

How the India-UK Trade Deal Could Reshape Global Fashion

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In May 2025, India and the United Kingdom finalized a Free Trade Agreement (FTA) that significantly slashes or removes tariffs on many goods.

For trade in textiles, apparel, leather and footwear, it is a game-changer. Under the new terms:

- The UK will eliminate duties on nearly all Indian exports, including garments, fabrics, and home textiles.
- India, in return, will reduce tariffs on many British goods—high-end fashion, beauty products, etc.—making luxury imports more accessible.

Thus level of tariff liberalization is rare and significant, particularly for sectors that depend on global sourcing and cross-border sales.

How It Boosts Indian Fashion Exports

Because the UK is a big market for apparel and home textiles, Indian exporters are expected to benefit in several ways:

1. Cost Competitiveness Improves

With duties of 8-12% (and in some footwear or carpet items up to 16%) removed for Indian textile and apparel exports to the UK, Indian producers will face fewer added costs. This could allow more competitive pricing versus rivals like Bangladesh, Vietnam and China.

2. Market Share Expansion

Currently, India holds about 6 - 6.5 % of the UK market for apparel imports. Therefore share is expected to rise, possibly doubling, over the next few years.

3. Product Diversification

Exporters may move beyond basic cotton products into higher value-added garments, technical textiles, sustainable fashion, artisanal crafts (like Banarasi, Chanderi)

4. Support for MSMEs & Traditional Producers

Small and medium firms, especially in textile clusters (e.g. Tiruppur, West Bengal, Gujarat) and artisan sectors, could gain from reduced trade barriers, and through improved access to UK buyers. Moreover, there may be growth from items deeply embedded in Indian heritage, such as handcrafted weaves and traditional footwear.

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