GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE
LOK SABHA
UNSTARRED QUESTION NO. 3863
ANSWERED ON 12/08/2025

NEGOTIATIONS ON FTAs

3863. SHRI SUDHAKAR SINGH

Will the Minister of **COMMERCE AND INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

(a) whether the Government is currently having negotiations on Free Trade Agreements (FTAs) with other countries, including the UK, under which significant reduction in import duty is proposed;
(b) if so, the details thereof along with the data regarding the estimated impact on revenue due to the said tax cuts;
(c) the major categories of product categories on which import duty is proposed to be reduced under the said FTAs along with the likely average reduction in percentage terms;
(d) whether the Government has assessed the likely impact of the said agreements on the products manufactured in India and if so, the details thereof; and
(e) the manner in which the Government is balancing the said agreements keeping in view of the goals envisaged under 'Make in India' and 'Aatmanirbhar Bharat' so as to prevent any loss to the domestic industry?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्यमंत्री (श्री जितिन प्रसाद)
THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI JITIN PRASADA)

(a) to (e) The negotiation of trade agreements is an ongoing process in the government. It has signed 15 Free Trade Agreements and 6 Preferential Trade Agreements till date. Most recently, the Government has signed the India-UK Comprehensive Economic and Trade Agreement (CETA) on 24th July, 2025. It will be implemented after ratification. Further, negotiations for India–Oman Comprehensive Economic Partnership Agreement (CEPA) have been concluded. A list of the ongoing negotiations is given at Annexure.

India-UK CETA provides an unprecedented duty-free access to almost 99 per cent of India's exports to the UK, covering nearly 100% of the trade value. This includes labour intensive sectors such as textiles, leather, marine products, gems and jewellery, and toys as well as high-growth sectors like engineering goods, chemicals, and auto components etc. This will spur large-scale employment generation, empowering artisans, women-led enterprises, and MSMEs. The services sector, a strong driver of India's economy, will also see wide-ranging benefits. The agreement provides greater market access in IT and IT-enabled services, financial and legal services, professional and educational services, and digital trade. India has also secured an agreement on the Double Contributions Convention. This will exempt Indian professionals and their employers from social security payments in the UK for up to three years. The press note issued by the Department in this regard may be seen at https://www.pib.gov.in/PressNoteDetails.aspx?NoteId=154945&ModuleId=3.

Various policy areas including market access for Indian goods and services, mobility for professionals etc. are part of the ongoing negotiations. India has opened 89.5% of its tariff lines, covering 91% of the UK's exports, including both agricultural and industrial sectors. However, only 24.5% of the UK's export value will enjoy immediate duty-free market access. India has safeguarded its sensitive sectors—dairy, cereals and millets, pulses, and vegetables and certain essential oils. Strategic exclusions also cover critical energy fuels, marine vessels, worn clothing, and critical polymers and their monofilaments, smart phones, optical fibres — a strong stand to protect farmers, MSMEs, and national interests. Strategically important products —particularly those where domestic capacity is being built under flagship initiatives like Make in India and PLI—concessions have been provided over extended periods of 5, 7, or even 10 years with gradual tariff reduction.

Revenue is notionally impacted for both the partner countries of the FTA with tariff reductions. This is expected to be offset in the medium to long term by increased trade volumes, investment flows, enhanced competitiveness of Indian exports, and overall economic growth. Moreover, the agreement has been carefully calibrated to safeguard sensitive sectors, and the potential revenue implications have been considered within the broader objective of promoting trade-led development.

Free Trade Agreements (FTAs) are entered into with the concerned trading partner countries primarily with the aim to increase the bilateral trade and economic growth by enlarging the scope of market access and building on the trade complementarities for increasing trade and investment, thereby providing enhanced export potential, generating benefits for industry, farmers, MSMEs and creating job opportunities. FTAs are negotiated with the endeavour to deliver a comprehensive, balanced, broad-based and equitable agreement based on the principle of fairness and reciprocity. It also ensures a level playing field for Indian exporters vis-a-vis their competitors in the trading partner countries.

In order to protect the interests of the domestic industry, FTAs provide for maintaining sensitive, negative or exclusion lists of items on which limited or no tariff concessions are granted. In addition, in case of surge in imports and injury to the domestic industry, a country is allowed to take recourse to trade remedial measures such as anti-dumping and safeguards on imports within the period as mutually agreed to by the parties under the FTAs. FTAs include provisions on Technical Barriers to Trade to promote mutual understanding of each sides' standards, technical regulations, and measures to enhance transparency. Additionally, FTAs address non-technical barriers, thereby facilitating smoother and more effective access to export markets for Indian goods. FTAs include sub-committees for review to align with emerging global requirements.

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Annexure

Sl. No.	Name of the Agreement
1	India – Australia Comprehensive Economic Cooperation Agreement (Expansion of Ind-Aus ECTA)
2	India-European Union Free Trade Agreement
3	India-Sri Lanka Economic and Technology Cooperation Agreement
4	India – Peru Free Trade Agreement
5	India-Chile Comprehensive Economic Partnership Agreement
6	India and New Zealand Free Trade Agreement
7	India and USA Bilateral Trade Agreement (BTA)
8	ASEAN-India Trade in Goods Agreement (AITIGA) (Review)
9	India-Korea CEPA (Review)