GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE
RAJYA SABHA
UNSTARRED QUESTION NO. 695
ANSWERED ON 24/07/2026

INDIA-EU FREE TRADE AGREEMENT

695 SMT. RANJEET RANJAN

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

(a) the sector-wise projected gains and losses for India under the EU- India FTA, including employment impact in textiles, automobiles, chemicals, pharmaceuticals, food processing, IT services and MSMEs;
(b) whether India has secured any exemption, waiver, or compensatory mechanism from the EU's Carbon Border Adjustment Mechanism (CBAM), if not, the estimated cost to Indian exporters for steel, aluminium, cement, fertilisers and other downstream products, sector-wise; and
(c) whether the reported EU commitment of Euro 500 million for green transition is adequate against the estimated decarbonisation requirement of Indian heavy industry, if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY

(SHRI JITIN PRASADA)

(a) The India-EU Free Trade Agreement (FTA) is expected to provide benefits to key sectors such as textiles & apparel, leather & footwear, engineering goods including automobiles, chemicals, plastics and rubber, pharmaceuticals and medical devices, and agricultural and processed food products through preferential access across 97% of EU tariff lines covering more than 99% of India's export value. Improved tariff access is expected to enhance India's export competitiveness, promote value addition and provide opportunities for integration into EU value chains, thereby strengthening domestic manufacturing and employment particularly in labour-intensive and MSME-driven sectors. In the services sector, India has secured commitments across key services subsectors, including IT/ITeS, professional services, education and other business services. Indian service providers are expected to benefit from a stable and predictable regime in the EU market and facilitative mobility commitments for professionals, thereby boosting India's services exports.

(b) and (c) India has secured an Annex on Carbon Border Measures in the India-EU FTA. The Annex aims to strengthen cooperation and support between India and EU to enhance efforts to reduce greenhouse gas emissions. It also establishes a Technical Dialogue wherein India can engage with the EU on implementation of carbon border adjustment measures, mutual recognition of accreditation bodies for the accreditation of verifiers and exchanges of information and technical data to facilitate the establishment of default values under the EU CBAM. India will also get no less favourable treatment that EU gives to any other country in terms of flexibilities under CBAM through the Most Favoured Nation (MFN) clause. Both sides have also agreed on Memorandum of Understanding (MoU) on "EU-India Partnership Platform on Climate Support". The MoU intends to establish an EU-India platform for strengthened cooperation, action and support on reduction of greenhouse gas emissions. The EU has announced on 27th January 2026 that it plans to provide €500 million in support over the next two years to help India reduce greenhouse gas emissions and accelerate its long-term sustainable industrial transformation. The financial assistance and the MoU will support India's climate transition efforts, in accordance with India's Nationally Determined Contributions (NDC) under the Paris Agreement and its Long-term Low Carbon Development Strategy.

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