade Agreement (FTA) as a big move after Brexit and a response to the way global trade keeps shifting. The paper explains that the FTA is meant to boost trade and investment between the two countries by cutting tariffs and clearing away other barriers – whether it's for goods, services, or investments. India already has strong export sectors: engineering goods, pharmaceuticals, textiles, IT/ITES, and professional services. Getting better access to the UK market could really push these industries forward. UK investment in India has been raising, which is giving India's economy an extra lift. Even so, India isn't just jumping in blindly. The study points out that India's still being pretty cautious when it comes to policies around data, intellectual property and investment protections – mainly to make sure homegrown industries stay safe. Sure, there are some negotiating hurdles, but the agreement is set to create jobs, open up new export markets, and make value chains stronger. For your research, here's what matters: the FTA's impact on exports and foreign investment, how it's helping India's trade stay resilient, and its role in helping India face global trade uncertainties –

especially when you look at the bigger picture of India – UK economic ties.

- Department for International Trade (UK), 2021, UK-India Free Trade Agreement: The UK's strategic Approach. This paper digs into why India and the UK are both pushing for a Free Trade Agreement and what that really means for their trade, investment, and economic stability, especially with all the twists and turns in global politics right now. India's position as a rising Indo – Pacific powerhouse stands out, and the FTA promises more than just paperwork. It could crack open the door for more trade between the two countries, clear away old barriers, and make supply chains tougher and more reliable. People seem genuinely hopeful about what this deal could bring. They expect it'll make it simpler for both sides to buy and sell goods and services, open new doors for investment, and kick off fresh collaboration in fields like pharmaceuticals, digital services, manufacturing, and clean energy. The research backs it up: lower tariffs, smoother regulations, and stronger protections for investors all help grow exports, attract new money, and create jobs on both sides. But the story doesn't stop there. The paper takes a step back, showing how the FTA helps each country branch out, so they're not stuck depending on unstable trading partners. That steadies the ship in the long run. When you put it all together, this agreement sharpens India's competitive edge as an exporter, brightens its investment scene, and gives both India and the UK a shot at building a stronger, more lasting partnership

- Jyotsna Mehra, 2025, India and the UK: Forging a Resilient Partnership amid Global Uncertainty. This paper looks at how the India – UK trade partnership is taking shape as a smart move in a world full of economic uncertainty. The authors say the upcoming India – UK Free Trade Agreement (FTA) should boost India's export growth and make investments more resilient. It does this by opening doors to new markets, not just the ones India usually deals with, and cuts back on the risks of protectionism. The FTA's set to give Indian exports – especially in services, pharmaceuticals, textiles, and digital products – a solid push, and it's likely to attract more foreign investment as regulations smooth out and investors gain confidence. Since the UK left the European Union, India's become a key partner for Britain's supply chain needs. The paper points out that shared policies, working together on innovation, and making it easier for people to move between the two countries all add to India's strength. In the end, the authors believe this India-UK trade deal won't just manage the risks that come with deeper economic ties – it'll create steady,

long-term jobs, make India more competitive on the world stage, and help the country handle shocks from outside forces

- Shairee Malhotra, 2025, India and the UK in 2025: A primer. The ORF primer puts India-UK relations on the map – literally and politically – by highlighting trade and investment as cornerstones of their partnership. For a long time, both countries struggled to tap into their full potential. That started to shift after Brexit. Britain, under its Global Britain plan, started looking to India as a bigger priority and began pushing for a Free Trade Agreement (FTA). They're aiming to expand into new markets and kick start their economy. India, too, is eyeing a similar chance: closer ties with Britain could give a lift to Indian exports and integrate the nation more fully into global supply networks. At present, trade between India and the UK remains relatively modest when compared to their trade with other nations. But it's picking up. Negotiators from both sides are working to double their trade, open up bigger markets for goods, services, and investment. If they land an FTA, Indian products like textiles, jewelry, and engineering goods will get a leg up in the UK, while British businesses will have a smoother path into Indian markets. Of course, there are still some hurdles: tariffs, visa issues, and regulatory red tape slow things down. But talks are ongoing, and frameworks like a Bilateral Investment Treaty are on the table to make things easier. Hammering out a solid contract between India and the UK will help both sides manage geopolitical risks tied to trade and create more chances to work together.

- Durgesh K. Rai, 2022, India – UK Trade and Investment Relations: Challenges and Prospects. The report on India – UK trade and investment says that closer economic ties make both countries more resilient to global trade disruptions. Since 2000, trade between India and the UK has grown a lot, but India's share in global trade – and in trade with the UK – still remains quite small. This pointed to a clear need for more trade opportunities and deeper economic connections. Rai looks at how India and the UK actually complement each other. India shines in labor-intensive and manufacturing sectors, while the UK leads in capital and tech – heavy industries. These differences open up a lot of space for both sides to work together. Still, big hurdles are in the way: tariffs and other trade barriers keep things tough. Rai argues it's time to reduce tariffs even further and set up better systems to help manage these barriers, especially if the two countries sign a Free Trade Agreement. He also talks about the problems around visas and market access. Fixing these would make it easier to team up in services: India

brings strength in IT and business services, the UK stands out in finance and professional services. On top of that, he says both countries should push for more investment by breaking down structural barriers. For Rai, a strong India – UK Free Trade Agreement isn't just about boosting exports – it's key for making both countries' economies tougher and more adaptable.

RESEARCH METHODOLOGY

This research is of a qualitative and descriptive nature, based entirely on secondary data. It pursues the emerging trends in India – UK trade relations from a range of credible sources, including annual trade reports from the WTO, UNCTAD's World Investment Reports, RBI bulletins, and various releases by the UK Department for Business and Trade. Other sources include Government of India policy documents, statistics related to export – import and findings from various Economic Surveys. The analysis will cover the years 2019 to 2024. This time frame allows us to examine trade and investment patterns before the negotiations began and during the ongoing discussions about the India – UK Free Trade Agreement. A thematic analytical approach is used to identify key changes in export composition, investment flows, and regulatory developments, along with policy responses taken toward shaping the contours of bilateral economic engagement.

LIMITATIONS

The study is specifically limited to negotiation phase (till 2024) and does not contain post-implementation outcomes. As it was during the negotiation most findings are based on projections and anticipated impacts rather than actual policy implementation. There is limited availability of disaggregated and sector-specific India-UK trade data. Some data used in the study are indicative estimates compiled from secondary sources, which may affect precision. The study relies only on secondary data due to lack of primary data collecting source. There is lack of official, updated government publications specifically focused on India – UK bilateral sector-wise trade trends. The study focuses only on specific key factors (pharmaceuticals, textile, and IT services) and does not cover all industries. This study doesn't include an analysis at firm or micro – level, which could provide a more thorough understanding of how businesses operate

ANALYSIS AND DISCUSSION

6.1 Shifts in India's Export and Investment Dynamics

Exports are all about selling goods and services from your country to someone in another. In simple words if something is made here and ends up in another part of the world. The main purpose of export is to earn more customers, more sales and a boost for the economy. Exports play a huge role in International Trade. They open the door for companies to reach new markets pull in foreign cash and take advantage like lower production costs.

Investment dynamics refer to the active, ongoing process of adjusting investment portfolios to capitalize on market trends such as interest rate shifts or economic changes. It involves reweighting assets to balance risk and reward, often employing strategies like dynamic assets allocation to move between equity and debt with based on market conditions. The investment dynamics in the context of the India UK Free Trade Agreement signify a shift towards deeper economic integration, moving beyond tariff reduction to facilitate long term capital flows, technology transfer and business mobility. The Free Trade Agreement redefines the investment relationship transitioning from a focus on low cost operations to a partnership focus and high value services, innovation, and sustainable development.

India's Pharmaceuticals Industry has changed a lot since independence. Back then, the focus was just on meeting the country's own needs. But things really took off after 1970 Patent Act. The law gave local manufacturing a huge push and actually sparked some real innovation. Nowadays, India can make medicines cheaply, there's a big pool of skilled workers and the government keeps supporting the sector. All of this has turned India into a heavy weight in the global market, especially when it comes to affordable generics. Even the World Health Organization points to India as one of the world's main suppliers of generic drugs and vaccines.

Right before COVID crashed into everything, the industry was already picking up pace. Exports were climbing because more countries wanted generics, contract manufacturing was growing and ties with places like the UK were getting stronger. Then the pandemic hit and suddenly the world needed vaccines and medicines, fast. Indian Pharma Companies go to work, cranking out and shipping massive amounts. That didn't just boost exports it pulled in a lot more foreign investment, especially in healthcare and biotech.

Even after the worst of the pandemic passed, India's Pharma Industry just kept going. From 2022 through 2024 exports stayed solid. Companies started branching out into vaccines, biologics and specialty drugs. Pandemics also made a lot of countries to rethink where they get their medicines and many

turned to India as a steady, reliable source [US, UK, South Africa, Nigeria, Nepal, Bhutan, Bangladesh, Myanmar, Maldives, Brazil and Mexico – Some maintained or increased their imports from India, whereas some turned to India for pharmaceutical products]. That shift kept exports strong and drew even more investment, especially with those ongoing free trade talks between India and UK.

India exported total about US \$27.9 billion pharmaceuticals, with USA, EU, Japan and South Korea being the main markets in Financial Year 2024-25. Among the world's leading suppliers of vaccines and generic medications in India.

India's textile and apparel industry goes way back- ancient looms, old school crafts, skills passed from one generation to the next. But after independence, everything shifted. New factories popped up everywhere. The government rolled out fresh policies. The exports took off. Textiles weren't just part of the culture anymore. They turned into a serious engine for jobs and foreign money. With all that local cotton and a huge pool of workers, India made its mark on the global scene clothes, fabrics, home linens etc. They shipped it to UK, the US all across Europe.

Right before COVID things were looking good. Exports kept climbing, prices stayed strong and big international brand kept placing orders. Then the pandemic hit, and everything stopped. Lockdowns forced workers to stay home, supply chains fell apart, and who really needed new clothes at that point. Factories lost business, production stalled a huge number of workers suddenly found them out of work.

The rebound surprised everyone- it happened fast. By 2022, people were travelling, shopping and working like before. Demand shot up, supply chains untangles, and countries like the UK went hunting for new trade partners. India stood out right away- huge workforce, good prices. The government jumped in with fresh support, digital tools sped things up, and suddenly buyers cared a lot more about things like sustainability and keeping costs down. All of that pushed India's textile exports past just a simple recovery – they actually grew, especially as the India – UK Trade deal picked up steam. In the end, the industry didn't just scrape by. It came out ahead.

As of 2021, market reports that the estimated worth of Indian Textile Industry to be \$223 billion. Indian Textile Sector is leading the world in jute and cotton, ranks second in silk and it produces hand-woven goods used worldwide about 95%.

The Indian Textile and Apparel Sector are driven by a vast network of small and medium – sized enterprises that specialize in the production of various textiles and clothing items.

India's IT and Digital services scene really exploded after the economy opened up in the "90s. Suddenly, the country wasn't just on the map – it became the go-to spot for software development, IT –enabled services, and digital consulting. Tons of tech talent, great prices, and bunch of big international companies already set up shop there. India just dove headfirst into global markets. The UK jumped right in too. Outsourcing, Fintech deals, Digital Transformation – you name it, India and the UK teamed up.

Even before the pandemic, India and the UK had a strong thing going in IT and Digital Services. Outsourcing was on fire. Cloud computing and business process management was picking up steam. The UK wanted to boost its digital economy, and India had the skilled people to help make it happen. This partnership kept trade and investment flowing, especially while both sides hammered out their Free Trade Agreement Talks.

Then COVID came, and the whole process hit fast – forward. Suddenly, remote work was everywhere. Companies had to digitalize overnight. Demand for cloud and cyber-security shot up. India's IT exports to the UK soared. Investors got even more excited. UK businesses leaned heavily on Indian IT firms to build their digital infrastructure and spark new ideas.

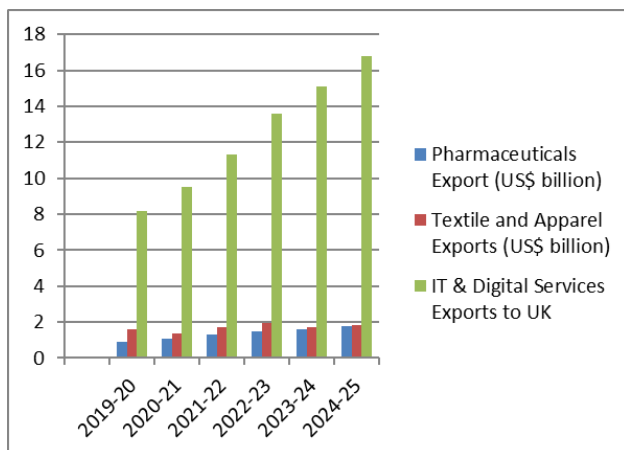
After the pandemic, from 2022 to 2024, the FTA negotiations brought India and the UK even closer. They focused on digital trade, tech services, and innovative sectors. The UK wanted a quick digital revamp, and India had the skills – in software, data analytics, and fintech, all of it. This led to more exports, more investment in tech and startups on both sides of the partnership. By now, the IT and digital services sector wasn't just doing well – it was leading the way in exports, investment, and the growing economic relationship between India and the UK, especially as they inched closer to signing the FTA.

Fiscal Year	Pharmaceuticals Export (US\$ billions)	Textile and Apparel Exports (US\$ billions)	IT & Digital Services Exports to UK (US\$ billions)
2019-20	0.91	1.6	8.2
2020-21	1.05	1.38	9.5
2021-22	1.28	1.72	11.3
2022-23	1.46	1.95	13.6
2023-24	1.62	1.7	15.1
2024-25	1.78	1.85	16.8

- In the graph a slight fall in 2023 - 24 can be seen due to inflation, global uncertainty and competition from other countries.
- The graph also depicts that IT and digital services saw the highest growth, doubling from \$8.2 billion to \$16.8 billion.
- IT growth increased during COVID-19 due to remote work, digital shift and more outsourcing by UK firms.
- The overall trend depicts that IT services grow fastest, Pharma is stable and textile is fluctuating.
- The overall graph shows stronger India - UK trade ties during FTA from 2019 to 2024.

Note:

- Here data is estimated due to limited detailed records
- IT is major service export; Pharma and textiles are key goods export
- Growth after 2020 mainly was due to COVID – 19 recovery, digital demand and healthcare needs.



Pharmaceuticals industry exports to the UK increase steadily from \$0.91 billion to \$1.78 billion (2019 – 25), showing strong demand for medicines and vaccines in the UK from India.

- There is a big jump in 2020 – 19 due to COVID-19, as the UK relied more on India for affordable healthcare products.
- In the Textile industry exports fell in 2020 - 21 from \$1.6 billion to \$1.38 billion because of lock downs and low demands across the world.
- The chart also shows the recovery in the textile industry during 2021 - 23 reaching \$1.95 billion due to rising demand and better supplier chains.

6.2 Policy insights and strategic pathways for enhancing India's trade resilience post India-UK Trade Pact.

The India – UK Free Trade Agreement is not just about cutting off tariff; it also reflects a broader policy shift in India's Trade Strategy aiming at building resilience. Till 2024 it was still under negotiation.

So, there were no formally introduced policies. There were clearly negotiated policy directions and provisions aiming at strengthening India's Trade Resilience.

The key post-pact policy measures that were negotiated to strengthen the India's Trade Resilience are as follows-

6.2.1 Tariff Liberalization

Tariff Liberalization refers to reducing or removing import/export duties that is imposed on goods traded between countries. Countries agree to lower tariff as it makes foreign goods more affordable that leads to increment in trade volume.

As the negotiation is going on- it is negotiated that India will reduce tariffs gradually in a phased manner instead of immediate removal, so that the domestic industries could be protected from shock of sudden foreign competition.

Negotiation also followed the exempt of sensitive sectors or giving them long transition period. It was done to prevent damages to politically and economically sensitive sectors.

During negotiation it was also negotiated that UK will provide near-zero duty access to Indian goods in UK markets can be improved.

The resilience impact of Tariff Liberalization was to avoid import surges having domestic firms and ensuring stable export growth without risking internal industries.

6.2.2 Service Liberalization

Service Liberalization refers to reducing restrictions on trade in services so that foreign individual and companies can provide services more easily across borders. It removes market access barriers, as it increases competition, improves quality and expand choices for consumers, reduce regulatory restrictions- as complex regulations act as hidden barriers (non-tariff barriers) etc.

As the negotiation was going on – market access for Indian professionals in IT services, financial services, legal/accounting services was being negotiated. As India have comparative advantage in services and not goods because India has more man-power than producing industries.

Mutual Recognition Agreement (MRA) was also discussed for degrees and qualifications so that the degree and qualification earned in India can be used to get jobs in UK at same level as their degrees and qualifications in UK.

The resilience impact of Service Liberalization was that it attracted stable long-term capital inflows and it also reduces investment uncertainty.

6.2.3 Mobility and Migration Provision

Mobility & Migration Provisions are rules in agreements or policies that regulate movement of people across countries for work, business or residence. It is a temporary movement of professionals – which allows skilled workers like IT Professionals, Engineers, Consultants etc. to work in another country for permanently – it fills skill gap of hosting country without burdening themselves of permanent migration.

Mobility and Migration Provisions are designed to enable smooth, regulated movement of people for economic activity while balancing labour market protection and national interests.

As the negotiation was going on countries introduced new professional schemes so that they can recruit skill from other countries to fill their skill gaps. Companies also exchange their skilled labour according to their needs – Intra-Company Transfer.

Social Security Agreement is an agreement or provision to avoid double payment of social security contributions where Indian professionals work in the UK and vice – versa. It helps to avoid Double Contribution – pay into UK social security and continue contributions in India. So, the most country India or UK exempt contribution from foreign employees for short-term workers as it reduces financial burden and make overseas employment more attractive. It makes working abroad financially viable for Indians.

The resilience impact of mobility and Migration Provisions was that it strengthens remittance inflows and builds long-term India – UK human capital linkages.

6.2.4 Rules of Origin (Anti-Dumping Protection)

Rules of Origin refer to the criteria used to determine the ‘nationality’ of a product. the purpose of Rules of Origin is to ensure that only goods made in India or the UK get tariff concessions so that misuse of free trade agreement by third countries are prevented.

It provide anti-dumping function that prevent ‘trade deflection’ that is a third country exports good to the UK then re-exports to India under UK label. So, that cheap dumped goods entering India indirectly can be avoided. Value addition requirement is important that is a product must have minimum percentage of value addition in India or UK. It insurance real manufacturing happens within FTA countries, not just re-labeling the products.

Change in tariff classification must be done, that is the product must undergo a significant transformation so that it can confirm that the product is substantially processed not just assembled or re-packaged.

Rule of origin acts as Anti-dumping Protection as it blocks indirect dumping via third country, prevents unfair price competition having domestic industry ensures FTA benefits are not exploited by non members, and protects Make in India manufacturing base.

During the negotiation it was being negotiated that strict criteria to determine where a product is actually made as it will prevent third country from rooting goods via UK. It was also being negotiated that the requirement of minimum value

addition in India or UK as to ensure genuine by lateral trade benefit.

Resilience impact of rule of origin is the way to protect Indian industries from dumping and certain competition and maintains integrity of FTA benefits.

6.2.5 Supply Chain Diversification

Supply chain diversification refers to not depending on one country or one source of goods, raw materials or components instead spreading sourcing across multiple countries or partners. It is multiple sourcing of inputs, reducing over dependence on a single country developing alternative production hubs, building trusted partner networks etc. Supply Chain diversification reduces risk, ensures continuity of trade and protects the economy from global shocks making trade more resilient and stable.

During negotiation it was being negotiated as there should be cooperation in sectors like pharmaceuticals, critical minerals, electronics, technology etc. to reduce dependency on a single countries especially China and also to promote trusted partner supply chain to avoid disruptions like those seen during COVID-19.

The resilience impact of supply chain diversification is to enhance supply security and reduce vulnerability to geopolitical shocks.

6.3 Impact of India's trade post India-UK Trade Pact.

The India UK Trade Park has immersed as one of the prime catalysts shapes a contours of India's post agreement dynamics in a world beset by realignments in major policy amidst uncertainty. Analysis of trade performance during the period 2019 to 2024 shows that they have been growing away specification and exposed the UK. The major sectors in the domain of pharmaceutical, textiles information and communication Technology and services have registered growth in the area due to better market access and competitiveness following FTA talks.

The agreement has also been significant in helping to improve investment type between India and the UK by increasing the confidence levels of investors in both countries. There is definitely increase feeling of mutual confidence and economic collaboration which has led to arranging investor confidence in taking advantage of the economic relationship. There has been an increasing amount of economic investment activity taking place based on the economic relationship between the two countries. For the

investment by the UK in the sectors of Indian manufacturing, digital services and green technology enable successful value chain integration and job creations of Indian companies in the UK position technology transfer and innovation arise from the investment cycle.

The impact of India's trade Post India UK trade pact till 2024 was as follows

i. Expansion of bilateral trade volume that is India UK trade shows upward momentum during negotiation phase the reason behind it was anticipation affect that is business early to benefit from future terrace goods also there was an increase engagement in sectors like textiles, machinery and services and the reason behind this was forms preparing supply chain in advance. The impact of expansion of bilateral trade volume was that it strengthens the UK as a priority export destination and it enhances India's global trade integration.

ii. Boost to India's export competitiveness is the expected tariff elimination on approx 99% of Indian exports to the UK and the reason behind this was that Indian goods were cheaper than the competitors. This sector benefits word textiles and garments, leather goods, gems and jewellery. The impact of boost to India's export competitiveness was higher export earning and improved trade balance with the UK.

iii. Growth in services exports that is the demand for Indian IT services and financial and professional services were increased and the reason behind the increment was UK dependency on skill service providers and also negotiations and easier market access. The impact of growth in services exports was that India's services- led trade model strengthened and generated high value employment.

iv. Increase in foreign direct investment that is UK investors showing interest in infrastructure manufacturing renewable energy of India the reason behind this was its anticipated investment protection provision full stop the impact of increase in foreign direct investment was that the capital influence supports industrial growth and enhances production capacity for export.

v. Supply chain diversification that India was emerging as an alternative sourcing hub for UK firms and the reason was the Geopolitical shifts also the focus factors were pharmaceuticals, electronic and chemical. The impact of supply chain diversification was reduction in India's

dependency on single country import and improves trade resilience against global shocks.

CONCLUSION

Here's what jumps out from the latest research: India and the UK's trade game is in flux, even though the Free Trade Agreement is still just talk for now. Honestly, just the buzz around the deal has already gotten both sides to rethink how they work together.

Take a closer look at what India's shipping overseas now. It's a whole new ballgame compared to five years ago. Gone are the days when exports were mostly simple goods. Now, IT and digital services blow past the old staples. More UK companies are counting on India for tech smarts and skilled workers. The pandemic only sped this up, as the world scrambled for cloud services and remote support. India really moved into the spotlight, and that's why services have taken the lead in trade between the two countries, keeping exports steady and the economy on firmer ground.

Pharma is another powerhouse. While global markets freaked out, India's pharmaceutical exports kept growing. Their reputation for affordable, reliable generic drugs and vaccines just got stronger – especially when the UK needed help most. Textiles didn't have it so easy, though. During the worst of COVID, demand tanked, and even with some rebound, the recovery is uneven. It's pretty clear: some sectors recover fast while others drag, so spreading your bets matters.

There's another thing – businesses aren't just sitting on their hands waiting for politicians to wrap up negotiations. A lot of them have already pivoted, switched up supply chains, and ramped up investments because they expect the deal will land sooner or later. There's real energy around infrastructure, manufacturing, digital services, and green tech. The whole relationship is shifting from just pushing goods back and forth to something deeper – moving money, sharing tech, and sparking new ideas.

And you can't ignore supply chain flexibility. Global shocks and political weirdness have pushed the UK to see India as a safer source. India's connecting more with global value chains, which helps both countries avoid over-relying on a single partner. Both sides are chipping away at bigger issues, too, like cutting tariffs, making it easier to move people and services, protecting investments, and encouraging digital trade. The idea is to build something that holds up, no matter what.

Of course, there are still bumps in the road. Some industries take off faster than others, regulation gets in the way, and since the FTA isn't done, there isn't enough solid data to call it a slam dunk.

But here's what matters: just working on the Free Trade Agreement has already changed the playbook for both countries. They're laying the foundation for more varied exports, tighter service links, bigger investments, and a trade partnership that can actually handle some turbulence. If they seal the deal, this relationship won't just grow – it'll get stronger and smarter, helping both sides ride out whatever comes next..

8.Key Findings

- India is transitioning from a goods-exporting economy to knowledge-driven, services – led trade model, especially in its engagement with the UK.
- The pharmaceutical sector acts as a shock absorber, ensuring stability in India's export earnings during crises.
- The textile sector is sensitive to global demand cycles, making it less stable compared to pharma and services.
- Digital Trade has become the primary growth engine in India – UK economic relations.
- FTA negotiations themselves act as a confidence-building mechanism, influencing trade behavior before implementation
- India – UK economic ties are shifting from trade – only relations to integrated investment partnerships.
- India is emerging as a strategic supply chain partner, enhancing its role in global trade networks.
- India is achieving greater export diversification, reducing vulnerability to regional demand shocks.
- Trade expansion with the UK is contributing to employment generation and skill upgradation, especially in knowledge sectors.
- India – UK trade is evolving into a high-value, innovation-driven partnership, not just cost-based trade.
- Despite growth, sectoral disparities and regulatory challenges continue to affect trade balance.
- India's trade structure is becoming more resilient, adaptive and shock-resistant

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