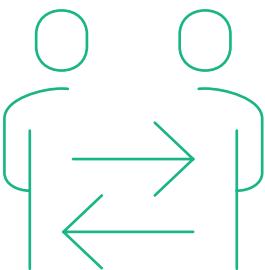




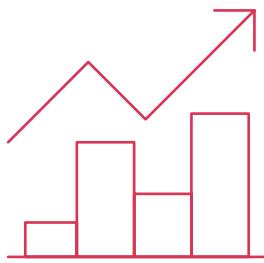
NEW INVESTMENTS EXPECTED BETWEEN INDIA AND THE UK WITH FREE TRADE NEGOTIATIONS INDICATING A BRIGHT FUTURE

Our India Group surveyed a range of business owners and consultants active in the UK-India market which revealed an average increase in their confidence levels on business opportunities between the two countries from Q1 to Q3 2021/22.

Although the globe is now tackling a new wave of the Coronavirus pandemic, economies seem to be remaining widely open compared to measures during previous variants. Along with a positive announcement on Thursday 13 January that the UK has launched negotiations with India on an ambitious free trade agreement (FTA), we expect this level of confidence to remain as we enter 2022.



**Ambitious free trade
agreement negotiations**



**Confidence levels risen over 6
months to November**



**Common language, law
and business culture
driving synergies**

The new agreement is extremely encouraging news for our relationship with India and is expected to boost our total trade up to a potential £28 billion a year by 2035.

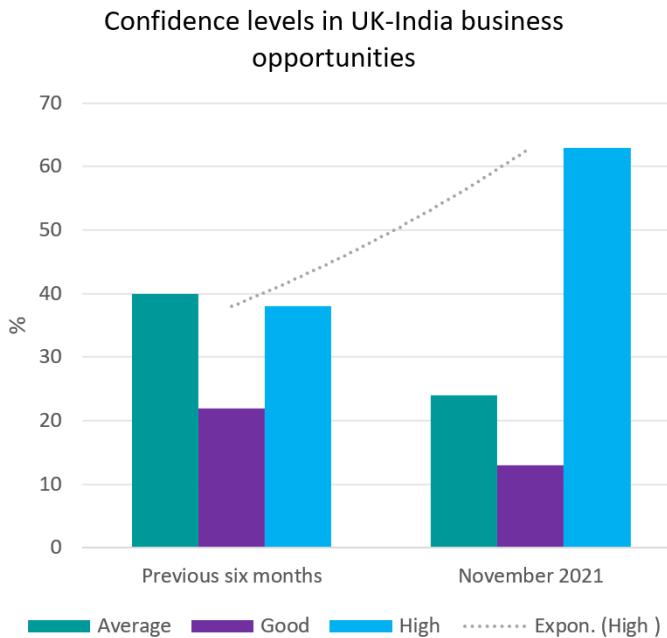
63% of those surveyed had already stated that they had high confidence in the market before this good news was revealed, as opposed to only 38% having high confidence in the previous six months.

Many were still understandably cautious and putting investments on hold but had confidence in things picking up. It was clear in the responses that this was overwhelmingly due to the pandemic and that, although investment decisions were delayed, they

expected an increase in activity levels across the markets in the next six months. Those surveyed saw the UK-India relationship remaining as nothing less than 'somewhat important' with 60% of participants indicating it was either 'important' or 'very important'.

India remains the second-largest source of foreign direct investment in the UK and the UK is the largest G20 investor in India and third overall since 2010. There are over 400 UK companies in India employing over 422,000 people and approximately 850 India-owned companies in the UK employing around 116,000 people, further supporting the importance of the relationship.

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Areas to consider

While the survey provided overall positivity, some challenges were identified. These include macro-economic considerations, such as ongoing financial trade partnership discussions. One of the main features of trade between the UK and India is the number of Indian businesses seconding staff to the UK. This has been raised with both governments on issues including mutuality of qualifications, skills shortages, immigration criteria and social security. We highlighted the benefits of a social security agreement in our [report with the Confederation of Indian Industry](#). With the launch of the negotiations on an FTA, we hope this continues to be a key part of conversations.

When expanding internationally, the mobility of people within your business is important with the aim that workforces move seamlessly from one country to another. Moore Kingston Smith's Director of Global Mobility Steve Asher says: "Whether Indian companies are seconding someone abroad or sponsoring an international employee, it is crucial to know how each assignment fits into the wider tax and legal landscape and to plan accordingly."

Other practical challenges identified by respondents were seemingly minor, such as opening a bank account in the UK. We have minimised the delay for many Indian clients but it can still take anywhere between two and six months. The enhanced due diligence of overseas investments can certainly be streamlined with sufficient planning.

Efficiency and speed vital for closing India-UK deals

The survey indicates that there will be increased trade and investment between India and the UK this year. It is even more important for growing businesses to be quick off the mark to be prepared and maximise expected opportunities. Moore Kingston Smith has been connecting UK companies and Indian investors for over 30 years. This includes Indian investors looking for UK companies that are investment-ready. For example, they have fine-tuned their strategy, created a mobile workforce, secured their IP, explored R&D credits and installed top-of-the-range cyber security..

If you would like to speak to our team about how we can help, please contact our India Group Partner, Ian Matthews IMatthews@mks.co.uk.