

GOVERNMENT OF INDIA  
MINISTRY OF COMMERCE & INDUSTRY  
(DEPARTMENT OF COMMERCE)

**RAJYA SABHA**  
**STARRED QUESTION NO. \*83**  
ANSWERED ON 09/02/2024

**STEPS TO REDUCE TRADE DEFICIT WITH FTA TRADE PARTNERS**

\*83. SHRI ANEEL PRASAD HEGDE:

Will the Minister of COMMERCE & INDUSTRY be pleased to state:

- (a) whether it is a fact that India faces trade-deficit with majority of its Free Trade Agreement (FTA) partners as exports increased marginally while imports almost doubled;
- (b) if so, the reasons therefor, along with the steps contemplated to resolve non-tariff barriers with FTA partners, reducing trade-deficit, sectors/products (in agriculture-industry) facing increased imports under FTAs, besides edible-oil;
- (c) whether India is planning to sign FTA with developed nations like UK-EU-EFTA in the backdrop of India facing huge loss in FTAs with developing countries like ASEAN Malaysia-Thailand-South Korea; and
- (d) whether sensitisation programmes were conducted to prepare the country's industries/exporters to fully utilise FTA benefits?

**ANSWER**

THE MINISTER OF COMMERCE AND INDUSTRY  
(SHRI PIYUSH GOYAL)

(a) to (d): A statement is laid on the Table of the House.

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE RAJYA SABHA STARRED QUESTION NO. \*83 FOR ANSWER ON 09.02.2024 REGARDING “STEPS TO REDUCE TRADE DEFICIT WITH FTA TRADE PARTNERS”**

**(a) & (b)** India has so far signed 13 Free Trade Agreements (FTAs) with its trading partners.

Export to and import from countries depend on a host of factors including respective economic growth patterns, supply and demand conditions, customs duty structure in the FTA partner country, trade complementarity, integration with global value chain, etc. In fact, it has been seen that the exports are also higher when imports increase. Imports from FTA partners also facilitate production of value added products, thereby increasing exports of such products to third countries, thereby adding to trade deficit with the concerned FTA partner.

Government has taken a number of steps including creation of a task force under Department of Commerce to identify, categorise and develop tailored strategies for resolution of non-trade barriers, initiating review of existing FTAs, import monitoring, etc. So far as agricultural sector is concerned, most of these FTAs have provision for exclusion of agri products from tariff reduction, provision of TRQ for a limited number of such products, stricter rules of origin including wholly obtained criteria for most of agricultural products, bilateral safeguards in case of surge in import, etc. Government also engages with its FTA partners to review relevant FTAs with mutual consent, to further strengthen the market availability for our industry. Such reviews have been initiated with ASEAN and Korea.

**(c)** India is negotiating three Free Trade Agreements (FTAs) with the Europe region, viz. India-EU FTA, India-European Free Trade Association TEPA (Iceland, Liechtenstein, Norway, and Switzerland) and India-UK FTA for a level playing field for Indian exporters vis-à-vis its competitors, availing market access in these developed economies. Any trade deal is negotiated with the endeavour to deliver a comprehensive, balanced, broad-based and equitable agreement based on the principle of fairness and reciprocity and overall benefit to all the stakeholders. Further, during the course of FTA negotiations, stakeholders including industry representatives, Apex Chambers of Commerce and Industry, Industry Associations as well as the Administrative Ministries and Departments are consulted from time to time and their concerns and suggestions are taken into account.

**(d)** The FTA utilization depends on a host of factors including respective economic growth patterns, customs duty structure in the FTA partner country, trade complementarity, global value chain, etc. The Government also holds regular outreach programmes with concerned stakeholders including the Indian Missions abroad, the Export Promotion Councils, the trade associations, the concerned ministries/departments to disseminate the opportunities under the FTA. In addition, Government also interacts with industries on regular basis and holds industry outreach programmes to facilitate utilisation of FTA benefits.

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