

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

LOK SABHA
UNSTARRED QUESTION NO. 427
ANSWERED ON 04/02/2025

IMPACT OF FREE TRADE AGREEMENTS ON DOMESTIC INDUSTRIES

427. SHRI SAPTAGIRI SANKAR ULAKA:

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

- (a) whether the Government has assessed the impact of Free Trade Agreements (FTAs) on domestic industries, particularly Small and Medium Enterprises (SMEs), since 2020, if so, the details thereof;
- (b) the details of challenges identified under these FTAs and the details of measures taken by the Government to address them or concerns arising from the FTA for these sector;
- (c) the details of current status of studies evaluating the economic impact of FTAs between India with the European Union (EU) and United Kingdom (UK) and key developments in the ongoing negotiations;
- (d) whether the Government have any proposals to include provisions for the ease of mobility for Indian professionals as part of the FTA;
- (e) if so, the details of specific steps/measures taken by the Government are being considered to facilitate the movement of Indian professionals, including visa provisions, recognition of qualifications, and other related aspects; and
- (f) whether a mechanism exists to monitor the long-term effects of FTAs on employment and industry growth and if so, the details thereof?

ANSWER

वाणिज्य और उद्योग मंत्रालय में राज्य मंत्री (श्री जितिन प्रसाद)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI JITIN PRASADA)

(a) to (f) The assessment of impact of Free Trade Agreements (FTAs) is a continuous process. A Joint Study Group (JSG) is normally set up to study the feasibility of the proposed FTAs, including their impact on the domestic industry, especially small and medium enterprises. 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. In order to protect the interests of the domestic industry, including small and medium enterprises, 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.

Comprehensive studies have been conducted to evaluate the economic impact of India - the European Union (EU) Free Trade Agreement (FTA) and India - the United Kingdom (UK) FTA. EXIM Bank assessed the India-EU FTA's effects on production, exports, imports, and employment, while an ex-ante study for the India-UK FTA was undertaken in collaboration with other institutions. The negotiating positions for both agreements have been shaped through extensive consultations with stakeholders, ensuring a strategic approach. Negotiations are progressing with a focus on key areas of mutual interest to achieve a balanced and beneficial trade deal.

In the Free Trade Agreements (FTAs), Government has pursued best terms of treatment in respect of market access and national treatment for its service providers who supply services through movement across the border. In addition, the Government has taken steps for facilitation of movement of service providers through ease of temporary entry, grant of visas and recognition for Indian professionals through separate provisions on Entry and Temporary Stay of Natural Persons; and on Professional Services as part of the Trade in Services Chapter and its Annexures in the FTAs.

The FTA Monitoring Committee under the Department of Commerce (DoC) oversees the impact of FTAs through regular industry feedback on employment and industrial growth. This helps address import-related issues such as rule violations and unfair trade practices, as well as export challenges like FTA underutilization and non-trade barriers. Additionally, the DoC conducts FTA assessment studies as needed for review and to guide future negotiations. By raising awareness and proactively addressing the concerns, the committee supports industry leverage FTAs for growth and job creation.
