

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE
RAJYA SABHA
UNSTARRED QUESTION NO. 3243
ANSWERED ON 20/03/2026

DELAY IN CONCLUDING FREE TRADE AGREEMENTS

3243. DR. ASHOK KUMAR MITTAL

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:

- (a) the reasons as to why key export sectors like textiles, engineering goods and pharmaceuticals have shown declining growth despite major incentives;
- (b) the reasons for repeated delay in concluding major Free Trade Agreements (FTAs), affecting India's competitiveness, the details thereof;
- (c) the reasons due to which MSMEs are struggling with certification costs and complex export compliance despite claims of simplification; and
- (d) the manner in which Government is addressing loss of global market share in high-value product segments?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY

(SHRI JITIN PRASADA)

(a) India's export performance during both long term (FY 2021-25) and the current FY 2025-26 (Apr-Jan) indicates a stable and broad-based performance across sectors. The underlying trend for all three sectors, viz. textiles, engineering goods, and pharmaceuticals, remains positive and strong, as evidenced by multi-year CAGRs and rising export values.

Across the three major sectors, a positive multi-year growth trend in exports, can be observed. Over FY 2020-21 to FY 2024-25, exports of engineering goods (CAGR 11.05%), textiles/ RMG (CAGR 6.82%) and pharmaceuticals (CAGR 5.63%) all expanded steadily, with continued growth in FY 2025-26 (Apr-Jan). Within engineering, key categories such as motor vehicles (CAGR 15.2%), two/three wheelers (CAGR 11.7%), auto-components (CAGR 13.35%), Electrical machinery (CAGR 15.3%), Medical and scientific instruments (CAGR 19.43%), and Auto-tyres (CAGR 11.8%), among others recorded double-digit multi-year growth and sustained expansion in exports. Textiles segments like RMG of cotton (CAGR 8.1%), RMG - other textile materials (CAGR 8.6%) and woollen garments (CAGR 12.9%) also registered healthy multi-year increases. Export of pharmaceuticals continued to grow supported by strong geographic diversification.

For the current FY 2025-26 (Apr-Jan), in Textiles, key categories - RMG of all textiles showed a growth of 1.6% from USD 12.9 bn in Apr - Jan 2025 to USD 13.1 bn in Apr-Jan 2026; Man-made yarns/ fibres/ fabs/ made-ups showed a growth of 0.5% from USD 4.0 bn in Apr-Jan 2025 to USD 4.1 in Apr-Jan 2026, etc.. Engineering goods showed an increase of 4.5% from USD 96.8 bn in Apr-Jan 2025 to USD 101.1 bn in Apr-Jan 2026. Drugs and Pharma showed an increase of 5.8% from USD 24.3 bn in Apr-Jan 2025 to USD 25.7 bn in Apr-Jan 2026.

Together, these trends suggest that India's major export sectors continue to demonstrate broad-based growth over the long-term as well as current financial year, reflecting India's strengthening export competitiveness. The performance highlights the effectiveness of policy initiatives and measures for exports.

(b) India adopts a calibrated, evidence-based approach to concluding Free Trade Agreements (FTAs), ensuring that new market opportunities strengthen India's export competitiveness while domestic

producers in sensitive sectors remain adequately protected. Within a span of 5 years, 8 FTAs have been signed/concluded with UAE, Australia, EFTA (TEPA), EU, Oman, Mauritius, among others, as compared to 10 FTAs signed until 2020.

FTAs are negotiated with partner countries with the objective of expanding bilateral trade by enhancing market access and leveraging trade complementarities to promote trade and investment. Such agreements aim to create enhanced export opportunities, generate benefits for industry as well as farmers, and support employment generation.

Trade agreements are negotiated through mutual consultations between partner countries and involve complex and wide-ranging issues across multiple sectors including goods, services, investment, intellectual property, and regulatory cooperation etc. The timelines may vary depending on several factors, including the scope, depth and range of chapters covered, the number of partner countries involved, the level of ambition of the agreement, domestic processes of partner countries, and stakeholder consultations undertaken during negotiations. Negotiations also take into account the need to safeguard sensitive sectors such as agriculture, MSMEs and domestic industry.

Progress and convergence in negotiations are guided by the readiness of both sides to arrive at a balanced and mutually beneficial outcome. The Government seeks to ensure that any agreement reached is aligned with India's national interests while addressing the concerns of all stakeholders.

(c) MSMEs often face relatively higher certification and compliance costs due to the growing complexity of global standards and the need for repeated testing and documentation for market access. Most of the export promotion measures are targeted to boost MSME participation in global trade, recognising their critical role in employment and sectoral export. Key initiatives such as the Export Promotion Mission (EPM) including its sub-schemes Niryat Protsahan and Niryat Disha, together consolidate major support frameworks like the Interest Equalisation Scheme (IES) and the Market Access Initiative (MAI) to provide MSMEs with better access to affordable trade finance, compliance support, branding assistance, logistics incentives and export market readiness. Complementing these financial and capability-building measures, schemes like RoDTEP help neutralise embedded taxes for MSME-heavy sectors such as textiles, chemicals and engineering goods, thereby strengthening cost competitiveness. Additionally, the EPCG Scheme enables duty-free import of machinery for export-linked production, supporting technology upgrading among MSMEs.

Alongside these incentive programmes, trade facilitation has been significantly enhanced through digital initiatives such as Jan Sunwai for real-time grievance redressal, the 24×7 online issuance of IEC certificates, Trade e-connect portal and Trade Intelligence & Analytics portal streamline procedures, reduce delays and create a more predictable, evidence-based, responsive export environment for MSME exporters.

(d) India's participation in global trade has strengthened over recent years, with its share in world exports (Merchandise and Services) rising from 1.98% in 2014 to 2.46% in 2024. Over the period, India's total exports increased from \$480 billion in 2014 to \$817 billion in 2024, with a CAGR of 5.5% compared to the world growth of 3.52%.

This improvement is accompanied by a broader shift in India's exports of services and merchandise trade of high value manufacturing led by electronic goods growing by 19.87% between FY 2014-15 and FY 2024-25 and its share in India's merchandise export basket increasing from 2.03% to 8.8%, engineering goods exports grew by 4.79%, with their share rising from 23.6% to 26.6%, and drugs and pharmaceuticals exports expanded by 7.1%, with their share increasing from 5% to 7%. These patterns suggest that India's export profile has been moving steadily toward higher value addition and wider market presence, contributing positively to the country's overall trade performance.
