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New India-UK FTA details revealed ahead of July 15 implementation

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The FTA, signed over a year ago, will finally come into effect from 15th July.

The India-UK Free Trade Agreement (FTA) will come into force on July 15, 2026, bringing major changes to trade between the two countries. Most pertinently, the FTA will include a phased reduction in import duties on British-made vehicles, with rates dropping to as low as 10 percent.

Import duties to drop to 30 percent for high-end vehicles in year one

Annual quotas for reduced tariffs will expand up to 37,000 units by year five

India-UK FTA import duty reduction structures

Under the quota-based system introduced with the India-UK FTA, import duties on eligible British-manufactured cars will gradually decline to 10 percent over five years, down from as high as 110 percent currently.

Immediate tariff drops

Vehicle criteria	New rate	Old rate	Quota
Petrol, above 3,000cc	30	110	10,000
Diesel, above 2,500cc	30	110	10,000
Petrol, between 1,500cc and 3,000cc	50	66	5,000
Diesel, up to 2,500cc	50	66	5,000
Petrol, up to 1,500cc	50	66	5,000

In the first year of implementation, the import duty on petrol vehicles with engines above 3,000cc and diesel vehicles with engines above 2,500cc will fall to 30 percent from 110 percent, with the quota set at 10,000 vehicles.

Petrol vehicles with engines between 1,500cc and 3,000cc and diesel vehicles with engines of up to 2,500cc will attract a 50 percent duty, down from 66 percent, under a quota of 5,000 units. Lastly,

cars with engines of up to 1,500cc will also attract a 50 percent import tariff under a 5,000-unit quota.

Five-year plan

By the fifth year of the India-UK FTA, tariffs across all ICE vehicle categories are scheduled to fall to just 10 percent. Annual quotas will also expand, allowing up to 37,000 British-made vehicles to be imported into India each year under the concessional tariff structure. Vehicles imported beyond these quotas will continue to attract higher duties, although those tariffs are also expected to decline gradually over time.

It should also be noted that there will be no tariff concessions for electric, hybrid and hydrogen-powered vehicles in the first five years of the India-UK FTA's implementation. From the sixth year onwards, alternative-fuel vehicles priced above GBP 40,000 (Rs 49.94 lakh) will become eligible for phased tariff reductions within specified quotas.

High-end British carmakers already starting to lower prices

Jaguar Land Rover was the first to announce price reductions for models imported as CBUs (completely built units), namely the Range Rover SV and Range Rover Sport SV, ahead of the India-UK FTA coming into effect. The price of the Range Rover SV was slashed to Rs 3.50 crore from Rs 4.25 crore – a Rs 75 lakh cut – while that of the Range Rover Sport SV was cut from Rs 2.75 crore to Rs 2.35 crore, a drop of Rs 40 lakh.

While the Defender and Discovery are also imported, they will continue to attract the full extent of taxation as they are manufactured outside the UK at JLR's Nitra plant in Slovakia. The incoming India-EU FTA could lower their prices, though.

McLaren is also set to implement substantial price cuts across its India line-up. In that, the 750S Spider is expected to see the biggest price reduction of Rs 3.32 crore (from Rs 8.78 crore to Rs 5.46 crore), followed by Rs 3 crore for the 750S Coupe (from Rs 7.94 crore to Rs 4.94 crore) and Rs 2.32 crore for the GT (from Rs 6.15 crore to Rs 3.83 crore).

Other British luxury carmakers such as Bentley, Rolls-Royce and Aston Martin will also benefit from the India-UK FTA, though they have yet to announce price reductions.

Supercars are waiting to be launched in the coming years that are being very popular such as brands like Porsche.



2027 Porsche Taycan unveiled with simulated gearshifts

It is also the first electric model in Porsche's line-up to offer a track-focused Manthey kit.

Porsche has introduced the 2027 Taycan with substantial updates. In a first for the brand, the electric sedan now features Hyundai Ioniq 5 N-like simulated gearshifts, as the carmaker aims to enhance overall driver involvement.

E-shift system comes with a virtual rev limiter and gearshift indicator

2027 Taycan also gets a new-gen infotainment system and optional summer tyres

Previously, Andreas Preuninger, director of Porsche's GT division, told Autocar UK that Hyundai's simulated gearshifts on the Ioniq 5 N were "very impressive" and his "biggest takeaway" after driving one. "We (Porsche GT) are automotive nerds, and discussions about how to improve driving engagement are always happening," he said.