

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE
LOK SABHA
UNSTARRED QUESTION NO. 4198
ANSWERED ON 19/08/2025

NEGOTIATIONS FOR FTAs

4198. SHRI ARUN BHARTI

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

- (a) the current status of negotiations for Free Trade Agreements (FTAs) with key economic partners like the UK and the European Union;
- (b) the impact of recently concluded FTAs on India's overall exports and trade deficit;
- (c) the total investment, production and employment generated so far under the various Production Linked Incentive (PLI) schemes;
- (d) the effectiveness of these schemes in reducing import dependency in critical sectors; and
- (e) the steps being taken to attract further foreign direct investment into the manufacturing sector?

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-UK Comprehensive Economic and Trade Agreement (CETA) has been signed on 24 July 2025. India's ongoing Free Trade Agreements (FTAs) negotiations are given in Annexure.

(b) India-UK CETA provides an unprecedented duty-free access to almost 99 per cent of India's exports to the UK, covering nearly 100% of the trade value. This includes labour intensive sectors such as textiles, leather, marine products, gems and jewellery, and toys as well as high-growth sectors like engineering goods, chemicals, and auto components etc. This will spur large-scale employment generation, empowering artisans, women-led enterprises, and MSMEs. The services sector, a strong driver of India's economy, will also see wide-ranging benefits. The agreement provides greater market access in IT and IT-

enabled services, financial and legal services, professional and educational services, and digital trade. India has also secured an agreement on the Double Contributions Convention. This will exempt Indian professionals and their employers from social security payments in the UK for up to three years. The press note issued by the Department in this regard may be seen at:

<https://www.pib.gov.in/PressNoteDetails.aspx?NotelId=154945&ModuleId=3>.

Free Trade Agreements (FTAs) are entered into with the concerned trading partner countries primarily with the aim to increase the bilateral trade and economic growth by enlarging the scope of market access and building on the trade complementarities for increasing trade and investment, thereby providing enhanced export potential, generating benefits for industry, farmers, MSMEs and creating job opportunities. FTAs are negotiated with the endeavor to deliver a comprehensive, balanced, broad-based and equitable agreement based on the principle of fairness and reciprocity. It also ensures a level playing field for Indian exporters vis-a-vis their competitors in the trading partner countries.

(c) & (d) Keeping in view India's vision of becoming 'Atmanirbhar', Production Linked Incentive (PLI) Schemes for 14 key sectors were announced with an outlay of Rs. 1.97 lakh crore to enhance India's Manufacturing capabilities and Exports.

The 14 sectors are: (i) Mobile Manufacturing and Specified Electronic Components, (ii) Critical Key Starting Materials/Drug Intermediaries & Active Pharmaceutical Ingredients, (iii) Manufacturing of Medical Devices (iv) Automobiles and Auto Components, (v) Pharmaceuticals Drugs, (vi) Specialty Steel, (vii) Telecom & Networking Products, (viii) Electronic/ Technology Products, (ix) White Goods (ACs and LEDs), (x) Food Products, (xi) Textile Products: MMF segment and technical textiles, (xii) High efficiency solar PV modules, (xiii) Advanced Chemistry Cell (ACC) Battery, and (xiv) Drones and Drone Components.

The purpose of the PLI Schemes is to attract investments in key sectors and cutting-edge technology; ensure efficiency and bring economies of size and scale in the manufacturing sector and make Indian companies and manufacturers globally competitive.

Actual investment of Rs. 1.76 lakh crore have been realized till March 2025 across 14 sectors under PLI Schemes, which has resulted in incremental production/sales of over Rs. 16.5 lakh crore and employment generation of over 12 lakhs (direct and indirect). The impact of PLI Schemes has been significant across various sectors in India. These schemes have incentivized domestic manufacturing, leading to increased production, job creation and a boost in exports.

The pharmaceuticals sector has witnessed cumulative sales of Rs. 2.66 lakh crore which includes exports of Rs. 1.70 lakh crore achieved in the first three years of the scheme. The scheme has contributed to India becoming a net exporter of bulk drugs (2280 cr.) from net importer (-1930 cr.) as was the case in FY 2021-22. It has also resulted in significant reduction in gap between the domestic manufacturing capacity and demand of critical drugs.

Under the PLI Scheme for medical devices, 21 projects have started manufacturing of 54 unique medical devices, which include high end devices such as Linear Accelerator (LINAC), MRI, CT-Scan, Heart Valve, Stent, Dialyzer Machine, C-Arm, Cath Lab, Mammograph, MRI Coils, etc. The production of mobiles in value terms has increased by around 146% from INR 2,13,773 Cr in 2020-21 to INR 5,25,000 crore in 2024-25 as per industry association and DGCIS. During the same period, exports of mobile phones in value terms has increased by around 775% from INR 22,870 crore in 2020-21 to INR 2,00,000 crore in 2024-25.

(e) As per Para 5.2.5.1 of the Consolidated FDI Policy Circular dated 15.10.2020, as amended from time to time, foreign investment in the 'manufacturing' sector is under the automatic route.

In recent years, India has been an attractive destination for FDI. India has embarked on a series of reforms aimed at liberalizing its Foreign Direct Investment (FDI) policies, with the goal of stimulating economic growth and encouraging foreign capital inflows. To promote Foreign Direct Investment (FDI), the Government has put in place an investor-friendly policy, wherein most sectors, except certain strategically important sectors, are open for 100% FDI under the automatic route. More than 90% of the FDI inflow is received under the automatic route. National Single Window System (NSWS) has also been launched as the online single point interface of the Government of India for investors to start any industry in India and take the requisite permissions.

Further, to ensure that India remains an attractive and investor-friendly destination, the Government reviews FDI policy on an ongoing basis and makes changes from time to time after having intensive consultations with stakeholders, including apex industry chambers, Associations, representatives of industries/groups and other organisations, taking into consideration their views/comments.

FDI policy provisions have been progressively liberalized and simplified across various sectors such as Pension, Other Financial Services, Asset reconstruction Companies, Broadcasting, Pharmaceuticals, Single Brand Retail Trading, Construction & Development, Power Exchanges, e-commerce activities, Coal Mining, Contract

Manufacturing, Digital Media, Civil Aviation etc. In the recent past, reforms in the FDI Policy have been undertaken in sectors such as Defence, Insurance, Petroleum & Natural Gas and Telecom. Further, in order to protect the domestic industry and curb opportunistic takeover during the COVID-19 pandemic, foreign investment coming directly or indirectly from land border countries now requires prior Government approval.

Annexure

Annexure referred to in reply to Part (a) of Lok Sabha Unstarred Question No. 4198 for answer on 19/08/2025

Sl. No.	Name of the Agreement
1	India – Oman Free Trade Agreement (Negotiations concluded)
2	India – Australia Comprehensive Economic Cooperation Agreement (Expansion of Ind-Aus ECTA)
3	India-European Union Free Trade Agreement
4	India-Sri Lanka Economic and Technology Cooperation Agreement
5	India – Peru Free Trade Agreement
6	India-Chile Comprehensive Economic Partnership Agreement
7	India and New Zealand Free Trade Agreement
8	India and USA Bilateral Trade Agreement (BTA)
9	ASEAN-India Trade in Goods Agreement (AITIGA) (Review)
10	India-Korea CEPA (Review)