

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE
LOK SABHA
UNSTARRED QUESTION NO. 3965
ANSWERED ON 17/03/2026

REVIEW OF NEWLY CONDUCTED EU FTA

3965. DR. AMAR SINGH:

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

- (a) whether the Government has reviewed the legal and regulatory framework of the newly concluded India–European Union (EU), Free Trade Agreement (FTA) and identified specific product and service categories in which Indian exporters are expected to receive immediate or phased tariff advantages including those in Punjab;
- (b) if so, the details of the Government analysis on targeted support measures such as quality certification, logistics facilitation and export credit to maximise the benefits of market access under the FTA; and
- (c) the steps proposed by the Government to coordinate with the Ministry of Commerce and Industry and State Governments to help sectors such as textiles, apparel, agri-processing and engineering goods exploit new export opportunities?

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. Under the Agreement, 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). The Agreement is expected to benefit exporters from Punjab in sectors such as textiles & apparel, sports goods, engineering goods and agri products.

(b) To maximise the benefits of market access under the FTA and to bolster the export readiness of Indian exporters, the Government has launched the Export Promotion Mission (EPM), which is designed to provide coordinated support across key elements of the export ecosystem, including trade finance, standards compliance, logistics, overseas warehousing and market development. The Mission is implemented through two integrated sub-schemes: Niryat Protsahan, which focuses on financial enablers and trade-finance support, and Niryat Disha, which addresses non-financial, market-access and ecosystem enablers. With these integrated interventions, the Mission provides coordinated support through interest subvention, collateral-free export credit, alternative trade-finance instruments, e-commerce exports, compliance enablement, logistics cost mitigation, trade intelligence and overseas fulfilment.

In order to support Indian exporters, particularly MSMEs, which are predominantly concentrated in labor-intensive sectors such as textiles, apparel, agri processing, leather goods, handicrafts and engineering goods, and enable them to explore new export opportunities by facilitating the availability of affordable and adequate export credit and improved market access, ECGC has taken following initiatives:

- i. To encourage market diversification, ECGC upgraded the country risk ratings for 24 nations across Latin America, Africa and East Asia in September, 2025, to help Indian exporters to diversify their markets by reducing insurance costs for exports to these geographies.
- ii. ECGC has also extended RBI's trade relief measures (announced in November, 2025) under its Short-term (ST)-Policy and ST-ECIB (Export Credit Insurance for Banks) schemes. This will ease the hardship faced by the exporters due to the ongoing adverse market condition ensuring business continuity, and providing greater flexibility in export operations, by deferring loan repayments and offering longer tenure for receivables realization.
- iii. ECGC widened the scope of its enhanced cover of 90% for banks under its Whole Turnover-Export Credit Insurance for Banks (WT-ECIB) for export credit working capital limits up to ₹80 crore with effect from (w.e.f.) July 1, 2024, with no incremental cost up to ₹50 crore w.e.f. October 1, 2025, significantly reducing interest rates for small exporters, to encourage banks to continue lending despite global volatility.
- iv. Collateral-Free Cover of 90% under WT-ECIB to Micro and Small Enterprises (MSE) exporters, for export credit working capital limits up to ₹10 crore, without any additional premium, was introduced w.e.f. July 1, 2025 to support liberal and collateral-free export credit lending by banks in respect of exporter-borrowers who are not in a position to offer any collateral or third-party guarantee.
- v. Introduction of simplified procedure for settlements of ECIB Claims with net principal outstanding up to ₹10 crore for the exporter/exporter group, with fewer documents required for claims processing in order to improve the turnaround time for settlement of claims.
- vi. ECGC has also introduced Export Factoring Facility in Foreign Currency (EFF-FC) from its IFSC Insurance Office (IIO), GIFT City in December, 2025 to boost exports by providing Indian exporters, especially MSMEs, immediate cash realization against their export receivables ensuring liquidity and credit risk protection.
- vii. To facilitate ease of doing business, ECGC expanded its online services for its customers in January 2026, wherein all ST Policy Covers (except Customer Specific Covers) can be availed through online Client portal ensuring quicker service delivery. A Common Facilitation Centre has also been established to assist with insurance-related queries.

(c) The Ministry of Commerce and Industry has been coordinating with State Governments and Union Territories to enable Indian exporters to take advantage of the opportunities arising from the India–EU FTA, particularly in sectors such as textiles, apparel, marine products, leather and footwear, chemicals, plastics and rubber, sports goods, toys, gems and jewellery, and agricultural products including tea, coffee, and spices.

The transition period prior to the Agreement's entry into force is being utilised to create awareness among farmers, MSMEs, industries, and exporters by holding workshops and stakeholder sensitisation programmes to prepare them for fully leveraging the new market access opportunities under the Agreement.
