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INDIA-UK FREE TRADE AGREEMENT: A NEW ERA OF ECONOMIC COOPERATION

WHY IN THE NEWS?

India and the United Kingdom have officially signed a Free Trade Agreement (FTA) after nearly three years of negotiations. While the FTA primarily focuses on trade and economic cooperation, it is expected to significantly benefit Indian students aspiring to study in the UK. The agreement aims to simplify visa procedures, enhance degree recognition, and expand post-study work opportunities. With over 150,000 Indian students currently in the UK, the FTA marks a major step toward improved accessibility and mobility in higher education and professional sectors.



WHAT IS A FREE TRADE AGREEMENT?

A Free Trade Agreement (FTA) is a treaty between two or more countries to facilitate trade and eliminate or reduce tariffs, quotas, and other trade barriers on goods and services exchanged between them. It aims to

create a more open and competitive international marketplace by improving market access and reducing costs for exporters and importers. FTAs often include provisions on investment, intellectual property rights, and dispute resolution mechanisms. They are crucial instruments for boosting bilateral trade, attracting foreign investment, and enhancing economic cooperation between partner countries.

- 1. Tariff Reduction or Elimination:** FTAs reduce or remove import/export duties on specified products.
- 2. Market Access:** They provide businesses easier access to partner country markets.
- 3. Rules of Origin:** FTAs define which goods qualify for tariff benefits based on where they are produced.
- 4. Trade in Services:** Many FTAs also include provisions to promote cross-border services such as banking, insurance, education, etc.
- 5. Investment Promotion:** FTAs often include clauses to protect and promote foreign investment.
- 6. Dispute Resolution Mechanism:** They include processes to resolve trade disputes between partner countries.

OVERVIEW OF INDIA AND UK TIES

- 1. Economic and Trade Relations:** Ongoing negotiations for a Free Trade Agreement (FTA) to boost trade and investment. Strong presence of Indian firms in the UK, especially in tech, pharma, and financial services. UK investments in India's digital economy and fintech sector.
- 2. Strategic and Technological Cooperation:** The UK-India Technology Security Initiative (TSI) focuses on AI, semiconductors, quantum computing, and cybersecurity. Collaboration on green energy, climate action, and sustainable finance. Joint efforts in research and innovation to stay competitive in emerging technologies.
- 3. Defence and Security Partnerships:** Maritime security, counterterrorism, and intelligence-sharing form the core of defence cooperation. Joint military exercises and naval collaboration in the Indo-Pacific region. Potential for defence technology partnerships while respecting India's strategic autonomy.
- 4. People-to-People Connections:** 1.6 million Indian-origin people in the UK contribute to business, healthcare, and politics. The Young Professionals Scheme allows easier movement of skilled workers. Indian students form the largest group of international students in the UK.
- 5. Geopolitical Challenges and Opportunities:** Issues like Khalistani extremism and historical tensions occasionally create friction. Differences in foreign policy approaches, but shared strategic interests in global security. India's rising global influence and the UK's Indo-Pacific tilt create avenues for deeper collaboration.
- 6. Future of India-UK Relations:** Review of Roadmap 2030 to assess progress and set new goals. Finalization of FTA to unlock economic potential. Strengthening technology, trade, and diplomatic engagement for a more robust partnership.

EVALUATIONS OF FREE TRADE AGREEMENTS

- 1. Boost to Trade and Economic Growth:** FTAs significantly enhance bilateral trade by reducing tariffs and non-tariff barriers, thereby contributing to GDP growth and employment generation.
- 2. Increased Consumer Choice and Lower Prices:** By encouraging the inflow of foreign goods and services, FTAs expand consumer options and can lead to more competitive pricing.
- 3. Attraction of Foreign Investment:** Clear rules and investment protection provisions in FTAs promote investor confidence and help attract Foreign Direct Investment (FDI).
- 4. Technology Transfer and Innovation:** Access to global markets through FTAs often encourages technology transfer, industry modernisation, and innovation in domestic sectors.
- 5. Strain on Domestic Industries:** Small and vulnerable industries may struggle to compete with cheaper or more technologically advanced imports, leading to job losses or closures.

- 6. Trade Imbalances and Dependency:** Unequal terms or competitiveness gaps can lead to trade deficits and over-dependence on partner countries for critical goods.
- 7. Loss of Customs Revenue:** Reductions in import duties can negatively impact government revenue, especially in developing economies relying heavily on tariffs.
- 8. Uneven Distribution of Benefits:** Gains from FTAs may not be equally shared across regions or socio-economic groups, risking inequality and public discontent if not addressed properly.

SIGNIFICANCE OF A FREE TRADE AGREEMENT

- 1. Promotes Economic Growth:** FTAs stimulate economic activity by increasing exports, improving production efficiency, and attracting foreign investment.
- 2. Enhances Market Access:** They open up new and larger markets for domestic producers, especially in sectors like manufacturing, agriculture, and services.
- 3. Reduces Trade Barriers:** FTAs eliminate or lower tariffs, quotas, and other restrictions, making trade smoother, faster, and less costly.
- 4. Boosts Competitiveness:** Exposure to global markets compels domestic industries to innovate, improve quality, and adopt better technologies.
- 5. Improves Consumer Welfare:** Consumers benefit from a wider range of goods and services at lower prices due to increased competition and imports.
- 6. Strengthens Bilateral and Strategic Ties:** FTAs are not just economic tools—they also deepen political, diplomatic, and strategic relations between partner countries.
- 7. Facilitates Job Creation:** By expanding trade and investment, FTAs help generate employment in export-oriented and related sectors.
- 8. Encourages Regulatory Cooperation:** They promote alignment of standards, certifications, and intellectual property rights, making cross-border business easier.

WAY FORWARD

- 1. Timely Implementation of the FTA:** Both India and the UK must ensure the timely ratification and implementation of the FTA provisions to translate commitments into real economic gains.
- 2. Focus on Education and Mobility:** While the agreement hints at better student and professional mobility, both nations should work towards concrete frameworks for mutual recognition of degrees, easier visa access, and improved post-study work pathways.
- 3. Support for Vulnerable Sectors:** Governments should provide capacity-building support and transitional assistance to small and medium enterprises (SMEs) and vulnerable sectors likely to face competitive pressure due to tariff reductions.
- 4. Maximising Services and Investment Potential:** With India's strength in services and UK's interest in investment, both sides must deepen regulatory cooperation and reduce barriers to cross-border trade in services and capital.
- 5. Inclusive and Sustainable Trade Practices:** The FTA should be implemented with an emphasis on inclusive development, environmental sustainability, and labour standards to ensure balanced benefits.
- 6. Leveraging Strategic Synergies:** Beyond trade, the FTA should be a platform to expand cooperation in areas like clean energy, cybersecurity, innovation, defence manufacturing, and digital public infrastructure.
- 7. Strengthening India's Global Trade Network:** The India-UK FTA should serve as a stepping stone for India to conclude more high-standard FTAs, including the ongoing India-EU FTA negotiations, thus strengthening its role in global trade governance.

8. Periodic Review and Evaluation: Establish a joint mechanism to periodically assess the economic, social, and strategic impact of the FTA, ensuring it adapts to emerging challenges and remains mutually beneficial.

CONCLUSION

The India-UK Free Trade Agreement (FTA) represents a significant milestone in bilateral relations between the two nations, offering tremendous potential to enhance economic ties, foster educational and professional mobility, and boost strategic cooperation. With its broad-ranging provisions on trade, services, investment, and people-to-people exchanges, the FTA stands as a vital tool for both countries to secure mutual benefits and progress in various sectors, from technology and defense to education and climate action. As the FTA progresses, timely implementation, addressing vulnerable sectors, and promoting inclusive and sustainable trade practices will be critical in ensuring long-term success. The collaboration between India and the UK under the framework of the FTA will not only contribute to economic growth but also further strengthen their political and strategic relations, thereby positioning both nations to tackle global challenges together.

PRELIMS QUESTIONS

Q. With reference to the India-UK Free Trade Agreement (FTA), consider the following statements:

1. The FTA is expected to significantly benefit Indian students by simplifying visa procedures and enhancing post-study work opportunities.
2. The FTA only focuses on trade and economic cooperation without any provisions related to education and technology.
3. The FTA aims to eliminate or reduce tariffs and quotas on goods and services exchanged between India and the UK.

How many of the above-given statements are correct?

- A. Only one
- B. Only two
- C. All three
- D. None

Answer: B

MAINS QUESTIONS

Q. Discuss the significance of the India-UK Free Trade Agreement (FTA) in strengthening bilateral relations.

(250 words, 15 marks)

CONTEMPT OF COURT IN INDIA: AN IN-DEPTH ANALYSIS.

WHY IN THE NEWS?

The law of contempt has come under public spotlight following remarks by Chief Justice of India-designate Justice B.R. Gavai. He stated unequivocally that there can be “no compromise if somebody hurts the dignity of court”, in response to derogatory remarks made by BJP MP Nishikant Dubey against the Supreme Court

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and Justice Sanjiv Khanna. Justice Gavai also noted that “some other judges would have taken a different view”, implying that stronger judicial action could have been warranted. This development has reignited debate over the limits of free speech vis-à-vis the authority and dignity of the judiciary.



WHAT IS CONTEMPT OF COURT?

Contempt of court refers to actions that defy or disrespect the authority, justice, and dignity of the court. It is broadly categorized into two types:

- 1. Civil Contempt:** Willful disobedience to any judgment, decree, direction, order, writ, or other process of a court, or willful breach of an undertaking given to a court.
- 2. Criminal Contempt:** Publication or doing of any act which: Scandalizes or tends to scandalize, or lowers or tends to lower the authority of any court; Prejudices, or interferes or tends to interfere with, the due course of any judicial proceeding; or Interferes or tends to interfere with, or obstructs or tends to obstruct, the administration of justice in any other manner.
- 3. Purpose:** To ensure that the dignity and authority of the judiciary are maintained, and the administration of justice is not obstructed.
- 4. Scope:** Applies to actions both inside and outside the courtroom that may affect the judicial process.
- 5. Examples:** Disobeying court orders, making derogatory remarks about judges, or publishing materials that may influence ongoing proceedings.
- 6. Legal Framework:** Governed by the Contempt of Courts Act, 1971, which outlines the definitions, procedures, and punishments related to contempt.
- 7. Significance:** Acts as a safeguard for the judiciary to function independently and effectively without undue influence or obstruction.

CONSTITUTIONAL PROVISIONS RELATED TO CONTEMPT OF COURT

The Indian Constitution provides the judiciary with the power to punish for contempt:

1. Article 129: Declares the Supreme Court as a court of record with all the powers of such a court, including the power to punish for contempt of itself. This ensures that the apex court can independently safeguard its dignity without external interference.

2. Article 215: Grants every High Court the status of a court of record with the power to punish for contempt of itself. It mirrors the power given to the Supreme Court and ensures that state-level courts are equally empowered.

3. Article 19(2): Allows the State to impose reasonable restrictions on the freedom of speech and expression in the interests of, among other things, contempt of court. This acts as a constitutional check against misuse of freedom that could impede justice.

4. Inherent Powers: Courts of record inherently possess the authority to punish for contempt to maintain their dignity and ensure the proper administration of justice. This power does not stem from legislation alone but from their status as courts of record.

5. Judicial Independence: These provisions uphold the independence of the judiciary by empowering it to act against any interference. This autonomy is critical in a democratic setup where checks and balances must operate without fear or favour.

6. Balance with Fundamental Rights: While ensuring judicial authority, these provisions also maintain a balance with the fundamental right to freedom of speech. This encourages a culture where courts are respected without stifling democratic discourse.

7. Legal Precedence: These constitutional provisions have been upheld and interpreted in various landmark judgments, reinforcing their significance. Cases like *Re: Arundhati Roy and Indirect Tax Practitioners Association v. R.K. Jain* demonstrate how these powers are exercised in practice.

FEATURES OF CONTEMPT OF COURT

1. Dual Nature: The distinction between civil and criminal contempt allows the judiciary to address both non-compliance with court orders and actions that undermine the judicial process. For example, in *Re: Vinay Chandra Mishra (1995)*, criminal contempt was invoked due to scandalizing the court.

2. Punishment: Under Section 12 of the Contempt of Courts Act, 1971, contempt can be punished with simple imprisonment for up to six months, a fine up to ₹2,000, or both. In *Zaheera Sheikh v. State of Gujarat (2006)*, the Supreme Court sentenced her for contempt due to misleading the court.

3. Defenses Available: The Act recognizes defenses such as truth (if it is in the public interest), fair and accurate reporting of judicial proceedings, and fair criticism of judicial acts. In *Subramanian Swamy v. Arun Shourie (2014)*, the court upheld that fair criticism does not amount to contempt.

4. Procedural Safeguards: The Act provides procedures for initiating contempt proceedings, including the requirement of consent from the Attorney General or Solicitor General for certain cases, ensuring checks and balances. For example, in *Re: Arundhati Roy (2002)*, suo motu proceedings were initiated but highlighted the need for procedural rigor.

5. Sua Motu Powers: Courts can initiate contempt proceedings on their own motion to address actions that may affect the administration of justice. In *In Re: Prashant Bhushan & Anr (2020)*, the Supreme Court initiated suo motu contempt proceedings over tweets.

6. Scope of Application: Applies to individuals, organizations, and even government bodies that may interfere with judicial proceedings or disobey court orders. For instance, in *State of Bihar v. Subhash Singh (1997)*, the state was held accountable for non-compliance with court directions.

7. Objective: To maintain the authority and dignity of the judiciary, ensuring that the legal process is respected and upheld. This was reinforced in *Surendra Yadav v. Ajay Agarwal* (2021) where the Court emphasized the importance of preserving the image and trust in the judiciary.



ISSUES WITH CONTEMPT OF COURT

1. Vagueness and Subjectivity: Terms like “scandalizing the court” are inherently vague and open to interpretation, leading to inconsistent or arbitrary application. For instance, in *Re: Arundhati Roy* (2002), the court held the author guilty for remarks in an affidavit, raising concerns about limits of criticism.

2. Chilling Effect on Free Speech: Fear of contempt action can deter individuals, including journalists and civil society members, from expressing genuine concerns about judicial conduct. In *Indirect Tax Practitioners Association v. R.K. Jain* (2010), the court clarified fair criticism is not contempt, but the apprehension still exists.

3. Potential for Misuse: The broad and discretionary powers vested in courts can sometimes be misused to shield judges or judicial functioning from public scrutiny. In *Rajendra Sail v. M.P. High Court Bar Association* (2005), the court ruled against contempt but highlighted the danger of misuse.

4. Lack of Clarity on Limits: There are no codified benchmarks on what exactly amounts to contempt, causing uncertainty. The *Baradakanta Mishra v. Registrar of Orissa High Court* (1974) case showcased divergent interpretations on criticizing administrative actions of judges.

5. Overlapping Jurisdictions: When both High Courts and the Supreme Court act on contempt matters involving the same facts, jurisdictional overlaps can cause procedural complications. This issue was visible in *Delhi Judicial Service Association v. State of Gujarat* (1991), involving both the SC and lower courts.

6. Delayed Proceedings: Lengthy contempt trials dilute the essence of swift justice and can discourage engagement with the judiciary. The *Mulk Raj v. State of Punjab* (1972) case took years to conclude, illustrating procedural delays in contempt adjudication.

7. Impact on Public Perception: Frequent invocation of contempt powers may portray the judiciary as intolerant of criticism. This concern was echoed during the *In Re: Prashant Bhushan* (2020) case, which ignited a public debate on judicial sensitivity to dissent.

RECOMMENDATIONS TO STRENGTHEN THE LAW

1. Clarify Definitions: Amend the Contempt of Courts Act, 1971, to explicitly define terms such as “scandalizing the court” or “lowering the authority of the judiciary.” This will reduce ambiguity and help ensure consistency in judicial interpretation. For instance, in *Re: Arundhati Roy* (2002), lack of precise definitions led to debates over whether her affidavit criticizing the judiciary amounted to contempt.

2. Enhance Transparency: Create structured procedural guidelines for initiating contempt proceedings, including mandatory reasons in writing and oversight mechanisms. This can prevent arbitrary or politically motivated use. For example, in *Re: Prashant Bhushan* (2020), the absence of clear procedural thresholds in suo motu actions attracted public concern.

3. Promote Judicial Accountability: Encourage a culture where constructive criticism of judicial conduct is accepted and responded to with openness rather than defensiveness. In *Indirect Tax Practitioners Association v. R.K. Jain* (2010), the Court acknowledged the role of fair criticism in improving judicial standards.

4. Periodic Review: Institute a statutory mechanism for the periodic review of contempt laws in light of changing societal contexts and democratic values. For instance, after the public outcry following the *Re: Prashant Bhushan* judgment, legal scholars recommended legislative reforms to better align the law with freedom of expression.

5. Training and Awareness: Conduct regular workshops and training modules for judges, lawyers, and law enforcement officers to ensure a nuanced understanding of contempt laws. In the *Surendra Yadav v. Ajay Agarwal* (2021) case, the Court noted procedural lapses that could have been avoided with better awareness.

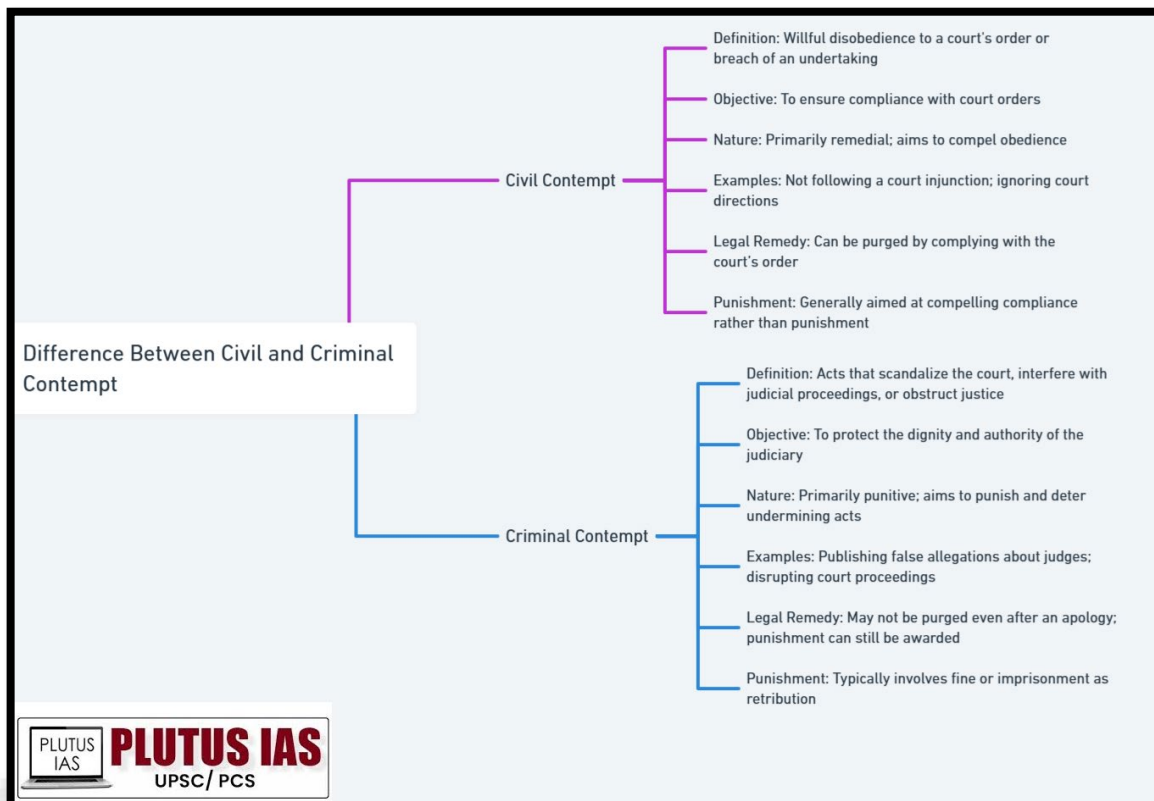
6. Public Engagement: Launch public education campaigns on what constitutes contempt of court and its implications. Transparency can enhance public trust, as seen in public discussions during the *Arundhati Roy* and *Prashant Bhushan* cases which showed a lack of clarity among the public.

7. Alternative Dispute Resolution (ADR): Before invoking contempt powers, courts should promote mediation or apology-based resolutions wherever appropriate. In *Baradakanta Mishra v. Registrar of Orissa High Court* (1974), the issue could potentially have been resolved through dialogue, avoiding prolonged litigation.

CONCLUSION

Contempt of court laws are essential for maintaining the authority and efficacy of the judiciary. However, it's crucial to balance this with the fundamental right to freedom of expression. By refining the definitions, ensuring transparency, and promoting accountability, India can uphold the dignity of its courts while fostering a culture of open and constructive dialogue. In a vibrant democracy, institutions gain respect not through suppression but through transparency and resilience. Strengthening contempt laws along these lines will ensure justice continues to be administered with integrity and public trust.

MINDMAP:



PRELIMS QUESTIONS

Q2. Which of the following is NOT a recognized defense under the Contempt of Courts Act, 1971?

- (a) Truth if in public interest.
- (b) Fair criticism of a judicial act.
- (c) Fair and accurate reporting of judicial proceedings.
- (d) Apology tendered without any remorse.

ANSWER: D

MAINS QUESTIONS

Q. What is contempt of court? Critically examine the relevance of contempt laws in a democracy, especially in the context of judicial accountability and freedom of speech.

(250 words, 15 marks)

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