

IMPACT OF THE UK-INDIA TRADE AGREEMENT ON INDIA'S ENERGY SECTOR



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The landmark Comprehensive Economic and Trade Agreement (CETA) signed between the United Kingdom and India in July 2025 marks an important moment for India's rising energy sector.¹ Casting a broad range of industries and employing strict provisions for sustainability, the deal brings in new opportunities for investment, technology transfer, market access, and climate action. The provisions of CETA promise to cement India's position as a global leader in adoption of clean energy and infrastructure modernization.

Accelerating Renewable Energy Collaboration

One of the main provisions of the CETA is its aim on renewable energy cooperation. By reducing barriers to entry in market, the agreement essentially invites companies like Akira Solar, Green Wind UK, and British Petroleum India, among others to form joint ventures and collaborate with each other.² These partnerships will lead to fast-track deployment of solar photovoltaic parks, wind farms, and emerging green-hydrogen facilities across India's diverse geographies. Harmonization of standards and mutual recognition of certifications under the CETA will enable smooth transfer of technology, ensuring the engineers and technicians from India gain hands-on experience with cutting-edge renewable systems.

Reducing
Market Entry
Barriers

Furthermore, a streamlined framework for the movement of specialized talent and expertise means that UK-trained engineers and project managers can easily contribute to large-scale projects in India. Conversely, Indian experts will have clearer pathways to collaborate on UK-based research and demonstration projects, fostering a two-way exchange of knowledge in areas such as energy storage, grid integration, and digital monitoring solutions.

¹ Press Information Bureau, "India and UK Sign Comprehensive Economic and Trade Agreement (CETA)," Government of India, July 24, 2025. <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2147805> (accessed July 30, 2025)

² Kartikeya Dube (Head of Country & Chairman, BP India), "India–UK Free Trade Agreement set to transform energy sector and investments," The Economic Times (Energy News), July 24, 2025. <https://energy.economictimes.indiatimes.com/news/renewable/india-uk-free-trade-agreement-set-to-transform-energy-sector-and-investments/122881765> (accessed July 30, 2025)

Tariff Reductions Fuelling Market Access

A headline feature of the UK–India CETA is the phased elimination of tariffs on a suite of British-origin clean technologies, including electric vehicles (EVs) priced below GBP 40,000, advanced battery cells, and smart-grid equipment.³ Over a six-year

Elimination of Tariffs in phased manner

schedule, duties on these imports will be reduced to zero, lowering the upfront cost of British-made EVs in India and catalyzing consumer adoption. This, in turn, promises to stimulate local EV manufacturing and supply chains by increasing demand for key components such as battery management systems and traction motors where Indian firms already exhibit burgeoning capabilities.

At the same time, UK energy-infrastructure providers benefit from fewer non-tariff barriers to bid on Indian tenders. Grid modernization initiatives—upgrading transmission lines, deploying smart meters, and rolling out micro-grids in rural areas—stand to gain from the financial and technical heft of established British firms. The agreement’s rules of origin clarifications further de-risk projects by ensuring that joint ventures can leverage components made across both countries without incurring additional duties.

Growth in Bilateral Trade and Investment

With the reduction of trade barriers, bilateral energy trade is projected to swell. Analyst forecasts anticipate up to a 40 percent increase in U.K. participation in India’s renewable auctions over the next five years and a doubling of British foreign direct investment (FDI) into the Indian energy sector by 2030.⁴ Special impetus will flow into small and medium-sized enterprises (SMEs) and start-ups specializing in clean tech ranging from AI-driven demand-response platforms to next-generation photovoltaic coatings.

Bilateral Energy Trade to Increase

The agreement’s integrated digital platform for investment facilitation promises quicker approval timelines for green-energy projects, enhancing India’s attractiveness for UK

³ Reuters, “India files UK deal, sets cautious tone on trade,” July 30, 2025. <https://www.reuters.com/world/india/india-file-uk-deal-sets-cautious-tone-trade-2025-07-30/> (accessed July 30, 2025).

⁴ UK Government, “Impact assessment of the Free Trade Agreement between the UK and India: Executive summary,” GOV.UK, July 24, 2025. <https://www.gov.uk/government/publications/uk-india-free-trade-agreement-impact-assessment/impact-assessment-of-the-free-trade-agreement-between-the-uk-and-india-executive-summary-web-version> (accessed July 30, 2025).

pension funds, sovereign wealth funds, and corporate investors seeking stable returns in a high-growth market. As financing parcels for wind and solar assets are securitized, innovative instruments such as green bonds and sustainability-linked loans will further lower the cost of capital for large-scale projects.

Supporting India's Green Transition and Climate Ambitions

Beyond pure investment, the CETA embeds climate and sustainability chapters that signal both governments' shared commitment to global climate goals. Provisions encourage co-development of carbon-capture pilot plants, joint research on electrochemical storage technologies, and collaborative policy dialogues on decarbonizing hard-to-abate sectors such as steel and cement.⁵ These measures reinforce India's national targets under its 2070 net-zero pledge and the 2030 renewables-capacity goal of 500 GW.⁶

While the expansion of industrial activity and energy demand may lead to a short-term rise in greenhouse-gas emissions, the emphasis on renewables, efficiency gains, and clean-technology diffusion is expected to deliver net emission reductions over the medium term. As UK clean-tech firms transfer expertise in emissions-monitoring, waste-heat recovery, and combustion-optimization, Indian power plants can transition to higher efficiency standards more rapidly.

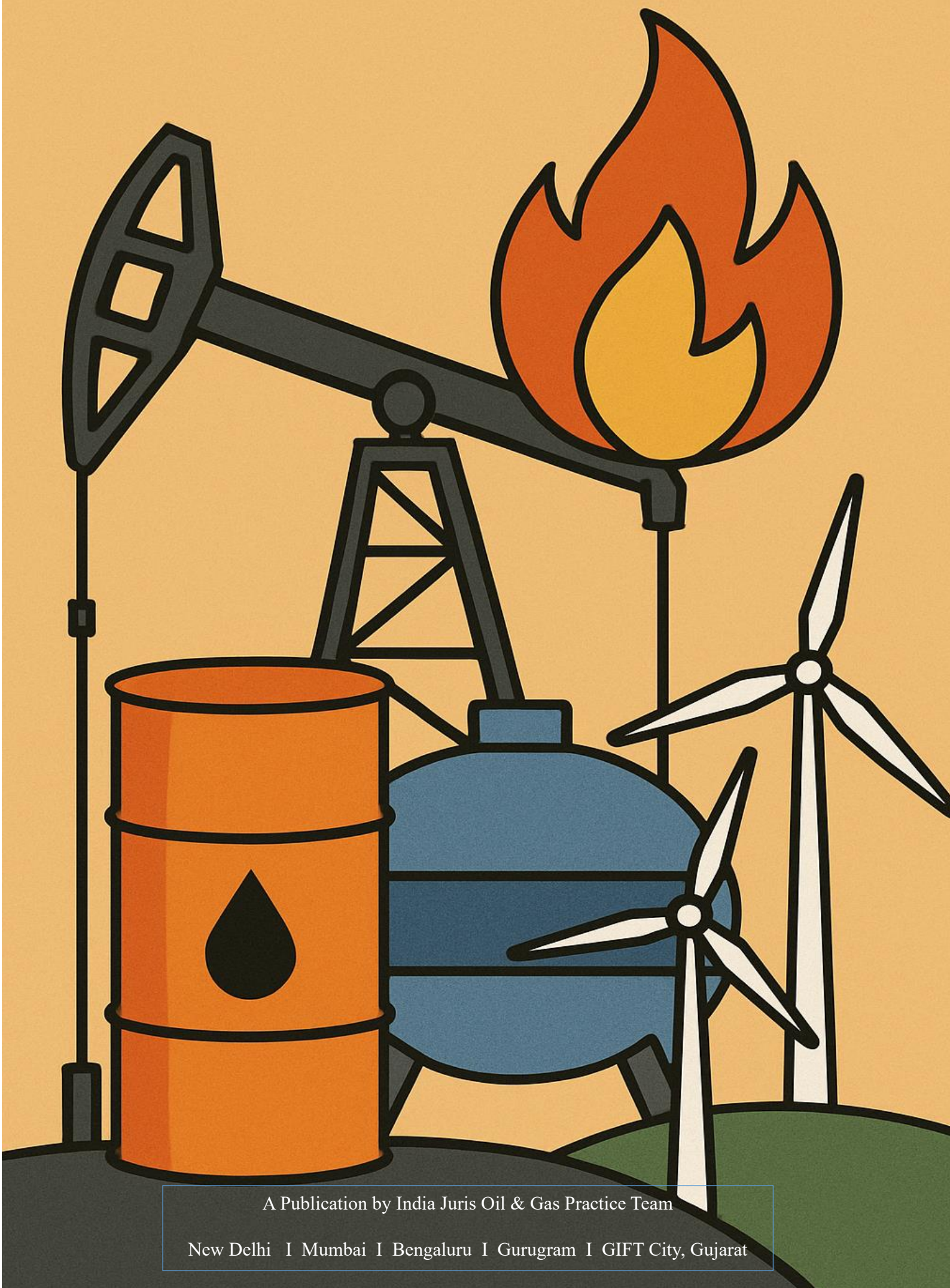
Conclusion

The UK–India CETA represents more than a traditional trade agreement as it is a strategic partnership to empower India's energy transformation to cleaner fuels and modern infrastructure. By unlocking investments, easing market access, and institutionalizing technology exchange, the agreement lays the foundation for increased de-carbonization and infrastructure modernization. As British and Indian energy companies embark on joint ventures in renewable generation, grid modernization, and sustainable innovation, India is poised to scale clean technologies at an unprecedented pace—and in doing so, strengthen its role in steering the global energy transition.

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⁵ Press Information Bureau, "Press Note Details: India–UK Comprehensive Economic and Trade Agreement (CETA)," Government of India, July 27, 2025. <https://www.pib.gov.in/PressNoteDetails.aspx?id=154945&NoteId=154945&ModuleId=3> (accessed July 30, 2025)

⁶ UK Government, "India–UK Vision 2035," GOV.UK, July 24, 2025. <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2147956> (accessed July 30, 2025).



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