GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE
RAJYA SABHA
UNSTARRED QUESTION NO. 2290
ANSWERED ON 07/08/2026

ASSESSMENT OF FREE TRADE AGREEMENTS

2290. SHRI G.C. CHANDRASHEKHAR

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

(a) whether Government has undertaken a sector-wise assessment of the impact of Free Trade Agreements (FTAs) concluded since 2022, on exports, imports and employment;
(b) the sectors recording a significant increase in imports without corresponding export growth; and
(c) the corrective measures proposed to safeguard domestic industry?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY

(SHRI JITIN PRASADA)

(a) and (b) FTAs are economic instruments aimed at expanding trade, enhancing competitiveness and deepening economic integration. FTAs provide calibrated market access through tariff elimination at Entry into Force (EIF), phased tariff reductions/elimination, and sensitive/exclusion lists across sectors.

Assessment of the impact of Free Trade Agreements (FTAs) is an ongoing exercise. India's recently concluded FTAs with Australia, the UAE, EFTA, Oman, the UK, New Zealand and European Union are expected to provide opportunities for enhanced trade and growth of domestic industries. These agreements include provisions relating to investment and market access, which is expected to support domestic production, facilitate investment flows, and create opportunities for employment across labour intensive sectors including manufacturing, agriculture, MSMEs and allied sectors.

Further, before entering into new FTA negotiations, Government ensures that sector-specific stakeholder consultations are held at all stages of the negotiations. FTAs are negotiated with the endeavour to deliver comprehensive, balanced, fair and mutually beneficial outcomes. It also enables a preferential, stable and predictable trade ecosystem for Indian exporters in the trading partner countries. In addition to this structured approach, post-implementation, the Government is continuously engaged with all stakeholders to ensure effective FTA utilization through trade promotion, trade facilitation and addressing challenges if any.

The FTA-wise trade analysis indicates that India’s exports have strengthened across several FTA partner countries, reflecting improved market access and enhanced competitiveness, particularly in labour-intensive and high-value sectors such as textiles and apparel, pharmaceuticals, agriculture and allied products, organic chemicals, and electronics. Imports in selected sectors, including petroleum products, machinery and electrical equipment, chemicals, and other intermediate and capital goods, have expanded, facilitating access to energy security, essential raw materials, advanced technologies and critical inputs, thereby supporting domestic manufacturing and enhancing competitiveness.

Overall, the trade trends suggest that the Trade Agreements has strengthened India's trade engagement with key partner countries by providing unprecedented market access, reducing trade barriers, enhancing supply chain linkages and creating new opportunities for Indian exporters across sectors. Despite persistent global challenges, including geopolitical tensions and supply chain disruptions, India's exports increased from US$ 776.4 billion in FY 2022-23 to US$ 863.1 billion in FY 2025-26. Merchandise exports to major FTA partner countries and trade blocs have been substantial at US$ 179.1 billion in FY 2025-26, accounting for 40.5% of India's total merchandise exports. Merchandise export to recent FTA partners also indicated significant export growth. For example, exports to the UAE increased from US$ 16.7 billion in FY 2021-22 (prior to CEPA implementation) to US$ 37.4 billion in FY 2025-26, while exports to Australia rose from US$ 4.0 billion in FY 2021-22 to US$ 7.3 billion in FY 2025-26 following the implementation of ECTA. Similarly, exports to EFTA countries increased from US$ 1.64 billion in FY 2019-20 to US$ 1.76 billion in FY 2025-26.

Trade trends, in particular short-term, including for exports and imports, are shaped by a wide range of global and domestic factors, including economic growth, geopolitical developments, industry demand, energy security for domestic needs, commodity price movements and evolving supply chains.

(c) Institutional mechanisms such as Joint Committees and Sub-Committees constituted under the FTAs are utilized to review implementation issues, export growth and address concerns of domestic industry. FTAs have exclusion/sensitive lists and calibrated tariff liberalisation for sectors/products considered sensitive from the perspective of domestic industry. The Rules of Origin under India's FTAs ensures substantial processing or manufacture in the FTA partner. The Rules of Origin chapter also incorporates verification mechanisms to prevent import of third-party goods and facilitate the effective implementation and enforcement of these rules in the FTA. In addition to provisions for dealing with unfair trade practices through anti-dumping and anti-subsidy measures, in case of a surge in imports and injury to the domestic industry, a country is allowed to take recourse to trade remedial measures such as safeguards on imports within the period as mutually agreed to by the parties. FTAs are regularly monitored and reviewed to ensure that India’s trade and economic interests continue to be adequately safeguarded and remain aligned with national priorities.

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