

The Science, Indigenous Technology & Advanced Research Accelerator

**To**

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**PMO, South Block, New Delhi, 110011** 19 May 2025

**Subject: Urgent Concerns Regarding Public Procurement in India-UK FTA**

Dear Sir,

At the outset we wish to congratulate Government on the successful conclusion of Operation Sindoor, during which the **superior performance of indigenous equipment was convincingly demonstrated**.

**Importance of Indigenous High-Tech capabilities for Defence and National Security**

We therefore seek Hon’ble Prime Minister’s urgent attention to the serious risks posed to India’s 'Atmanirbharta'-- driven industrial indigenisation strategy by the proposed opening up of public procurement under the UK-India Free Trade Agreement, as reported by official UK sources. We had submitted representations (attached) stressing the strategic importance of shielding public procurement from foreign entry. We are writing to you in great hope as our concerns had earlier been duly considered.

**India’s victory was decisively because of indigenous high-tech capabilities. As demonstrated also in the Russia-Ukraine conflict, *domestic capabilities remain critical even amid sweeping global sanctions*. The denial of source codes for foreign platforms further exposed the risks of relying on imports as it prevented seamless interoperability across India’s various foreign-sourced defence platforms - in sharp contrast to China's indigenous integrated military ecosystem, from which Pakistan is benefiting. Indeed, India’s reported blanket concession in the FTA that businesses do not need to divulge “source codes”, is highly detrimental to national security as source code denial blocks tech transfer, prevents systems integration and impedes emergency upgrades.**

**The recent conflict also exposed deepened Chinese ISR/ network support for Pakistan, including the joint development of military infrastructure and capabilities. China may even have been involved in directing operations from Pakistani military headquarters and China is technologically far advanced to us, which means that India cannot afford to dilute policy levers for upgrading its military, technological, and economic capabilities.**

**The UK FTA: A Risky Precedent**

**The U.S. and China use domestic procurement to strengthen their high-tech sectors. But in India, there has been a silent, incremental opening up of public procurement to foreigners. We first conceded procurement parity to Japan, followed by broader access in the UAE FTA. The India-UK deal appears to be the most expansive one yet. Though it purports to be limited, it opens the door for eventual broader and deeper foreign entry.** **Reports suggest that:**

1. **UK firms will gain access to Indian public procurement preferences under Hon’ble Prime Minister's Public Procurement (Preference to Make in India -PPP-MII) policy, undermining that policy.**
2. **With just 20% local content, foreign companies will not need to set up manufacturing in India to access procurement tenders,  which will further reduce manufacturing FDI, thus defeating another Government priority.**
3. **Localisation by foreign firms will stall as their global arms will now qualify directly.**
4. **The details indicate opening up is limited at present, but as pointed out above, it is the proverbial foot in the tent. Once the door is prised open, others will follow, as foreign companies will not relent until they get full access under Tier 1 by padding their bids with low “value” local content, crowding out Indian industry altogether.**
5. **Reciprocal UK access, even if offered, would be token due to their opaque and highly restricted procurement system.**
6. **In contrast, opening India’s transparent and gigantic public procurement market—approximately 20% of our GDP—could trigger a wave of deindustrialisation as contracts worth billions and jobs are exported abroad.**

**Strategic Importance of Public Procurement**

**The BSNL 4G tender—won by an Indian consortium—led to 5G breakthroughs. This was possible only through public procurement. There are reports that the telecom sector may be opened up further to foreign players, despite our success in removing vulnerable foreign dependencies. Sectors like telecom are dual-use assets—civil and military— and must not be exposed to foreign entry, especially given foreign surveillance risks.**

**A Strategic Path Forward**

On Public procurement, India should:

1. **Publish the FTA draft** for public consultation in the national interest.
2. **Study China’s negotiating stance**: the U.S. eventually reduced its proposed tariffs on China from 145% to 30%. India too must limit any unavoidable concessions on public procurement and if absolutely unavoidable, demand strict conditions, full reciprocity and transparent access to the UK’s procurement market, to be immediately revoked if Indian firms are not allowed any substantial breakthroughs.
3. **India must accelerate high-tech manufacturing to build leverage/ withstand undue external pressure.** We have submitted a strategy to NSCS across key (dual use) sectors—defence, ICTs, banking and energy—and shall present it soon for your consideration.
4. **Incentivise R&D via trade policy**: adopt a carrot-and-stick approach—threaten to withdraw tariff protection from sectors where firms fail to invest in R&D.

Some related measures for national resilience:

1. **Remove the source code waiver**—essential for tech sovereignty and national security.
2. **Reframe the narrative on talent migration**: We should use high-tech talent emigration as leverage and not as an “ask”. Indian businesses are running short of talent. We can build trillion-dollar businesses here instead of abroad by exporting our talent.

**Conclusion**

**Opening public procurement to foreign firms has long been a neoliberal agenda to ensure foreign economic domination, i.e., neo-colonialism. Historically, India protected this space, avoiding the WTO’s Government Procurement Agreement. The step-by-step pressure for opening up indicates a well-planned strategy by the wealthy West.**

**The timing of the UK-FTA announcement amid military hostilities raises further concerns. With most Indian exports already enjoying low or zero tariffs in the UK, and the upcoming carbon border tax likely neutralising any gains, the rationale for hurried unilateral concessions especially on public procurement is unclear.**

**The current move contradicts Hon’ble Prime Minister’s PPP-MII/ Atmanirbharta policy and weakens an effective industrial policy tool, which contributed to our successes in the recent confrontation during which our indigenous assets stood tall. There's no loss of face when national security and sovereignty are at stake. Opening public procurement to wealthy foreign powers may serve other interests — but not India’s rise.**

**Let us remain true to the Hon’ble Prime Minister’s vision for Atmanirbharta. We trust our Government, with its strong stance on national security, will act decisively to protect India’s industrial and strategic sovereignty.**

**With best regards,**

**Smita Purushottam**

**SITARA**