# Keir Starmer faces backlash over £5bn UK-India deal exempting Indian workers from National Insurance



Keir Starmer has come under fire for allegedly compromising the interests of British workers in order to secure a significant trade agreement with India, valued at £5 billion. The deal, which aims to bolster economic relations between the UK and India, will reportedly exempt tens of thousands of temporary Indian workers from paying National Insurance (NI) in Britain, thereby reducing their employment costs.

The agreement has been touted by New Delhi as an "unprecedented" achievement, but it has sparked accusations of fostering a "two-tier tax system" in the UK. This criticism follows an increase in National Insurance contributions for British firms that was implemented in last year's budget. With firms warning of potential job cuts or even closures, the implications of the deal are being closely scrutinised.

A key aspect of the agreement allows Indian firms with operations in the UK to hire workers without imposing NI contributions for the first three years. British firms will benefit from reciprocal arrangements when sending employees to India, although specific details regarding the cost and potential ramifications for UK businesses remain unverified. This demand was reportedly instrumental in the negotiations led by Indian representatives and has been described as offering "significant financial gains" for Indian companies.

In addition to the tax exemption, the trade agreement will facilitate the provision of more visas for specific roles, including yoga teachers, chefs, and musicians, which will be classified as skilled workers capped at 1,800 annually.

The criticism from various quarters intensified shortly after Labour's disappointing performance in the recent local elections, where voters turned to Reform UK over concerns related to immigration policies. Kemi Badenoch, leader of the Conservative Party, previously opposed the agreement during her tenure as trade secretary, expressing concerns about the fairness of visa arrangements. "This is two-tier taxes from two-tier Keir," she stated, reinforcing the belief that Labour is compromising British interests in favour of external gains.

Political responses have varied, with Conservative officials highlighting how the deal seems to subsidise foreign labour. Business spokesperson Harriett Baldwin noted, "This Government is literally putting up taxes for British workers, but cutting them for Indian workers." Meanwhile, Robert Jenrick, another Conservative member, articulated on social media that British workers seem to be marginalised in Starmer's approach to governance.

Conversely, Business Secretary Jonathan Reynolds defended the agreement by drawing parallels to existing treaties with the EU, the US, and South Korea, all part of what is known as the Double Contribution Convention. He asserted that this arrangement would allow British workers sent to India to contribute to the UK system instead of the Indian one while enabling Indian workers in the UK to do the opposite.

Despite the government's assurances, there are significant concerns among critics. Tory MP Nick Timothy accused the administration of misleading the public, stating that the changes are likely to incentivise UK firms to engage Indian service providers, potentially undermining local employment.

Recent data indicates that Indian nationals were the largest group of work visas issued in the UK last year, further emphasising the importance of the bilateral relationship. Following the agreement announcement, No 10 confirmed that Prime Minister Starmer will visit India "at the earliest opportunity," reflecting ongoing diplomatic engagement.

Meanwhile, Liberal Democrat Treasury spokesperson Daisy Cooper raised concerns about transparency, criticising the government's lack of an impact assessment regarding the changes. She suggested that this lack of clarity undermines the credibility of the arrangement and creates a perception of hasty policymaking.

Source: [Noah Wire Services](https://www.noahwire.com)

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