

January 27, 2026

# India–EU Free Trade Agreement

# INDIA EU



## Overview

With a foundation of an inclusive, resilient, and future-ready growth, the India–EU Free Trade Agreement (FTA) has been concluded. The intense round of negotiations, which were re-initiated in the year 2022, after being dead for more than a decade, showcase a shared vision to deliver a balanced, modern, and rules-based economic and trade partnership.

This trusted partnership between the 4th largest economy, India and the 2nd largest economy, European Union (EU) has a combined market estimated at over INR 2091.6 Lakh Crore (USD 24 trillion). While the official documents in regard to this FTA have not been published as yet, a Factsheet as issued by the Ministry of Commerce and Industry provides an outline as follows:

## India's gain:

Preferential access to the European markets across 97% of tariff lines, covering 99.5% of trade value. More specifically:

- **Immediate duty elimination** for 70.4% tariff lines covering 90.7% of India's exports. This majorly covers labour-intensive sectors such as textiles, leather, etc.,
- **Zero duty access** over 3 and 5 years for 20.3% tariff lines covering 2.9% of India's exports. This covers certain marine products, processed food items, arms and ammunition, etc.,
- **Preferential access by way of tariff reduction** for 6.1% tariff lines covering 6% of India's exports, which includes specific poultry products, preserved vegetables, bakery products, etc.,
- **TRQs** for cars, steel, certain shrimps/ prawns products, amongst others.

## European Union's gain:

India has offered 92.1% of its tariff lines which covers 97.5% of the EU exports. More specifically:

- **Immediate duty elimination** for 49.6% of tariff lines
- **Zero duty access** over 5, 7, and 10 years for 39.5% of tariffs lines
- **Preferential access by way of tariff reduction** for 3% of tariff lines
- **TRQs** for Apples, Pears, Peaches, Kiwi Fruit.



## Rules of Origin:

The FTA mandates product specific rules (PSRs) for ensuring compliance with the originating criteria of the goods covered. The Rules are balanced and aligned with existing supply chains. Further, they also incentivise 'Make in India' by building in transition period for certain PSRs in the machinery and aerospace sector. Lastly, the FTA is in alignment with the Government's initiative of ease of doing business as it allows self-certification through a Statement on Origin.

## Other important aspects:

- The FTA ensures zero duty on 97.5% of India's chemical export basket by value, eliminating duties of up to 12.8% and boosting competitiveness across inorganic, organic, and agrochemicals
- India secures preferential market access for its agricultural exports, boosting competitiveness for processed foods, tea, coffee, spices, table grapes, gherkins and cucumbers, sheep and lamb meat, sweet corn, dried onion, and some other fruits and vegetable products.
- The FTA enables cost-competitive entry in European markets for lenses, spectacles, medical devices, measuring and testing instruments.
- To boost Indian traditional medicine, FTAs allows India's AYUSH practitioners to provide their services in the EU member states using the professional qualifications they gain in India.
- Recognizing services as the key growth driver in future trade, provisions have been formulated to ensure certainty of market access, non-discriminatory treatment, focus on digitally delivered services and ease of mobility.
- India has prudently safeguarded sensitive sectors, including dairy, cereals, poultry, soymeal, certain fruits and vegetables, etc. balancing export growth with domestic priorities.

## MCS Comments:

For a larger piece of the global value chain, over the last decade, India has been strategically entering into multiple FTAs with partnering nations to promote safe trade and growth. However, the following aspects set this FTA apart from the previous trade deals:

- In terms of market scale, this is one of the biggest FTAs as European Union is not a single economy but a bloc of 27 economies;
- European Union is known for its strictest Regulatory regimes hence, this partnership showcases India's commitment to the highest product safety standards in the world including commitment to environment protection and sustainable growth;
- Unlike other tariff focused FTAs, this is a much deeper integration for its coverage of data protection, digital trade, public procurement, etc.,
- Navigating EU's immigration policies and domestic labour concerns, this FTA allows easier temporary movement of Indian professionals in the EU territory.

The India-EU FTA appears to be the first step in the supply-chain diversification away from China and showcase India as a Rule focused and sustainable trade partner in the presently volatile geopolitical trade landscape.

## Contact Details

**Manmohan Mundhra**

Managing Partner

+91 98180 47064

manmohan@mundhraconsulting.com

**Anu Singhania**

Partner

+91 78389 84636

anu@mundhraconsulting.com

**Sakshi Futela**

Associate Partner

+91 99530 11696

sfutela@mundhraconsulting.com

Disclaimer:

© 2026 MCS. All rights reserved

This newsletter has been prepared for general informational purposes only and does not constitute legal, tax, or professional advice. While every effort has been made to ensure accuracy and completeness, no assurance is given that the information is free from error or omission, or that it will remain current in the future. The contents are confidential and intended solely for the use of the recipient. Unauthorized circulation, reproduction, or distribution of this document, whether in whole or in part, is strictly prohibited without prior written consent. The authors and publishers accept no responsibility or liability for any loss, damage, or consequences arising from reliance on the information contained herein.