

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE
LOK SABHA
UNSTARRED QUESTION NO. 2770
ANSWERED ON 10/03/2026

INDIA-EU FTA

2770. SHRI ANTO ANTONY:

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

- (a) the major changes or commitments proposed under the India–EU FTA, sector-wise;
- (b) whether the Government has conducted any impact or risk assessment to identify sectors that may be adversely affected by the implementation of the India–EU FTA, and if so, the details thereof;
- (c) whether any mitigation measures are proposed for domestic sectors likely to face adverse impact, and if so, the details thereof; and
- (d) the expected benefits for India in terms of trade, investment, employment and market access arising from the India–EU FTA?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्यमंत्री (श्री जितिन प्रसाद)
THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI JITIN PRASADA)

(a) India and the European Union (EU) announced the conclusion of negotiations for a Free Trade Agreement (FTA) on 27th January 2026 at the 16th India–EU Summit held in New Delhi. The Agreement provides for comprehensive market access and modern trade disciplines across goods and services. India has secured preferential market access across 97% of EU tariff lines, covering 99.5% of India's exports by trade value. Of this, 70.4% of tariff lines, accounting for 90.7% of India's exports, will enter the EU market at zero duty from the date of entry into force of the FTA, particularly benefiting key labour-intensive sectors such as textiles and apparel, marine products, leather and footwear, chemicals, plastics and rubber, sports goods, toys, and gems and jewellery. A further 20.3% of tariff lines, covering 2.9% of India's exports, will witness duty elimination over a period of 3–5 years, while 6.1% of tariff lines, covering 6% of exports, will receive preferential access through tariff reductions or Tariff Rate Quotas (TRQs). On the other hand, India has offered duty concessions on 92.1% of its tariff lines, covering 97.5% of EU exports to India, with immediate elimination on 49.6% of tariff lines and phased reductions over 5–10 years on a substantial portion thereof, while maintaining calibrated treatment for sensitive sectors in line with domestic priorities.

(b) 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. 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.

(c) The Agreement provides in-built mitigation measures to address potential adverse impact on domestic sectors. Sensitive sectors such as dairy, cereals, poultry, soymeal, certain fruits and vegetables, etc., have been appropriately safeguarded, balancing export opportunities with domestic priorities. The tariff liberalisation schedule has been calibrated, with phased elimination extending up to 10 years for identified products and the use of Tariff Rate Quotas (TRQs) for select items. Further, Product Specific Rules (PSRs) have been agreed to ensure adequate domestic value addition while providing necessary flexibility aligned with existing supply chains. The Agreement also provides for trade remedies in form of bilateral safeguards in case surge in imports due to tariff liberalization causes or threatens to cause injury to domestic industry.

(d) India has secured unprecedented market access for more than 99% of Indian exports by trade value to the EU. Of this 90.7% of India's exports will enter zero duty into the EU market from entry into force of the FTA. More specifically, exports worth more than USD 33 billion in key labour-intensive sectors (such as textiles, apparel, marine, leather, footwear, chemicals, plastics/rubber, sports goods, toys, gems, and jewellery) that are currently subjected to import duty between 4% to 26% in the EU and are crucial for employment generation, will enter zero duty from entry into force of the FTA and thus gain enhanced competitiveness in the EU market. These sectors are poised to benefit from tariff liberalisation and enhanced competitiveness, enabling deeper integration into global and European value chains and simultaneously creating job opportunities. Under the FTA, broader and deeper commitments have been secured from the EU across 144 services subsectors, including IT/ITeS, professional services, education, and other business services. This covers a vast range of services sectors spectrum in which Indian service providers will get a stable and business friendly regime in the EU market to supply their services. India's competitive, knowledge intensive services are expected to drive India's exports while benefitting EU businesses and consumers. The FTA establishes an assured regime for temporary entry and stay for professionals, including Business Visitors, Intra-Corporate Transferees, Contractual Service Suppliers, and Independent Professionals. Through a comprehensive mobility framework, India strengthens its position as a global hub for talent. The framework eases movement of employees (and their spouses and dependents) of Indian Corporates established in the EU in all services sectors. For business entities aiming to provide services under a contract to EU clients, India can access 37 sub-sectors including IT, business, and professional services. Independent professionals intending to provide services to EU clients get certainty in 17 subsectors for Independent Professionals, covering IT, R&D, and higher education, creating expanded opportunities for Indian professionals and knowledge-driven trade. Commitments by EU for digitally delivered services will provide a significant boost to expanding India's Global Capability Centres (GCCs) footprint and expand its dominant digitally delivered services. The agreement creates predictable regimes for trade and investment, encouraging EU investments into India in high-technology areas fostering innovation and deeper integration of Indian enterprises, including MSMEs, into European value chains. Enhanced market access under the FTA is expected to strengthen export competitiveness in labour-intensive sectors and MSMEs. As these sectors employ a large workforce, including women and rural workers, increased trade and investment flows are likely to generate substantial direct and indirect employment across the value chain, supporting inclusive and sustainable growth.
