

Topic : Impact of Brexit on India

Positives –

1. UK loses a huge preferential market in the EU and would seek to build new alliances and trade pacts. India being one of the fastest growing economies is rightly poised to gain from this development. The migration of EU skilled labor would decrease and English speaking Indian talent pool is definitely going to benefit out of it.
2. Indian students should be able to secure more financing for their college degree, as preferential scholarships to EU countries will reduce. This would mean India could be seen exporting more talent than present levels.
3. Also, let us not forget that India is a former colony of Britain and a member of Commonwealth of Nations. With UK separated from EU, it would want to create new economic alliances and may tilt towards its former colonies. Having said that, we should not forget that one of the reasons for Brexit is the large number of European migrants coming into Britain, so this might eventually be a perception.
4. With substantial Indian population in the UK (highest minority group in the UK with 2.5% of the population), which we have witnessed are treated differently during elections, and most recent instance being UK supporting India NSG bid, we could expect a stronger ally in the UK than EU.

However, India may have to rework its strategy in aligning with some other key EU nations.

Negatives –

1. The pound will lose some value in the shorter term. That would immediately impact any existing contracts, as the value of these contracts would decrease.
2. Some of the projects and negotiations will go on hold as firms would want to wait and watch before implications of Brexit are clearer.
3. Indian IT companies with European headquarters in the UK would need to spend on infrastructure and staff for setting up a new office in the EU. (There are approximately 800 Indian companies in Britain)
4. India has been negotiating a free-trade agreement with the EU for almost 10 years and now will need to rework its strategy. A separate pact might need to be negotiated with the UK.