

# India, UAE to double trade to \$200 b by 2032

**STRATEGIC TIE-UP.** Nations will expand defence cooperation

**Our Bureau**

New Delhi

Prime Minister Narendra Modi and United Arab Emirates President Sheikh Mohamed bin Zayed Al Nahyan have agreed to double bilateral trade to over \$200 billion by 2032.

The two countries also decided to work together to establish a 'Strategic Defence Partnership Framework Agreement' and expand defence cooperation across a number of areas, including defence industrial collaboration, innovation and advanced technology, training, education and doctrine, special operations, cyber space, and counter-terrorism.

## MSME PUSH

"As bilateral trade between India and the UAE already touched an annual \$100 billion, it was decided to set a new target of doubling it to \$200 billion by 2032. The focus will also be on linking MSME units on both sides and promote new markets



**TAPPING OPPORTUNITIES.** Prime Minister Narendra Modi with UAE President Sheikh Mohamed bin Zayed Al Nahyan during a meeting in New Delhi PTI

through initiatives such as Bharat Mart, Virtual Trade Corridor and Bharat-Africa Setu," Foreign Secretary Vikram Misri said in a briefing on Monday, following the bilateral meeting between the PM and the UAE President, who arrived in New Delhi on Monday.

Hindustan Petroleum Corporation Ltd signed a deal to buy 0.5 mmtpa LNG from the Abu Dhabi National Oil Company Gas for 10 years, starting 2028. The

leaders welcomed discussions on a potential UAE partnership for the development of the Special Investment Region in Dholera, Gujarat. The envisioned partnership would include the development of key strategic infrastructure, including an international airport, a pilot training school, a maintenance, repair and overhaul facility, a greenfield port, a smart urban township, railway connectivity, and energy infrastructure.

# ‡ December oilmeals exports down 40%

**Our Bureau**

Mangaluru

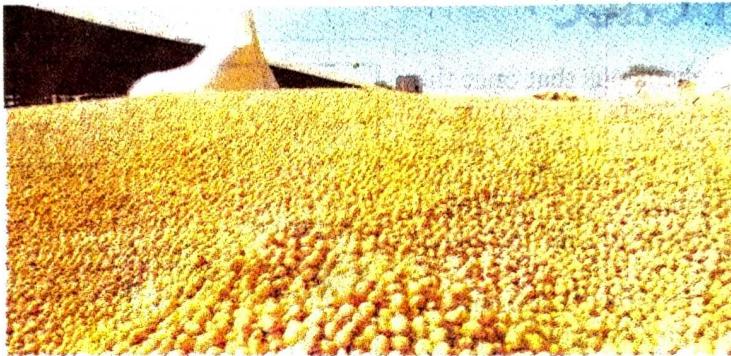
A sharp decline in soybean meal exports during November and December dragged down overall oilmeals exports by 5.5 per cent during April-December 2025-26 and by 40 per cent in December alone.

Data complied by the Solvent Extractors' Association of India (SEA) showed that India exported 29.75 lakh tonnes (lt) of oilmeals during the first nine months of 2025-26 against 31.50 lt in the corresponding period of the previous year.

India's oilmeals exports declined to 2.4 lt in December 2025 from 3.98 lt in December 2024.

BV Mehta, Executive Director of SEA, said the export of soybean meal stood at 2.28 lt during November and December of 2025-26 against 4.61 lt a year ago.

A month-wise breakdown shows that India exported



**DEEP DIP.** India exported 29.75 lt of oilmeals during the first nine months of 2025-26

1.13 lt in November 2025 (1.83 lt in November 2024), and 1.14 lt in December 2025 (2.78 lt). He attributed this to a loss of price competitiveness in the world market, despite continued support from Europe.

Since the last two years, soybean meal manufacturers have been facing weak demand from domestic livestock feed makers, who are showing preference towards the cheaper distillers dried grains with solubles (DDGS), a byproduct of ethanol production from grains

such as corn and rice, he said.

India's soybean meal exports decreased to 12.47 lt during the first nine months of 2025-26 from 14.85 lt in the corresponding period of the previous fiscal.

## RAPEMEAL WOES

Stating that the recent decline in rapeseed crushing in India had limited processing into oil and meal until new crop arrivals in February-March, he said the latest price increase in the world market would curb China's buying of Indian rapeseed

meal. At present, Indian rapeseed meal price is being quoted at \$250 a tonne FOB compared to the Hamburg ex-mill price of \$247 a tonne.

India exported 6.77 lt of rapeseed meal to China during April-December 2025-26 against 26,327 tonnes in the same period of 2024-25.

A few additional companies have been approved or their applications are under process by GACC, China, through the Export Inspection Council of India for export of rapeseed meal to that country, he said.

South Korea imported 2.87 lt of oilmeals from India during April-December 2025-26 (5.34 lt in April-December 2024-25).

India exported 6.85 lt of oilmeals to China in the first nine months of 2025-26 (26,327 tonnes).

Bangladesh imported 3.24 lt of oilmeals during April-December 2025-26 (5.47 lt). This included 2.07 lt of rapeseed meal and 1.17 lt of soybean meal.

# Commerce dept pushing for major tweaks in SEZ norms

## Move aimed at mitigating adverse impact of US tariffs

**SHREYA NANDI**

New Delhi, 19 January

The commerce department is pushing for major changes to the Special Economic Zones (SEZ) norms to cushion the impact of the steep 50 per cent tariff imposed by the United States (US) on several Indian imports, according to three people aware of the matter.

If implemented, the changes could make it easier for SEZ units to sell goods in the domestic market, receive payments for domestic services in Indian currency, and simplify compliance norms, among other things.

An overhaul of the existing two-decade-old law governing SEZs has been under discussion for almost four years. But, the latest push comes at a time when tariffs have adversely affected these units since August.



ILLUSTRATION: BINAY SINHA

The final decision on the proposals would be taken by the finance ministry, which will also consider whether these reforms could be a part of the upcoming Union Budget.

Over a third of India's outbound shipments from SEZ units are exported to the US. In September, merchandise exports from SEZs to the US contracted 12 per cent year-on-year (Y-o-Y) to \$5.46 billion, according to data collated by

Export Promotion Council for EOUs and SEZs (EPCES).

The finance ministry and the commerce ministry did not respond to the queries sent by *Business Standard*.

"An announcement in the upcoming Budget would ensure certainty in the implementation of changes in the SEZ law. The changes also aim to mitigate the adverse impact of the additional tariffs imposed by the Trump administration in the US," one of the persons cited above told *Business Standard*.

Some of these changes would require amendments in the Special Economic Zones Act, 2005, while others can be implemented by tweaking the rules. However, the commerce ministry and the finance ministry's revenue department have not been on the same page. Turn to Page 6 ►

# Comm dept pushing for major tweaks in SEZ norms

One of the persons cited above said that the commerce department has been trying to address the concerns of various stakeholders, including the finance ministry. "Concerns would be addressed through alternative mechanisms," the person said.

## Proposed changes

One of the changes in the exist-

ing law aims to allow the sale of products manufactured in SEZs to the domestic market on a 'duty foregone basis' on raw materials, instead of the finished product. At present, SEZs pay full Customs duty, in case a finished product is sold outside these zones, known as domestic tariff area (DTA).

The amended Bill would allow 'reverse job work'. This

means that SEZ units would be able to do a part of the manufacturing process on its behalf for DTA units and manufacturers would be able to tackle the seasonality in export demand. The changes are expected to enable optimum utilisation of idle capacity, considering that the export market can be unpredictable and demand can fluctuate.

Another change would entail allowing local companies to make payment in Indian currency in the case of services availed from units in the SEZs.

Under the existing law, the payment for services is to be made in foreign exchange. The amendment is likely to make services at par with the manufacturing sector.

# IMF sees India growing 6.4% in FY27 despite trade risks

For FY26, the Fund, in its World Economic Outlook, revised its GDP growth forecast upwards to 7.3%

Business Standard

20.01.2026

RUCHIKA CHITRAVANSHI  
New Delhi, 19 January

The International Monetary Fund (IMF) on Monday revised India's 2026-27 gross domestic product (GDP) growth forecast upwards by 20 basis points from its October 2025 projection to 6.4 per cent. This would be a decline from the 7.3 per cent growth projected for 2025-26 (FY26).

For FY26, the IMF, in its World Economic Outlook, revised its GDP growth forecast upwards by 0.7 percentage point to 7.3 per cent from its October 2025 estimate, citing a better-than-expected performance in the third quarter (October-December/Q3) and strong momentum in the fourth quarter (January-March/Q4).

"Growth is projected to moderate to 6.4 per cent in 2026 and 2027 as cyclical and temporary factors wane," the IMF said in an update to its World Economic Outlook report.



India's economy is estimated to grow 7.4 per cent in FY26, up from 6.5 per cent in 2024-25, according to the First Advance Estimates of GDP released by the National Statistics Office.

Pierre-Olivier Gourinchas, IMF economic counsellor and director of research, said that while global

growth has been resilient amid trade disruptions, the negative effects of such disruptions are likely to build up over time.

India is facing a 50 per cent tariff from the US, affecting labour-intensive sectors such as textile, footwear, and marine product. US President Donald Trump on January 13

announced that the country would impose a 25 per cent tariff on any nation doing business with Iran, "effective immediately".

"Generally speaking, we are advocating for all parties to try to find a solution that will keep the trading system open, maintain stable and predictable rules, and allow businesses to make investment and supply-chain decisions with a certain degree of certainty... the current environment is certainly not conducive to that," Gourinchas said during a press briefing.

Stressing that there are "no winners in a trade war", he said increasing tariffs would also hurt the countries imposing them.

"If the tariffs were to escalate significantly, they could have a very sizeable impact on the global economy," he added.

The IMF report said inflation in India is expected to return to near-target levels after a marked

decline in 2025, driven by subdued food prices.

The growth outlook, according to the Advance Estimates, has been aided by a GDP deflator at a five-decade low of 0.5 per cent, with nominal GDP growth projected at 8 per cent in FY26 — the slowest since the pandemic-impacted 2020-21.

On artificial intelligence (AI), Gourinchas said in a blog post that AI-driven investment offers transformative potential but also introduces financial and structural risks that require vigilance.

While innovation drives growth, he said it also risks displacing jobs and depressing wages for certain segments of the workforce.

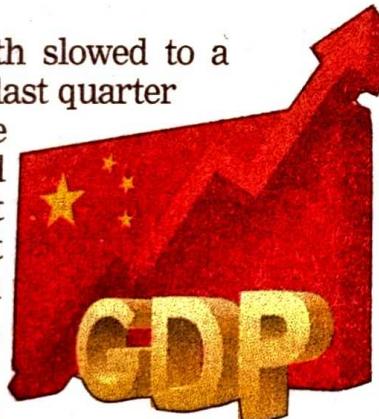
Gourinchas added that policy responses should focus on lowering barriers to adoption, helping workers acquire relevant skills, and supporting job mobility through targeted programmes.

# China's Economy Grows 5% despite Trump Tariff Threat

## Strong exports contribute to record trade surplus of \$1.2 trillion

**Hong Kong:** China's economy expanded at a 5% annual pace in 2025, buoyed by strong exports despite US President Donald Trump's tariffs.

However, growth slowed to a 4.5% rate in the last quarter of the year, the government said Monday. That was the slowest quarterly growth since late 2022, when China was beginning to loosen stringent Covid-19 pandemic restrictions. The economy, the world's second largest, grew at a 4.8% annual pace in the previous quarter.



China's leaders have been trying to spur faster growth after a slump in the property market and disruptions from the pandemic rippled through the economy. As expected, annual growth last year was in line with the government's official target for an expansion of "around 5%".

In quarterly terms, the economy grew 1.2% in October to December.

Strong exports helped to compensate for weak consumer spending and business investment, contributing to a record trade surplus of \$1.2 trillion.

Chinese exports to the US suf-

fered after President Donald Trump returned to office early last year and began raising tariffs. But that decline was offset by shipments to the rest of the world. Soaring imports of Chinese goods are leading some other governments to take action to protect local industries, in some cases raising import duties.

"The key question is how long this engine of growth can remain the primary driver," Lynn Song, chief economist for Greater China at Dutch bank ING wrote in a recent note. "Should more economies also start ramping up tariffs on China, as Mexico has done and the EU has threatened to do, eventually, a tighter squeeze will be seen." **AP**

# US-EU Bitter Trade Row may Boost India Exports, Sweeten Europe FTA

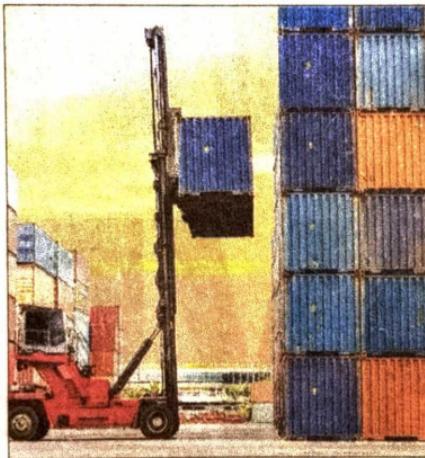
**NEW US LEVY** on European nations likely to push the bloc towards stable trade partners like India

**Kirtika Suneja**

**New Delhi:** A brewing tariff war between the US and the European Union may stimulate Indian exports to the 27-nation EU bloc, with both sides currently in the final leg of protracted negotiations for a proposed free trade agreement (FTA).

Trade watchers say the EU now has an added incentive to deepen trade ties elsewhere, including India, with the US turning aggressive on European exports.

On January 17, US president Donald Trump announced a 10% tariff on imports from Denmark, Norway, Sweden, France, Germany, the UK, the Netherlands and Finland, explicitly tying the tariffs to Greenland after these countries backed Den-



mark's refusal to allow any US capture of Greenland. The US tariff will take effect on February 1, rising to 25% on June 1, and will continue until the US secures what Trump called the "complete and total pur-

chase of Greenland."

"The EU might want to hasten the operational part of the deal," said Sanjay Jain, managing director of TT Ltd, an exporter of readymade garments. "It may not only give us a better deal but also accelerate the process of ratification."

India and the EU are expected to announce conclusion of the FTA talks during a summit in the capital on January 27. This will coincide with a state visit to India by Antonio Costa, president of the European Council, and Ursula von der Leyen, president of the European Commission from January 25 to 27. Both leaders would also be chief guests during the Republic Day celebrations

in Delhi on January 26.

"There could be an opportunity for India as it is a stable trade partner in a world full of disruptions," said an official, citing the example of China to which India's exports have risen amid the trade uncertainty between Washington and Beijing.

**The Economic Times**

20.01.2026

# Chain Reaction: Rosneft on Radar, New Russian Oil Suppliers Pop Up

In first half of January, 43% oil imports to India came from 5 traders that had not shipped a single cargo in almost 2 years

**Sanjeev Choudhary**

**New Delhi:** The bulk of India's crude oil imports from Russia has shifted to little-known traders that had barely supplied the country in the past, as flows from Rosneft have sharply declined.

In the first half of this month, about 0.5 million barrels a day, or roughly 43% of oil imports from Russia came from five traders—Redwood Global Supply, Vistula Delta, Ethos Energy, Alghaf Marine and Slavyansk ECO—which had not shipped a single cargo to India in almost two years before December 2025, according to Kpler, a global real-time data and analytics provider.

Despite US sanctions, Rosneft remained India's second-largest supplier in the

first half of this month.

Its shipments plunged about 75% from the 2025 annual average to about 225,000 barrels per day (bpd) during this period, Kpler data showed.

Rosneft had supplied India an average of 912,000 bpd during 2025, accounting for about 53% of India's total imports from Russia.

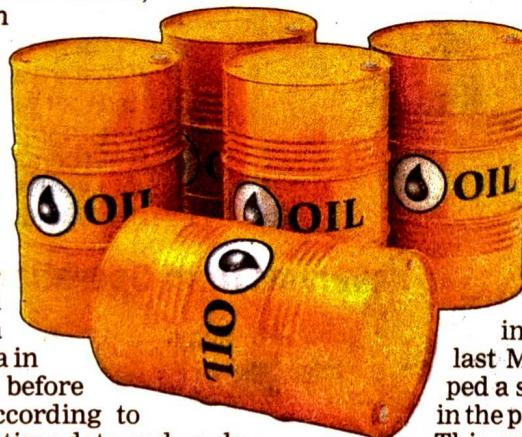
In the first half of this month, its share dropped to 19% of India's total Russian imports of 1.179 million bpd, which were about 30% below the 2025 annual average.

Lukoil, another US-sanctioned exporter, supplied about 43,000 bpd in the first half of January, down 84% from its annual average last year.

Its share of India's Russian intake fell to less than 4% from 16%.

RusExport emerged as the largest supplier, delivering about 255,000 bpd in the first half of this month, or roughly a fifth of total oil imports from Russia.

While RusExport has been supplying consistently since last May, it had not shipped a single cargo to India in the preceding 16 months. This month, Redwood Global Supply has shipped about 200,000 bpd, Vistula Delta 145,000 bpd, Ethos Energy 74,000 bpd, Alghaf Marine 50,000 bpd and



## VOLUME CONTROL

**RusExport emerged as the largest supplier, delivering about 255,000 bpd, or roughly a fifth of total oil imports from Russia**

Slavyansk ECO 43,000 bpd.

Between January 2024 and November 2025, none of these traders had shipped a single cargo to India, according to shipping data.

RusExport and Slavyansk ECO are Russian entities, while Redwood Global Supply, Alghaf Marine and Vistula Delta are linked to the UAE.

Rosneft has traditionally marketed crude from its own fields as well as output from smaller producers. With buyers now wary of Rosneft amid sanctions, barrels from non-Rosneft fields appear to be reaching India through alternative suppliers.

Indian buyers have been cautious about the original source of Russian supply and have sought to avoid cargoes linked to sanctioned entities.

Reliance Industries, India's top importer of Russian crude over the past year, did not take any cargoes in the first half of this month. HPCL, HMEL and MRPL, too, did not lift Russian supplies. Indian Oil, Rosneft-backed Nayara Energy and BPCL, however, continue to receive crude from Russia.

# New US ambassador Gor talks trade with Goyal

MUKESH JAGOTA  
New Delhi, January 19

## US AMBASSADOR TO India

Sergio Gor met Commerce and Industry Minister Piyush Goyal on Monday to discuss the bilateral relationship, including trade-related matters. Gor was accompanied by US Senator Steve Daines.

"Delighted to again meet my good friends US Senator Steve Daines and the US Ambassador to India Sergio Gor. Had a productive exchange of views on our bilateral relationship," Goyal posted on X after the meeting.

Gor formally took over as the US Ambassador to India on January 14 after presenting his credentials. Daines had met External Affairs Minister S Jaishankar on Sunday. The senator from Montana had on January 16 written to US President Donald Trump regarding tariffs imposed by India on pulses imports. Another signatory to the letter was Kevin Cramer from North Dakota.

In the letter, the senators referred to the imposition of



Union Minister Piyush Goyal with US Ambassador to India Sergio Gor (centre) and US Senator Steve Daines, in New Delhi

ANI

30% tariffs on yellowpeas from November 1, 2025. "Engaging Prime Minister (Narendra) Modi on pulse crop tariffs to enhance the economic cooperation between our two countries would be mutually beneficial for both American producers and consumers," the senators said in their communication to Trump.

They also pointed out that North Dakota and Montana are top producers of pulse crops, including peas, while India is the world's largest producer and

consumer of pulses, accounting for 27% of global consumption.

The meeting also assumed significance as the senators, in their letter, urged the US President that: "as the trade negotiations progress, we encourage you to push for favourable pulse crop provisions in any agreement the US signs with India".

India and the US have been negotiating a bilateral trade agreement (BTA) since March last year and have held five rounds of talks.

## EU FTA may aid labour-intensive exports

**WHILE THE FREE** trade agreement with EU is expected to open up duty-free access to a large number of products, it is essential to address carbon taxes and other regulatory issues during the negotiations so that these do not blunt the benefits of lower tariffs, according to a report.

The FTA, which is being described as the "mother of all

trade deals", is nearing completion. Although Indian goods already face relatively low average tariffs in the EU — around 3.8% — labour-intensive exports such as textiles, garments, leather, footwear, and auto parts attract higher duties ranging from 6% to 20%. In contrast, Bangladesh enjoys zero-duty access under the EU's preferential schemes,

while Vietnam benefits from tariff-free entry through its FTA with Europe.

"An India-EU FTA would cut or eliminate these duties, improving India's competitiveness and allowing its exporters — especially in textiles and garments — to compete on a more level footing in the EU market," the GTRI report said.

FE BUREAU

# India FTA to Create Mkt of 2b People: EU Chief

Ursula von der Leyen says some steps pending but 27-nation bloc on the cusp of historic trade deal

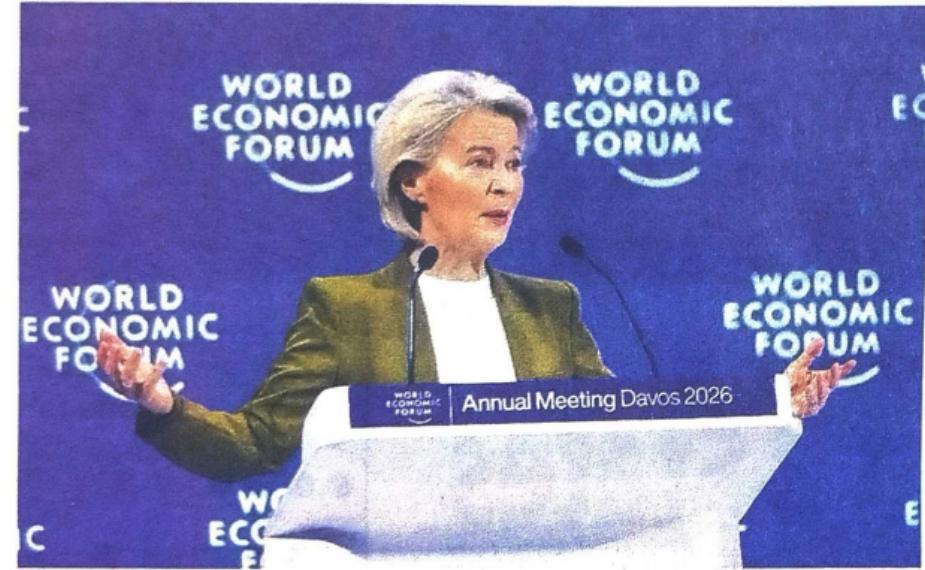
Deepshikha Sikarwar

Davos: The European Union is close to finalising a free trade agreement (FTA) with India, although some steps are still pending to complete the deal. European Commission President Ursula von der Leyen said on Tuesday.

"There is still work to do. But we are on the cusp of a historic trade agreement. Some call it the 'mother of all deals', one that would create a market of two billion people, accounting for almost a quarter of global GDP," she said, addressing a gathering at the World Economic Forum (WEF) here.

## DIVERSIFYING TRADE TIES

The European Union chief was elaborating on the EU's efforts to broaden and diversify its trade



European Commission President Ursula von der Leyen addressing the World Economic Forum in Davos, Switzerland, on Tuesday Bloomberg

partnerships. She will travel to India next weekend after the conclu-

sion of the WEF to advance the ongoing efforts to conclude the FTA.

There is important work to be done to strengthen economic ties and deepen cooperation between Europe and India, von der Leyen said.

Terming the agreement with India as part of Europe's wider global approach, she added that the continent remains committed to doing business with partners worldwide.

## 'EUROPE WILL CHOOSE WORLD'

"Europe will always choose the world, and the world is ready to choose Europe," she said, underlining the continent's intent to expand international trade and cooperation.

Explaining the policy direction behind this outreach, von der Leyen added that the focal point of Europe's strategy is to create a stable and well-regulated environ-

ment that supports investment, boosts trade and enables sustainable economic growth.

The European Commission President also highlighted energy as a key pillar of Europe's growth strategy, saying that it aims to build an energy union that ensures homegrown, reliable, and cheaper energy to drive economic growth.

The trade deal development comes at a time when von der Leyen as well as European Council President Antonio Costa are scheduled to attend the 77th Republic Day celebrations as chief guests at New Delhi's Kartavya Path on January 26.

At the invitation of Prime Minister Narendra Modi, the two leaders of the 27-nation European bloc will undertake a three-day state visit to India from January 25.

# Indian Refiners Lift Guyana Oil after 2 Yrs, Raise Saudi Imports

The Economic Times

21.01.2026

**Oil cos ramp up imports as Russian supplies decline in the aftermath of US sanctions**

Sanjeev Choudhary

**New Delhi:** Indian refiners are moving quickly to plug the gap in supply of US sanctions-hit Russian crude, lifting their first cargo from Guyana in two years, and ramping up imports from Saudi Arabia by about a third in January as they seek to meet strong energy demand at home.

In the first half of the month, refiners procured about 297,000 barrels per day (bpd) from Guyana, according to Kpler, a global real-time data and analytics provider.

Guyana is rapidly emerging as a new global oil producer backed by major discoveries and fast-rising output. The South American nation has however remained outside India's preferred sourcing basket due to the long shipping distance. With Russian supplies declining, Indian refiners are now increasingly tapping Guyana as an alternative.

Imports from Saudi Arabia and

## Plugging the Gap

Rosneft supplies to India down 75% to 225,000 bpd

Only IOC, Nayara Energy, BPCL received Russian cargoes

**GUYANA:** First cargo in two years, 297,000 bpd imported in first half of January

RIL: Zero Russian cargoes HPCL, HMEL, MRPL: No Russian supplies

## MIDDLE EAST IMPORTS

Saudi Arabia:	Iraq: Up	UAE: Down
Up 36% to	18% to	40% to
954,000 bpd	1.071 m bpd	352,000 bpd

## AFRICA GAINS SHARE

Nigeria:	Doubled	Angola:	Almost
to 305,000 bpd		tripled	to 195,000 bpd

US: Imports flat at 349,000 bpd

flat at around 349,000 bpd in the first half of January.

A clearer picture on India's crude sourcing shifts is likely to emerge by the month-end, but early data suggests refiners are tapping new or previously marginal sources to meet incremental demand as Russian supplies shrink and uncertainty rises amid mounting US pressure.

Indian Oil, Nayara Energy, and Bharat Petroleum were the only refiners to receive Russian cargoes in the first half of January. Reliance Industries, India's largest importer of Russian crude over the past year, didn't lift any Russian cargo in the period. Hindustan Petroleum, HPCL-Mittal Energy, and Mangalore Refinery and Petrochemicals also did not take Russian supplies.

With the Trump administration sanctioning Rosneft and Lukoil, Russia's two largest oil exporters, the bulk of India's Russian crude imports has shifted to little-known traders that had barely supplied the country in the past.

Iraq in West Asia, and from Nigeria and Angola in Africa, have also risen this month amid strong oil demand in India, the world's third-largest oil consumer and importer.

Russia remains India's top supplier, with volumes of about 1.179 million bpd in the first half of January, though declining about 3% sequentially, and about 30% below the 2025 average. Supplies from Iraq, the second-largest supplier, rose 18%

month-on-month to about 1.071 million bpd, while imports from Saudi Arabia jumped 36% to around 954,000 bpd, Kpler data showed.

Supplies from Nigeria nearly doubled sequentially to about 305,000 bpd, while imports from Angola almost tripled to around 195,000 bpd.

Imports from the UAE fell 40% to about 352,000 bpd, while shipments from the US were largely

# Indonesia seizes illegal groundnut imports from India

Business Line

21.01.2026

**CRACKING DOWN.** The action follows a *businessline* report of the edible nut entering Jakarta after landing at Port Klang in Malaysia

bl.impact

Subramani Ra Mancombu  
Chennai

Following *businessline*'s report last week, Indonesia has begun to crack the whip on illegal exports of commodities, such as rice, sugar, groundnuts, shallots, onion, garlic and chillies.

Local reports said that at least 10 ships carrying these commodities were seized and held up at the Tanjung Balai Karimun Customs port. Indonesian papers picked up *businessline*'s report, leading to Prabowo Subianto's government cracking down on the illegal trade.

The Indonesian authorities have seized 1.45 million tonnes of rice, about one lakh tonnes of sugar, 67,218 tonnes of shallots, 44,640

tonnes of garlic, 7,800 tonnes of onions, over 5,000 tonnes of dried chillies and some 1,700 tonnes of groundnuts (peanuts).

Indonesia's Minister of Agriculture Andi Amran Sulaiman visited the Tanjung Balai Karimun Customs Warehouse, and inspected the seized commodities.

## AFLATOXIN LEVELS

Indonesia has ordered law enforcement officers in the Riau Islands to track down the brain behind the illegal trade. Last week, *businessline* reported that though Indonesia had curtailed imports of groundnuts from India, the curbs were being overcome by illegal shipments. The consignments reach Indonesia via Port Klang in Malaysia.

Global trade sources said that at least 90 per cent of groundnuts imported into Indonesia were carried illeg-



**THE NET TIGHTENS.** The Indonesian authorities have seized huge quantities of rice, groundnuts, sugar, shallots, garlic, onions and dried chillies

ally after Jakarta lifted the suspension on Indian groundnut imports late in November.

Trade sources said that in November, over 825 containers, a huge volume, moved via Dumai illegally, and only 80 containers moved via the official port. In December, groundnut exports to In-

donesia were 20 full containers officially, whereas illegal shipments were 225 full containers.

Indonesia suspended Indian groundnut exports in September after it found the level of aflatoxin in consignments higher than the permitted level. An Indonesian team inspected Indian facil-

ties of exporters and permitted the resumption of trade in November, but the conditions stipulated, including the aflatoxin levels, were found too risky by Indian exporters.

## SHIPPERS LIST PRUNED

While permitting resumption of groundnut imports, Indonesia fixed the aflatoxin at 15 parts per billion (PPB). Trade sources said Indonesia does not have the facilities to check such levels of aflatoxin. Even the EU does not have such strict norms.

Jakarta also cut the list of groundnut exporters from India to 75. Data accessed by *businessline* showed that groundnut exports to Malaysia, which had never been above 6,500 tonnes until September 2025, began rising from October.

Imports to Malaysia surged in October to 8,300 tonnes (6,533 tonnes in Oc-

tober 2024), 15,800 tonnes in November (6,000 tonnes) and 15,000 tonnes in December (3,625 tonnes). Trade sources said this was a clear indication of illegal trading.

Between India and Malaysia, there are no strict rules, especially as Port Klang is described as a transit port. From there, barges and small boats take the goods in shipments of 20 containers to different places, including Dumai port, which is a major smuggling port for Indonesia.

## HAWALA TRADING

In the case of rice, Indian trade sources said the illegal route is giving way to *hawala* trading.

The illegal imports led to domestic groundnut prices declining to 30,000-32,000 Indonesian rupiah a kg from 35,000 rupiah (₹1= 186.33 rupiah). This includes the 5,000 rupiah that smugglers

and boat operators charge buyers. One of the problems this year with Indian groundnuts is the kharif crop being affected by rain during the drying period, particularly September-October. This led to higher levels of aflatoxins.

China is reported to be behind Indonesia's move to curb groundnut imports from India. Last year, China asked its fellow ASEAN (Association of South-East Asian) members to tighten quality norms for groundnuts and buy more produce from it.

The Chinese message also resulted in Thailand suspending groundnut imports from India.

In the 2024-25 fiscal, India exported 7.46 lakh tonnes of groundnuts, valued at \$795 million. Of this, Indonesia accounted for over 35 per cent, importing 2.77 lakh tonnes valued at \$280 million.

# SEA asks Centre to include forest-based products in India-EU trade pact

Business Line  
21.01.2026

Our Bureau

Mangaluru

The Solvent Extractors' Association of India (SEA) has requested the Union government to include forest-based products in the forthcoming bilateral trade deal between India and the European Union (EU) in the larger interest of the tribal people and Indian industry.

In a memorandum to Darpan Jain, Chief Negotiator of India-EU FTA Negotiations, Union Ministry of Commerce and Industry, SEA President Sanjeev Asthana said the final deal is expected soon, excluding agriculture products, which is truly justified.

However, there is a request from the industry that

forestry products should not be included in the agriculture sector, and these products should get the trade deal benefit as this is a separate and a very vulnerable sector. These are not agricultural products but are collected from the forest by tribal people, he said.

## JOBS FOR TRIBALS

India has huge potential of sal seeds, mango kernel and other tree-borne oilseeds like kokum seeds, mowrah seeds, dhupa seeds and many others.

He said India is providing employment to millions of tribal people and generating wealth by creating value-added products.

Sheanuts, which are getting wasted in the bushes (forests) of West African

countries, are imported. SEA members are buying sheanuts in West Africa, and also successfully marketing Indian products all over the world to the top global chocolate and cosmetic manufacturers in competition with the European multinationals.

The market share of India-made products would be destroyed without support as foreign buyers could take advantage of the situation, Jain said.

SEA gave a list of certain HSN codes for consideration in the bilateral trade tariff relief discussions and incorporation in the final agreed documents. They are: sal-based cocoa butter equivalent (HS code 15179090), sal stearin/fat (HS code 15159010), mango butter

(HS code 15159040), kokum butter (HS code 15159010), shea stearin (HS code 15159091), shea-based cocoa butter equivalent (HS code 15179090), and palm mid fraction (HS code 15119090).

"The inclusion of the specified HSN codes in the on-going tariff relief dialogue between India and the European Union countries is essential to save our forest-based industry," he said, adding that these products are key components of the industry.

The reduction or elimination of tariffs on these specific products would not only facilitate smoother trade flows but also increase the volume of exports and imports between the two countries, Asthana said.

# FTAs to Boost Assam Tea Exports: CM Sarma

The Economic Times

22.01.2026

**Bikash Singh**

**Guwahati:** Assam chief minister Himanta Biswa Sarma said that with the signing of the Indo-UK FTA and the upcoming Indo-EU FTA, Assam tea will find new markets.

Sarma, who is in Davos, Switzerland, to attend the World Economic Forum (WEF) Annual Meeting stated on X, “With the signing of the Indo-UK FTA and the upcoming Indo-EU FTA, Assam tea will find new markets.



From the State Government perspective, we are incentivising various facets of tea production to bring down the cost of production and make the industry lucrative and competitive”.

He stated, “I am in @wef to explore investment opportunities for Assam primarily in Green Energy, Hydropower and Semiconductor sectors among others”.

He added, “Had a detailed discussion with Yusuff Ali, Chairman of the UAE-based Lulu Group. The Group will soon be sending a team to Assam to explore investment opportunities across agro-processing, hospitality, and commercial retail sectors.”

Sarma said, “Had a productive meeting with Andres Peñate of @abinbev. The company is keen to expand their manufacturing operations in Assam and was appreciative of our regulatory clarity. I have invited him to visit Assam in February to further solidify our discussions”.

# Export preparedness

## States also need a focused approach

The NITI Aayog's recently released "export preparedness index" (EPI), 2024, is an attempt to measure how ready India's states are in participating in global trade. The index benchmarks preparedness across four pillars — business ecosystem, export infrastructure, policy and governance, and export performance — using a wide set of indicators ranging from the depth and logistics efficiency of micro, small, and medium enterprises (MSMEs) to regulatory capacity and diversification. The exercise is meant to shift attention from the headline export numbers to the underlying conditions that enable firms to compete internationally.

It rightly highlights India's uneven export performance. A handful of states dominate trade flows. The numbers are striking. Gujarat, Maharashtra, and Tamil Nadu together account for roughly 56 per cent of India's exports, with Gujarat alone contributing close to 30 per cent, led by petrochemicals and gems and jewellery. Their success clearly rests on long-term investment in ports, industrial corridors, and special economic zones, combined with policy stability and administrative capacity. Beyond this, the report points to encouraging signs of diversification. Haryana's exports, driven by automobiles and auto components, have been relatively insulated from swings in commodity prices. Telangana has built momentum in high-value sectors such as pharmaceuticals and aerospace. Odisha, long seen primarily as a mineral exporter, has begun to strengthen its position through industrial expansion. Himachal Pradesh recorded an export growth rate of about 9 per cent in 2023-24, largely on the back of pharmaceuticals, which now account for nearly 70 per cent of the state's exports. These examples suggest that export capability can broaden when infrastructure, policy focus, and firm-level capacity align.

The other side of the picture is also equally clear. States such as Bihar, Jharkhand, and Chhattisgarh, along with several Northeastern states, remain in the lower tiers of export preparedness. Weak logistics, limited industrial depth, thin MSME ecosystems, and regulatory bottlenecks continue to hold them back. At the level of districts, concentration is even more pronounced. The top 100 districts account for nearly 88 per cent of India's exports, and around 70 of these are clustered in just eight states. Large swathes of the hinterland remain disconnected from global markets, despite having latent advantages in agriculture, textiles, labour-intensive manufacturing, or niche products.

Although overall export competitiveness is shaped by macroeconomic and geopolitical forces, which lie well beyond the reach of state governments, it is local conditions that determine who is able to export when opportunities arise. Firms experience competitiveness through the reliability of power supply, the quality of roads to the nearest port, the speed of regulatory clearances, access to testing and certification facilities, and the availability of credit and skilled labour. These are precisely the areas where state- and district-level policies matter. Studies like these can help identify gaps and enable states to take advantage of export opportunities. Although the external environment has been clouded by the unfair tariff imposition by the United States, India is working on trade agreements with several other trading partners, including the European Union. Trade agreements will help only if India is prepared to tap emerging opportunities. States have a big role in this regard.

# Bulk of India's exports lose EU duty preference benefits

**TRADE JOLT.** Hope now on India-EU FTA with GSP benefits for 87% of shipments suspended

Amiti Sen  
New Delhi

In yet another blow to India's exporters, already grappling with US tariffs, the EU extending import tariff preference to India under the Generalised System of Preferences (GSP) has been fully suspended on some 87 per cent of the country's exports to the bloc from January 1.

The new items on which the GSP benefits (lower import tariffs) stand suspended include mineral products, chemicals, plastics, iron and steel, rubber, textiles, pearls and precious metals, motor vehicles, machinery and electrical appliances.

## TRADE TALKS

"Now concessions are suspended for 87 per cent value of India's goods exports to the EU and these have to face full MFN (most favoured nation) tariffs. Even if India signs the FTA (free trade agreement) deal with the EU right away, it may take one year or more to get implemented. India's exporters will feel the pinch till then," Ajay Srivastava, Founder of think-tank Global Trade Research Initiative (GTRI),



**BRIDGING GAPS.** India and the EU are actively engaged to close the remaining gaps in the ongoing FTA negotiations

told *businessline*. India and the EU are actively engaged to close the remaining gaps in the FTA negotiations before the India-visit of EU President Ursula von der Leyen and European Council President António Luís Santos da Costa on January 25-27.

Faced with high tariffs and continuous tariff threats from the US, both sides are trying for an early deal. Bilateral trade between India and the EU in 2024 was about \$140 billion, making the bloc India's largest trading partner, per EU figures.

According to an EC update on December 1, 2025, the

new products from India would lose their GSP benefits from January 1, 2026, as the average value of their imports exceeded the threshold limit set under the scheme for three consecutive years.

## GSP BENEFITS

Indian products on which GSP benefits still continue, such as agriculture and food, leather goods, wood and paper, footwear, optical and medical instruments and handicrafts, account for less than 13 per cent of the country's exports to the bloc, a GTRI analysis pointed out.

"The latest GSP withdrawal significantly erodes

the price competitiveness *vis-à-vis* countries such as Bangladesh and Vietnam, which continue to benefit from duty-free or lower-duty access," pointed out Ajay Sahai of the Federation of Indian Export Organisations.

Under the GSP, eligible exporters receive a margin of preference (MoP), a percentage reduction in the EU's MFN tariff, the GTRI report explained.

For most textiles, garments and industrial goods, this MoP averaged about 20 per cent, it added.

"For instance, an apparel product facing a 12 per cent MFN tariff paid only 9.6 per cent under GSP. From January 1, this benefit ends and exporters must pay the full 12 per cent duty," the report highlighted.

"India currently makes considerable use of GSP trade preferences and exports about 79 per cent of eligible products at preferential rates. As a number of sectors have already graduated out of the GSP, only about 21 per cent of total EU imports from India were eligible for preferences in 2023," according to information on the EU's GSP hub, updated in March 2025.

# Invoicing of external trade in rupee on the rise

**Sindhu Naraharan**

Chennai

In a positive sign for the rupee and the economy, there is a pick-up in exporters and importers invoicing in rupees.

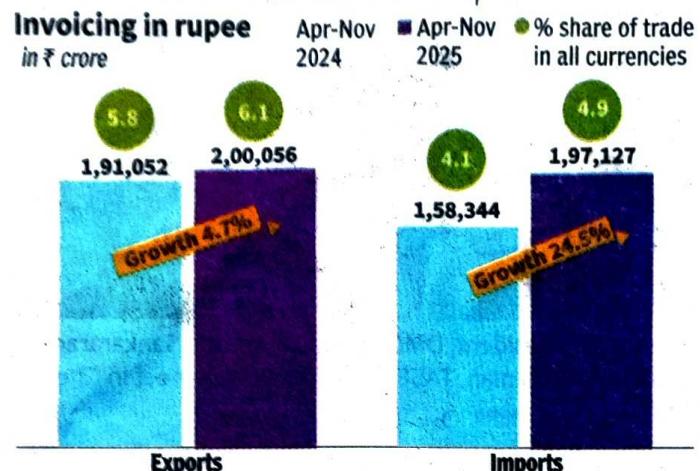
Recent Reserve Bank of India data show that the rupee invoicing for export of goods and software, at ₹2,00,056 crore, rose 4.7 per cent y-o-y in April-November 2025. Similarly, in the same period, imports of goods and software invoiced in rupees, at ₹1,97,127 crore, grew 24.5 percent y-o-y.

However, the share of rupee invoicing as a percentage of all currencies stands at just 6.1 per cent for exports and 4.9 per cent for imports. For FY25, exports invoiced in rupees grew 7 per cent y-o-y, while imports invoiced in rupees rose 34 percent.

## VOSTRO A/C FACILITY

The RBI, via a circular in July

### Internationalisation of rupee



Source: RBI

2022, allowed invoicing and payment for international trade in rupees in a move aimed at promoting global trade and internationalisation of the currency. Under this, specified banks are permitted to open Special Rupee Vostro Accounts (SRVA) of partner countries. In case of Indian exports, the proceeds are paid in rupees from balances in the designated vostro account of the over-

seas importer, and for imports, the payment gets credited to the special vostro account in rupees against the invoices.

Trade analysts note that India currently has SRVA facility with 22 countries with overseas trade in rupees happening with key partners such as Russia, Sri Lanka and Singapore, among others. Separately, in 2023, India also tied up with the United

Arab Emirates for trade to be settled in rupees and dirhams.

### SIMPLE MECHANISM

Ajay Sahai, Director General and CEO, FIEO, said the SRVA has emerged as a good and simple mechanism for India's exporters and importers, and has been gaining traction in recent months.

Some of RBI's recent moves, including those of increasing the timeline for settlement of trade proceeds under FEMA regulations, have also highlighted their commitment to promote more cross-border transactions in rupees, he added.

Paras Jasrai, Associate Director, Ind-Ra, said that, in general, overseas trade in rupees reduces dependence on foreign currencies such as the dollar and is also driven by agreements with other nations. However, the share still remains low, and there is room for growth given the US dollar and euro domination.

# Game developers seek ₹1,150 cr govt support in Budget

**Vallari Sanzgiri**

Mumbai

Betting on e-gaming to become an export driver for the economy, the Game Developer Association of India (GDAI) asked the government to pump in ₹1,150 crore over four years in existing government schemes.

In its budget proposal shared exclusively with *businessline*, the GDAI argued that further fund allocation within existing gaming schemes could unlock \$10 billion in annual exports by 2035.

Accordingly, the GDAI suggested a phased annual implementation starting with ₹220 crore in the first



**BRIGHT FUTURE.** GDAI argued that further fund allocation within existing gaming schemes could unlock \$10 billion in annual exports by 2035

year for initial setup, pilot programmes, ₹275 crore for scaling-up in the second year, ₹325 crore for full operational capacity in the third year and finally ₹330 crore for operations and expansion.

The recommendations

primarily target talent development. Suggesting ₹260 crore annually for skilling programmes, the GDAI asked that 15-20 game development courses be included under the Pradhan Mantri Kaushal Vikas Yojana 4.0 to train 50,000 candidates an-

nually. The National Apprenticeship Promotion Scheme would incorporate gaming as a designated trade, creating 10,000 apprenticeships by 2028.

## RAW TALENT

"We have an insane amount of raw talent, over 11 million graduates every year join the industry. However, few are formally educated on game design. We need at least 25,000 to 50,000 people educated on what video games are, how to do game design and production of games. We want the government to focus on that," said Sridhar Muppidi, Chairman, GDAI.

For incubation and start-up support, the association seeks ₹180 crore annually

across multiple schemes. This includes earmarking ₹100 crore within the Start-up India Seed Fund Scheme over four years. This will help 200-300 gaming start-ups in initial stages. It also asked for ₹70 crore to establish 5-7 gaming-focused Atal Incubation Centres over five years.

In case of the Fund of Funds for Start-ups, the GDAI asked that gaming or Animation, Visual Effects, Gaming and Comics (AVGC) be considered a priority sector, with a target of 5-10 per cent of investments directed toward game studios, potentially unlocking ₹300-500 crore in venture capital flow.

For export promotion, GDAI also recommends di-

gital game exports under the RoDTEP scheme, currently focused on manufactured goods, which could provide ₹100-200 crore in annual benefits through duty remissions.

Within the AVGC framework, GDAI seeks a dedicated ₹200 crore gaming vertical, arguing that gaming has distinct technical and business models from animation and VFX service industries.

By 2030, such investment can create a talent pipeline of 200,000 trained developers, incubate 1,500 game studios, generate 100,000 direct jobs, and produce 200 globally competitive games with Indian intellectual property, said GDAI.

# EU Suspends Export Benefits on Nearly 87% of Indian Goods

Kirtika Suneja

**New Delhi:** The EU (European Union) has suspended export benefits on about 87% of Indian exports, including the labour-intensives ones of textiles, gems and jewellery, chemicals, plastics, metals and transport equipment. The move is set to impact the country's shipment to the 27-nation bloc even as both sides aim to conclude the talks for a free trade agreement (FTA) on January 27.

Experts said that the move effectively removes an average 20% tariff advantage that Indian exports enjoyed. This is in addition to the EU's Carbon Border Adjustment Mechanism (CBAM) which came into effect on January 1.

The EU suspended its Generalised Scheme of Preferences (GSP) benefits to these Indian goods meaning that these exports are subject to higher tariffs in the bloc from January 1. Only about 13% of exports, including agriculture and leather, retain the benefits under this scheme.

For instance, an apparel product facing a 12% tariff paid only 9.6% under the GSP. From January 1 this year, this benefit ends, and exporters must pay the full 12% most favoured nation (MFN) duty.

"The EU's withdrawal of GSP benefits on nearly 87% of Indian exports has effectively removed an average 20% tariff advantage, forcing most products to enter the EU at full MFN duty rates. This has weakened the price competi-

## Trade Barriers

Move removes around 20% tariff advantage

Most products to enter the EU at full MFN duty rates



**CHEMICALS, METALS, MACHINERY, ELECTRICAL GOODS MOST HIT**

Less than 13% exports- farm, leather enjoy benefit

**EU CBAM ALREADY IN PLACE JANUARY 1**

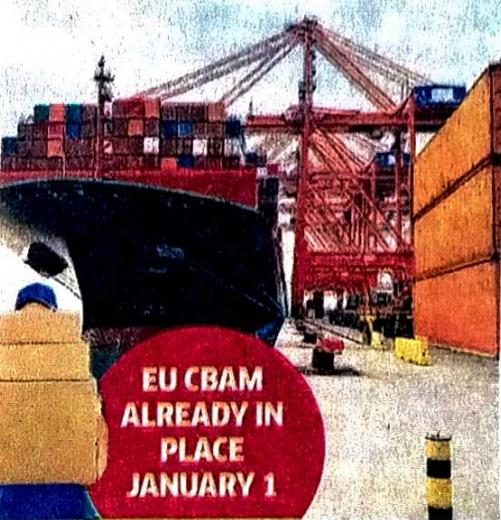
veness of Indian exporters, particularly against countries such as Bangladesh and Vietnam that continue to enjoy preferential access," said Ajay Sahai, director-general, Federation of Indian Export Organisations.

India-EU trade in goods in 2024-25 amounted to \$136.53 billion, making the EU the country's largest trading partner for goods.

The impact is most acute in industrial sectors—including chemicals, metals, machinery, and electrical goods—which form the bulk of India's exports to the EU, while preferential treatment is now limited to a small basket of products accounting for less than 13% of the shipments.

While the EU periodically reduced these benefits, as it did earlier in 2013 and 2023, the concessions this time have been completely withdrawn for three years from 2026 to 2028.

On September 25, 2025, EU laid



down rules for the application of the regulation with regard to the suspension for 2026-2028 of certain tariff preferences granted to certain GSP beneficiary countries- India, Indonesia and Kenya.

"It shall apply from January 1, 2026 until December 31, 2028...," it said.

"While there is optimism over the conclusion of the India EU FTA, Indian exporters will, in reality, confront higher trade barriers in the near term, as the loss of GSP preferences coincides with the start of the tax phase of the EU's CBAM," said GTRI Founder Ajay Srivastava.

With the FTA's implementation likely to take at least a year, if not longer, India's exports to the EU will face a difficult period marked by higher tariffs, rising compliance costs and weakened competitiveness, hitting exporters just as global trade conditions remain fragile, he said.

# Exporters push for fixed inverted duty structure, lower tax on new mfg units

**SHREYA NANDI**

New Delhi, 22 January

Exporters have appealed to the government to urgently address the issue of inverted Customs duty structures, reduce income tax for all non-corporate manufacturing MSMEs and provide policy and fiscal support for the development of Indian global-scale shipping lines in the upcoming Union Budget for 2026-27. The budget will be presented on February 1 by Finance Minister Nirmala Sitharaman.

Federation of Indian Export Organisations (FIEO), the apex body for exporters, has recommended rationalisation and reduction of import duties on key inputs used by export-oriented industries so that input costs are aligned with finished product duties.

"For instance, synthetic yarns and fibres attract higher customs duties than finished fabrics and garments, adversely impacting the textile and apparel value chain. Similarly, electronic components...

**CURRENTLY, NON-CORPORATE MANUFACTURING MSMEs PAY NEARLY 33 PER CENT TAX, WHICH CREATES AN 8-9 PERCENTAGE POINT DISADVANTAGE COMPARED WITH CORPORATES**

face higher duties compared to imported finished electronic products, discouraging domestic value addition... Correcting these anomalies by lowering or restructuring duties on raw materials will reduce production costs, ease working capital pressures, encourage domestic manufacturing, and strengthen India's export competitiveness," FIEO said on Thursday.

Engineering Export Promotion Council of India (EEPC) has called for reducing income tax for all non-corporate manufacturing MSMEs to 25 per cent and release 90 per cent of GST refunds immediately as part of its recommendations for the Union Budget.

At present, non-corporate manufacturing MSMEs pay nearly 33 per cent tax, which creates an 8-9 percentage point disadvantage

compared with corporates.

It has also proposed to allow 100 per cent depreciation on rooftop solar investments by manufacturing MSMEs, instead of the current 20 per cent.

EEPC Chairman Pankaj Chadha said that targeted tax reforms and policy actions would support engineering goods sector which is one of the largest labour-intensive industries and key forex earner.

FIEO also called for restoring the 200-250 per cent weighted tax deduction for in-house research and development expenditure under Section 35(2AB) of the Income Tax Act and broadening its applicability beyond companies to include LLPs, partnership firms, and proprietorships, especially MSMEs.

The budget should provide a 200 per cent tax deduction for expenditure incurred on overseas marketing, branding, trade fairs, buyer meets, and promotional activities, particularly benefiting MSME exporters. It also proposed extending the 15 per cent concessional corporate tax rate under Section 115BAB for new domestic manufacturing units for at least another five years.



# IN THE NEWS

## India to cut EU car tariffs to 40%



INDIA PLANS to cut import tariffs on European cars to 40% from up to 110%, marking its biggest auto market opening yet, as New Delhi and the EU near a free trade pact expected as early as Tuesday. **REUTERS**

# On cusp of historic trade deal with India: EU

PRESS TRUST OF INDIA

New Delhi, 20 January

India and the European Union are on the cusp of a 'historic trade agreement' that would create a market comprising two billion people accounting for almost a quarter of global gross domestic product (GDP), European Commission President Ursula von der Leyen said on Tuesday.

President of the European Council Antonio Costa and von der Leyen will be in India from January 25 to 27 to grace the Republic Day celebrations as chief guests and hold summit talks with Prime Minister Narendra Modi. The two sides are set to announce the conclusion of negotiations on the much-awaited free trade agreement at the India-EU summit on January 27.

In an address at the World Economic Forum in Davos, von der Leyen said Europe wants to do business with the growth centres of today and the economic powerhouses of this century.

"I will travel to India. There is still work to do. But we are on the cusp of a historic trade agreement. Some call it the mother of all deals. One that would create a market of two billion



President of the European Commission Ursula von der Leyen (left) and President of the Swiss Confederation Guy Parmelin at the World Economic Forum in Davos on Tuesday

PHOTO: REUTERS

people, accounting for almost a quarter of global GDP," she said in a televised address.

"And, crucially, that would provide a first-mover advantage for Europe with one of the world's fastest growing and most dynamic continents. Europe wants to do business with the growth centres of today and the economic powerhouses of this century," von der Leyen said.

"From Latin America to the Indo-Pacific and far beyond, Europe will always choose the world. And the

world is ready to choose Europe," she said.

The European Union is India's biggest trade partner with bilateral trade in goods recording \$135 billion in the financial year 2023-24. The free trade agreement is expected to significantly enhance trade ties.

The proposed agreement is expected to bring a qualitative change in deepening the overall bilateral ties in a range of sectors as well as at a time the world is witnessing trade disruptions in view of Wash-

ington's tariff policy.

Besides firming up the free-trade agreement, the two sides are likely to unveil a defence framework pact and a strategic agenda at the summit. India and the European Union have been strategic partners since 2004.

The ambitious FTA is being firming up at a time amid increasing concerns over Washington's trade and tariff policies, which have impacted both India and 27-nation EU.

India and the EU are also expected to unveil a joint comprehensive strategic vision that will govern their relationship for the period 2026-2030.

The EU and India had first launched negotiations for the free-trade agreement in 2007, before the talks were suspended in 2013 due to a gap in ambition. The negotiations were relaunched in June 2022.

The proposed Security and Defence Partnership will facilitate deeper defence and security cooperation between the two sides. The SDP will bring interoperability in the defence domain and it will open up avenues for Indian firms to participate in the EU's Security Action for Europe programme.

## Spanish foreign minister to visit India today

Spain's Minister of Foreign Affairs, European Union (EU) and Cooperation, Jose Manuel Albares, will be on a visit to New Delhi on Wednesday. The Spanish minister's visit comes in the context of the India-EU Summit next week, where the two sides are set to announce the conclusion of the negotiations of their trade deal. In recent weeks, India has hosted several European leaders, including the German chancellor, Polish and Italian deputy prime ministers, and the Dutch foreign minister.

BS REPORTER

## India, Namibia hold talks on defence, critical minerals

India and Namibia concluded their two-day foreign office consultations on Tuesday, where they discussed key areas of bilateral cooperation, including trade, investment, agriculture, health and pharmaceuticals. Both sides agreed to further deepen bilateral ties in critical minerals, defence and agriculture. Prime Minister Narendra Modi had visited Namibia in July 2025, his first visit to that country and only the third by an Indian prime minister to the southern African country.

BS REPORTER

# India, EU likely to conclude free trade pact tomorrow

MUKESH JAGOTA  
New Delhi, January 25

**INDIA AND THE** European Union are set to announce the conclusion of their Free Trade Agreement (FTA) on Tuesday, creating a free market region of nearly two billion people with a combined economic output of \$27 trillion.

The agreement, coming at a time when the global economy is reacting to shocks emerging from the US, will move nearly 90% of trade between India and the EU to zero or very low tariffs.

The deal has already drawn attention in Washington, with US Treasury Secretary Scott Bessent criticising what he called "virtue signalling" by European allies for not acting decisively against India and for continuing participation in Russian energy trade because "they wanted a big trade deal with India". The US has also reacted unfavourably to the recent thaw in trade ties between Canada and China. Bessent's remarks suggest that the India-EU agreement is likewise being closely watched in Washington.

Negotiations for the India-EU agreement have been underway since July 2022 but gathered speed and urgency following US President Donald Trump's stance on global trade and his efforts to redraw global value chains. To finalise the deal, top EU leadership led by European Commission President Ursula von der Leyen has already arrived in New Delhi. Their agenda includes participation as chief guests at the 77th Republic Day celebrations, followed by the India-EU Summit the next day.

To reach an agreement quickly, agriculture and dairy have been kept out of the final deal, and ambition on market opening has been scaled back to 90% of sectors from the earlier target of 95%. The EU has remained protective of its beef, sugar and rice markets, while India has shielded its farm and dairy sectors from competition.



External Affairs Minister S Jaishankar (left) with European Council President Antonio Costa and European Commission President Ursula von der Leyen (right), in New Delhi on Sunday

ANI

## Showing a fractured world otherway possible: EU leaders

**INDIA AND THE EU** are nearing the conclusion of their FTA negotiations, the Trade and Economic Security Commissioner of the 27-nation bloc, Maros Sefcovic, said after meeting Commerce Minister Piyush Goyal.

"I am confident to say we're nearing the conclusion of our FTA negotiations. The cumulation of an intense past year — likely my most frequent trade engagement — reflecting its importance," Sefcovic posted on X.

Within agriculture, the EU has aggressively sought access for dairy products such as cheese and wines. Dairy has been kept out of the India-EU FTA.

India's key demands in any trade deal — zero-duty access for labour-intensive sectors such as textiles and apparel, gems and jewellery, and leather — have been met. In services, India has also likely secured greater access through a more liberal regime for travel and stay across the 27-country bloc.

"Pleased to agree that sustained and constructive engagement between us and our teams over the past year has brought us closer to a fruitful outcome," Goyal responded to the post.

The leaders were accorded a ceremonial welcome on Sunday and met Minister of External Affairs S Jaishankar. On the visit, the Commission President said, "India and Europe are showing a fractured world that anotherway is possible." **FE BUREAU**

The 9th High-Level Dialogue on Migration and Mobility in November 2025 proposed a pilot European Legal Gateway Office in India for ICT professionals and explored comprehensive mobility frameworks for young professionals. By the end of 2024, a total of 931,607 Indian citizens resided in the EU. India's services exports to the EU stood at around \$43 billion, while imports were \$34 billion in 2024.

India's concerns over open-

ing its market to EU automobiles and wines have been addressed through quotas and phased tariff reductions.

Indian goods already face relatively low average tariffs in the EU — about 3.8% on exports worth \$75.9 billion in FY25 — but key labour-intensive sectors such as textiles and clothing still face duties of around 10%.

Removing these tariffs would deliver clear export gains. An FTA would restore lost market access, lower tariffs on key exports such as garments, pharmaceuticals, steel, petroleum products and machinery, and help Indian firms absorb shocks from higher US tariffs, according to trade policy think-tank Global Trade Research Initiative (GTRI).

EU goods, by contrast, face much higher barriers in India, with a weighted average tariff of about 9.3% on exports worth \$60.7 billion. Duties are particularly high on automobiles and parts (35.5%), plastics (10.4%), and chemicals and pharmaceuticals (9.9%), significantly raising market-entry costs for European firms. Reducing these tariffs would improve EU access to Indian markets, the report said.

# EU Trade Deal May Give a Big Push to Tech Transfers, Exports & More

MNCs may use India as export base for vehicles; auto parts makers to see long-term gains: Execs

**Shally Seth Mohile & Sharmistha Mukherjee**

**Mumbai | New Delhi:** Even as Europe has emerged as the largest export destination for Indian auto component makers ahead of the US, manufacturers expect the proposed free trade agreement with the European Union—set to

**The Economic Times**  
26.01.2026

## Strong Benefits

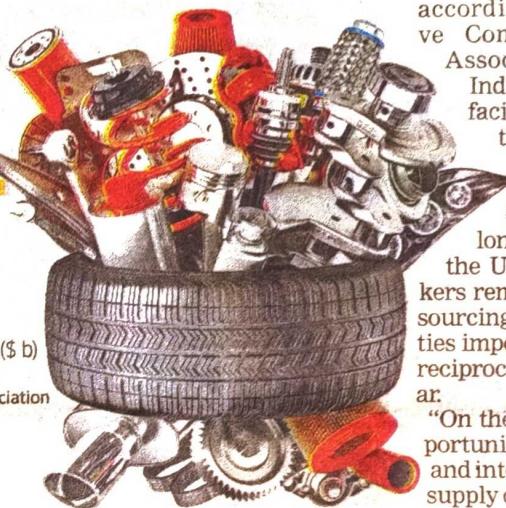
Value of auto component exports



be signed this week—to accelerate technology transfers, joint ventures and exports.

The country's largest-ever FTA is expected to boost shipments of electric vehicles and auto parts, lower costs for imported technology and machinery, and encourage joint ventures and technology partnerships between Indian manufacturers and European vehicle makers, industry executives said.

Multinational automakers operating in India could increasingly use the country as an export base for both electric and internal combustion engine (ICE) vehicles, while the largest long-term gains would accrue to auto component suppliers, they said.



according to data from Automotive Component Manufacturers Association of India (ACMA).

Indian auto parts makers are facing growing uncertainty in the US—their single-largest overseas market—amid tariff-related pressures.

Industry executives said long-term export orders from the US have slowed as automakers remain cautious about future sourcing plans following higher duties imposed under Section 232 and reciprocal tariffs announced last year.

"On the face of it, the biggest opportunity is for exports to Europe and integration into the European supply chain," Doreswamy said.

Vinnie Mehta, director general of ACMA, said the pact would help Indian suppliers scale globally. "The India-EU FTA can catalyse the next phase of growth for India's auto-component industry by enabling technology collaboration, greater export competitiveness and long-term investment flows," he said.

Indian vehicle makers have already begun scaling up their European play. Maruti Suzuki has shipped more than 13,000 units of its electric SUV e-Vitara to 29 countries, largely in Europe. Royal Enfield and Hero MotoCorp have also announced plans to expand their electric vehicle footprint on the continent.

# India-EU FTA Nears Completion

The Economic Times

26.01.2026

Our Bureau

**New Delhi:** India and the EU (European Union) are nearing the conclusion of a free trade agreement (FTA), the two sides said on Sunday.

Commerce and industry minister Piyush Goyal said that India and the EU are committed to a mutually beneficial, and ambitious FTA for the prosperity of businesses and people on both sides.

"Pleased to agree that sustained & constructive engagement between us & our teams over the past year has brought us closer to a fruitful outcome," Goyal said in a post on X replying to EU Trade Commissioner Maros Sefcovic. "The European Union remains a vital economic & strategic partner for India, and we value our shared commitment to a mutually beneficial, ambitious India-EU FTA for the prosperity of our businesses and people," Goyal said.

India and the EU are set to announce on January 27 the conclusion of negotiations and finalisation of an FTA, which is aimed at boosting economic ti-



Maros Sefcovic with Piyush Goyal in New Delhi on Sunday

es between the two regions amid disruptions in global trade due to US tariffs.

The conclusion of talks for the agreement will be announced at the India-EU Summit.

Sefcovic, who is visiting India with other officials, said it will be his tenth in-person engagement with Goyal. "I'm confident to say we're nearing the conclusion of our FTA negotiations. The cumulation of an intense past year - likely my most frequent trade engagement - reflecting its importance," Sefcovic said in a post on X.

The pact is nearing the finis-

hing line after 18 years.

Goyal has termed this pact as the 'mother of all deals' India has signed so far.

European Commission President Ursula von der Leyen landed here on January 24 for a four-day visit. President of the European Council Antonio Costa and von der Leyen will hold summit talks with Prime Minister Narendra Modi on January 27. The EU remains India's largest trading partner for goods, with bilateral trade reaching approximately \$136 billion in 2024-25. While the two sides will announce closure of FTA talks this week, the pact would be signed after legal vetting of the text on a mutually agreed date. Implementation of the deal may take some time as it requires approval of the EU parliament. In India, it requires the nod of the Union Cabinet only.

## INDIA'S GAINS

The pact is likely to lower costs and expand trade rather than threaten the domestic industry, think tank Global Trade Research Initiative (GTRI) said, adding that the India-EU economic relationship stands

out for its clarity of purpose.

"The two are not rivals but partners operating on different rungs of the value chain," GTRI said.

While India exports labour-intensive, downstream and processing-based goods such to the bloc, the EU supplies capital goods, advanced technology and industrial inputs.

"This structural complementarity explains why an India-EU FTA is likely to lower costs and expand trade rather than threaten domestic industry," said GTRI founder Ajay Srivastava.

Indian exports to the EU, such as smartphones, garments, footwear, tyres, pharmaceuticals, auto parts, refined fuels and cut diamonds, largely substitute the EU's imports from third countries rather than compete with EU manufacturing, which has long offshored these activities.

EU exports high-end machinery, aircraft, core electronic components, chemicals, quality medical devices and metal scrap, which feed India's factories, recycling industry and MSME clusters, raising productivity and export competitiveness.

# Smartphone exports to US zoomed 200% in Apr-Nov FY26

Threefold jump driven by Apple boom offsets slump in other sectors due to 50% tariffs

## Ringing aloud

India's smartphone exports to US in '25

	Exports to US (\$ billion)	Y-o-Y chg (in %)
Apr	1.65	150.8
May	2.29	202.8
Jun	1.99	239.6
Jul	1.52	211.4
Aug	0.96	148.9
Sep	0.88	243.4
Oct	1.47	216.6
Nov	1.76	204.4

Source: Department of commerce



**SURAJEET DAS GUPTA**

New Delhi, 25 January

India's smartphone exports to the US, led by Apple Inc, surged by more than 200 per cent year-on-year (Y-o-Y) between April and November of FY26 to \$12.54 billion, according to the latest figures from the Department of Commerce. The figure had stood at \$4.1 billion in the same period in FY25.

This threefold jump in smartphone exports has not only compensated for the sharp fall in exports of some key commodities from India to the US, but has also helped sustain overall export growth, despite the US

imposing a steep 50 per cent duty across the board and widespread concerns that exports would fall sharply.

The sectors that faced the brunt during the period include gems and jewellery (exports fell 44 per cent Y-o-Y), auto components (down 6.8 per cent) and petroleum products (down 7.78 per cent). As many as 59 of the 98 commodities exported to the US at the two-digit classification level were in the negative zone during this period.

Despite this, India's overall exports to the US rose 11.28 per cent in the first eight months of FY26. This was possible because while the incremental increase in total exports to the US

grew by \$5.9 billion, smartphone shipments alone rose by \$8.3 billion. This not only neutralised the export contraction in other commodities but also pushed overall exports higher, with support from engineering goods and iron and steel products that remained in positive territory.

Smartphone exports are exempt from the high US duties and enter the market at zero duty. Their importance is evident from the fact that smartphones account for over one-fifth of India's total exports to the US during April-November FY26, from 8 per cent in the year-ago period. Besides, India's smartphone exports to the US alone

account for 40 per cent of total electronics exports during April-November, which stood at \$31.12 billion. With the US smartphone market valued at \$105 billion annually and Apple accounting for \$45 billion in sales, Made in India iPhones are set to command a huge share of the US market if the current momentum continues.

In mid-2025, President Donald Trump directed Apple to stop exporting iPhones to the US. However, the issue was resolved after CEO Tim Cook promised major investments in the US. The surge in iPhone exports from India has been driven by production-linked incentive scheme and the imposition of a 20 per cent fentanyl-related duty on China.

# Beyond FTA: India, EU near deals on defence, mobility

**ARCHIS MOHAN**

New Delhi, 25 January

In the runup to the 16th India-European Union (EU) Summit on Tuesday, where the two sides are slated to announce the conclusion of negotiations for the free-trade agreement (FTA), the Union Cabinet on Saturday approved some of the proposed agreements, which are expected to include security and defence, mobility and information sharing.

Government sources did not specify whether the Cabinet approved all or some of these proposed pacts. Both sides have already announced that they will declare the conclusion of their FTA negotiations at Tuesday's summit, which will be inked once the text goes through legal scrubbing.



Apart from the trade deal, India and the EU have said that they are looking at signing the India-EU security and defence partnership, covering maritime security, cybersecurity and counterterrorism. The

two sides are also set to formalise a comprehensive mobility framework to facilitate the movement of students, seasonal workers, researchers and highly skilled professionals, promote research and innovation, and conclude a "Security of Information Agreement".

The EU leadership — European Council President António Costa and European Commission President Ursula von der Leyen — arrived in New Delhi over the weekend, with both sides expressing optimism about sealing what has been billed as the "mother of all trade deals".

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**PAGE 7**

## A turning point with Europe

India and the EU move to conclude a much-awaited trade pact while elevating security, defence and mobility ties, signalling a broader strategic alignment amid global uncertainty. Insights from ARCHIS MOHAN

■ Goyal emphasises 'fruitful outcome' of trade agreement talks 4 ▶

■ Textiles players upbeat on India-EU trade deal 4 ▶

Commerce and Industry Minister Piyush Goyal met Šefčovič. "Pleased to agree that sustained & constructive engagement between us and our teams over the past year has brought us closer to a fruitful outcome," Goyal said on X, adding that the bloc remains a vital economic and strategic partner for India. "A big pleasure to be in India. Our 10th in-person engagement with Minister Goyal - and I am confident to say we're nearing the conclusion of our FTA negotiations. The culmination of an intense past year - likely my most frequent trade engagement - reflecting its importance," Šefčovič posted on X.

"I'm so glad to be in India today. India and Europe have made a clear choice. The choice of strategic partnership, dialogue and openness. Leveraging our complementary strengths. And building mutual resilience. We are showing a fractured world that another way is possible," Ursula von der Leyen posted on X on Sunday.

"Celebrating a strong and growing EU-India partnership—from trade and security to the clean transition and vibrant people-to-people connections," posted Costa after landing in New Delhi.

According to an EU statement, the two sides will adopt a joint EU-India comprehensive strategic agenda during the visit, addressing security and defence ties, trade, technology partnerships and connectivity issues.

The two sides will also discuss the "importance of an effective multilateral system, a free and prosperous Indo-Pacific region, Russia's war against Ukraine, [and] the situation in the Middle East (West Asia)," it said. Costa, a former prime minister of Portugal, is of Indian origin.

Prime Minister Narendra Modi presented Costa with the Overseas Citizen of India card when they met each other in Lisbon in June 2017, and described him as representing "the best of the Indian diaspora across the world". When Costa visited India in January 2017, Portuguese novel *Signo da Ira*, set in Goa and authored by his father, was translated into English and released during the visit.

Business Standard 26.01.2026

## Beyond FTA: India, EU near deals on defence, mobility

Costa and von der Leyen will be the chief guests at the 77th Republic Day parade on Monday, which is a first for the EU leadership. While von der Leyen arrived on Saturday, Costa landed in New Delhi on Sunday. Union minister Jitin Prasada received both. The two were accorded the ceremonial welcome and guard of honour on Sunday.

External Affairs Minister S Jaishankar posted on social media on Sunday evening pictures of him meeting the two EU leaders. "Confident that their upcoming discussions with Prime Minister Modi will herald a new chapter in India - European Union relations," Jaishankar said. While Costa and von der Leyen will be the chief guests at the Republic Day parade, other EU leaders that arrived in New Delhi include EU Vice President Kaja Kallas and EU Commissioner for Trade and Economic Security Maroš Šefčovič.

# A turning point with Europe

India and the EU move to conclude a much-awaited trade pact while elevating security, defence and mobility ties, signalling a broader strategic alignment amid global uncertainty. Insights from Archis Mohan

As the European Union (EU) leadership — European Council President Antonio Costa and European Commission President Ursula von der Leyen — arrived in New Delhi over the weekend, both sides expressed optimism about sealing what has been billed as the “mother of all trade deals”: The India-EU free-trade agreement (FTA).

However, those familiar with the discussions said that alongside the trade deal, the 16th India-EU Summit on Tuesday is also expected to deliver an equally ambitious agreement to upgrade the India-EU security and defence partnership.

The proposed pact would place India's security ties with the 27-member bloc on a par with those the EU has with Japan and South Korea. Senior diplomats involved in strengthening India-EU relations over the past year said the partnership, and the FTA, should be assessed on their own merits, rather than through comparisons with other trade agreements India has signed or is negotiating.

The security and defence agreement, the sources said, would lend additional political weight to the relationship.

The Union Cabinet, chaired by Prime Minister Narendra Modi, approved the proposed agreements at its meeting on Saturday, it is learnt. Alongside an announcement on the conclusion of FTA negotiations, India and the EU are expected to sign the new security and defence partnership, covering maritime security, cybersecurity and counterterrorism.

The two sides are also set to formalise a comprehensive mobility framework to facilitate the movement of students, seasonal workers, researchers and highly skilled professionals, promote research and innovation, and conclude a ‘Security of Information Agreement’.

Beyond expanding defence collaboration, including joint development and manufacturing of defence equipment, the security and defence pact will emphasise Indo-Pacific security. The EU signed comparable agreements with Japan and South Korea in November 2024. The Japan-EU Summit held in Brussels in July 2023 recognised that European and Indo-Pacific security are closely interlinked.

Costa and von der Leyen will be chief guests at the 77th Republic Day parade on Monday, which will feature an EU military contingent. The contingent will include four flag bearers on three vehicles, carry-



European Commission President Ursula von der Leyen and European Council President Antonio Costa, chief guests at the 77th Republic Day parade, inspect a Guard of Honour in New Delhi

ing the flags of the EU, the EU Military Staff, EU Naval Force Atalanta — which leads the bloc's naval diplomacy in the Indo-Pacific and undertakes maritime security operations — and EU Naval Force Aspides, the EU mission protecting international shipping in the Red Sea from Houthi attacks.

India and the EU have conducted joint naval exercises in the Indian Ocean in June 2025, the Gulf of Guinea in October 2023, and the Gulf of Aden in June 2021. In December 2025, a delegation from the Society of Indian Defence Manufacturers visited Brussels and met the EU Commissioner for Defence and Space, while in September 2025 a delegation of the EU Political and Security Committee travelled to India.

## ‘EU-India together’

The EU leadership is attending the summit under the theme “EU-India *ek saath* (EU-India together)”. India and the EU have been strategic partners since 2004. Officials said the presence of the EU leadership at both the summit and the Republic Day parade reflects “the trust and confidence” both sides place in each other as they seek to shape a multipolar world.

Negotiations on the India-EU FTA began in 2007, with renewed momentum from February 2025 during the visit of the EU College of Commissioners, led by von der Leyen.

Officials said the agreement would significantly boost economic ties amid global economic turbulence, create growth opportunities in both economies and offer tangible benefits for young people.

On Friday, External Affairs Minister S Jaishankar met ambassadors from EU member states, where he spoke about

global volatility and instability becoming the new normal. He said stronger India-EU relations could help derisk the global economy through cooperation on resilient supply chains, and stabilise the international order through deeper trade, mobility and security partnerships. Von der Leyen arrived in New Delhi on Saturday and was received by Union Minister Jitin Prasada, while Costa arrived on Sunday. European Commission Vice-President Kaja Kallas and EU Trade Commissioner Maroš Šefčovič are also in New Delhi. The FTA will be signed after legal vetting of the text on a mutually agreed date.

Sensitive agricultural issues have been excluded from the agreement. The EU has sought to protect its beef, sugar and rice markets, while India has shielded its farm and dairy sectors. On Saturday, Prime Minister Modi said trade and mobility agreements with multiple countries would open “new opportunities” for India’s youth. New Delhi expects labour-intensive sectors such as apparel and textiles to gain from the India-EU deal.

Modi and von der Leyen announced the establishment of the India-EU Trade and Technology Council (TTC) in April 2022 as a coordination mechanism at the intersection of trade, trusted technology and security. The second TTC ministerial meeting was held in New Delhi in February 2025, following the inaugural meeting in Brussels in May 2023 and a virtual stocktaking call in November 2023. Agreements on semiconductors, and between the Bharat 6G Alliance and the EU’s 6G Smart Networks and Services Industry Association, were signed in November 2023 and March 2024 respectively. Cooperation also

includes discussions on artificial intelligence, joint research in high-performance computing, and collaboration among electric vehicle battery startups.

India and the EU are also working together in energy and climate action, space, civil nuclear energy and connectivity. The inaugural India-EU Space Dialogue took place in Brussels in November 2025. The EU’s Carbon Border Adjustment Mechanism (CBAM), which imposes an effective carbon charge of 20-35 per cent on Indian exports such as steel, aluminium, cement and fertilisers, remains a point of contention.

## Mobility partnership

The India-EU mobility partnership agreement is expected to open new pathways for skilled Indian professionals in the EU, with officials saying it will reinforce the economic benefits of the FTA.

The Indian diaspora in the EU numbers around 1.36 million, including 884,718 non-resident Indians and 478,206 persons of Indian origin. The largest Indian communities in mainland Europe are in Germany (260,864), the Netherlands (228,787) and Italy (206,503).

In 2024, Indian citizens received the highest number of residence authorisations in the EU for study, research and other purposes. Indian professionals were also the largest recipients of EU Blue Cards, accounting for nearly 20.8 per cent of those issued. Indian students have consistently ranked among the top beneficiaries of Erasmus Mundus scholarships, with about 6,000 awarded over the past two decades. The ninth meeting of the India-EU High-Level Dialogue on Migration and Mobility was held in New Delhi in November 2025.

# Closer to fruitful outcome on EU trade deal: Goyal

SHREYA NANDI

New Delhi, 25 January

Ahead of the long-awaited India-European Union (EU) Free Trade Agreement (FTA) is announced, Commerce and Industry Minister Piyush Goyal on Sunday emphasised on its "fruitful outcome."

The proposed FTA is one of the most complex trade negotiations India has undertaken and is nearing completion.

Talks are expected to conclude at the India-EU Summit scheduled in New Delhi on Tuesday.

Senior EU leaders, including European Commission President Ursula von der Leyen and European Council President Antonio Costa are currently in India.

"Pleased to agree that sustained & constructive engagement between us & our teams over the past year has brought us closer to a fruitful outcome," Goyal said on X, adding that the bloc remains a vital economic and strategic partner for India.

"A big pleasure to be in India. Our 10th in-person engagement with Minister @PiyushGoyal — and I'm confident to say we're nearing the conclusion of our FTA negotiations. The cumulation of an intense past year — likely my most frequent trade engagement — reflecting its importance," EU commissioner for Trade and Economic Security Maroš Šefčovič said on X. Negotiations for the comprehensive trade pact began in 2007 but were paused in 2013. Thereafter, talks were formally relaunched in 2022.

If formally concluded and later ratified by the European Parliament, the agreement could significantly deepen economic integration by reducing tariffs on a wide range of goods. It would also ease market access for services, and promote investment flows between India and the EU.

PHOTO: @MAROSSEFCOVIC/X



Commerce and Industry Minister Piyush Goyal with EU Commissioner for Trade and Economic Security Maroš Šefčovič (left), on Sunday, as India-EU FTA talks near conclusion

Madhavi Arora, chief economist at Emkay Global Financial Services, said the impending FTA comes at a crucial juncture — of global trade fragmentation, rising protectionism, US-India trade frictions and heightened global uncertainty.

The deal could act as an effective counter-cyclical buffer by improving India's export participation in global value chains, expanding market access, and supporting supply-chain diversification, she said.

Ajay Srivastava, former trade ministry official and founder of Delhi-based think tank GTRI said India-EU merchandise trade is best understood not as a contest for market share, but as a production partnership. European machinery, components and precision inputs raise productivity in Indian factories, while Indian scale manu-

## India to slash car tariffs to 40% in trade deal with EU

India plans to slash tariffs on cars imported from the European Union to 40 per cent from as high as 110 per cent, sources said, in the biggest opening yet of the country's vast market as the two sides close in on a free trade pact that could come as early as Tuesday.

Prime Minister Narendra Modi's government has agreed to immediately reduce the tax on a limited number of cars from the 27-nation bloc with an import price of more than 15,000 euros (\$17,739), two sources briefed on the talks told Reuters. This will be further lowered to 10 per cent over time, they added, easing access to the Indian market for European automakers such as Volkswagen, Mercedes-Benz and BMW.

India's commerce ministry and the European Commission declined to comment.

REUTERS

facturing delivers affordable, consumer-ready products to Europe, he added.

"Since both economies specialise in different segments, tariff elimination works as a cost-reduction tool rather than a displacement shock. An India-EU FTA would thus deliver classic trade gains — higher volumes, deeper integration and stronger industrial competitiveness on both sides. This is at a moment when such economically-rational trade arrangements are becoming increasingly rare," he said.

# With EU FTA, textile firms hope to surpass B'desh in European exports

SHINE JACOB

Chennai, 25 January

India's textile and apparel industry, and knitwear hub Tiruppur, is buoyant about the likely trade deal with the European Union (EU), expected to be sealed this week.

The industry hopes to surpass rival Bangladesh in European exports soon, driven by the deal.

Moreover, the United States' stance on possible removal of additional 25 per cent tariffs will also boost India's ambition of clocking ₹9 trillion exports by 2030.

Tiruppur has already witnessed a loss of ₹15,000 crore in 2025 due to the higher US tariff. The knitwear capital of India has seen a major jolt as exporters had to resort to production cuts of up to 30 per cent across units due to the higher tariffs. Orders to Tiruppur were getting diverted to competitors like Vietnam, Bangladesh, and Cambodia, which have a current tariff advantage. Bangladesh is one of the leading players in the European market.

According to a source, the EU deal, termed the mother of all deals by European Commission President Ursula von der Leyen, is likely to be cleared in one go at the European Parliament, rather than getting separate clearances from each parliament of the 27 countries.

The UK trade deal, signed in



July, is also expected to give impetus to the apparel industry. "The next decade will be for India's textiles industry. With EU and UK deals, we will surely get an upper hand over Bangladesh, which is enjoying duty-free exports to that market. For India, we have the advantage of domestic raw material supply too," said A Sakthivel, chairman of the Apparel Export Promotion Council (AEPC).

Bangladesh had an advantage in the region driven by duty-free, quota-free access under the everything but arms (EBA) initiative as a Least Developed Country (LDC).

"European market share is around 40 per cent for us, while the US is only 30 per cent. Hence, this will be most advantageous," Sakthivel added.

Major brands that source from Tiruppur include Primark, Walmart, Marks & Spencer, Hennes & Mauritz AB (H&M), Tommy Hilfiger,

Amazon, TJX Companies, Kohl's, Gap Inc., and Target.

The Tiruppur cluster currently accounts for apparel exports of around \$1.74 billion to the EU, contributing nearly 22.9 per cent of India's total textile and apparel exports to the EU. Leyen, along with president of European Council Antonio Luis Santos da Costa, will be chief guests at the Republic Day celebrations.

A deal is expected to be concluded on January 27, when the two leaders will co-chair the 16th India-EU Summit hosted by Prime Minister Narendra Modi.

"The Tiruppur Exporters' Association (TEA) has consistently advocated zero-duty access in the ongoing India-EU negotiations. As the India-EU Free Trade Agreement (FTA) moves closer to conclusion, we look towards the country's leadership securing comprehensive zero-duty market

## Shot in the arm

- Knitwear hub Tiruppur suffered losses of ₹15,000 crore in 2025
- Major brands that source from Tiruppur include Primark, Walmart, Marks & Spencer, H&M, Tommy Hilfiger, Amazon, TJX Companies, Kohl's, Gap Inc, Target
- Orders were diverted to Vietnam, Bangladesh, and Cambodia, which have a current tariff advantage
- Tiruppur's exports totalled ₹44,747 crore last financial year

access for all apparel products. This is an outcome critical for sustaining employment and strengthening micro, small and medium enterprises (MSMEs)-based manufacturing clusters. It would also significantly enhance India's footprint in the EU market," said K M Subramanian, president, TEA.

US Treasury Secretary Scott Bessent said on Friday that the additional 25 per cent tariffs on India might be removed after India's purchase of Russian oil saw a significant drop.

"TEA firmly believes that the India-EU FTA will play a pivotal role in achieving the national target of ₹9 trillion in textile and apparel exports by 2030. It would also lay a strong foundation for India Vision 2047, positioning it as a global leader in sustainable manufacturing, inclusive growth and export excellence," Subramanian added.

# Govt plans Fertilizer Mission to cut imports, chemical use

**HISTORIC PEAK.** Fertilizer sales hit 655.94 lakh tonnes in 2024-25, up from 600.79 lt in FY24

Prabhudatta Mishra

New Delhi

The government is likely to announce a 'Mission on Fertilizers' in the upcoming Budget.

The mission is aimed at reducing the use of chemical fertilizers and cutting the subsidy bill. Sources said the mission may also include incentives to promote alternatives, including bio-fertilizers, to reduce current chemical fertilizer imports by at least 20 per cent.

"The mission requires a five to ten-year horizon with specific targets. Reducing annual sales by even 6-7 per cent would offset the current rising trend, effectively keeping consumption at its present level," said a source.

## IMPORT REDUCTION

Sources said it may be named the 'Mission for Self-Reliance in Fertilizer' with a target to cut imports by 20 per cent in five years or 35 per



**CONSUMPTION UP.** Urea sales rose 8.4% to 387.92 lakh tonnes (lt) last fiscal from 357.81 lt in 2023-24 PTI

cent over 10 years. India's fertilizer sales in 2024-25 touched an all-time high of 655.94 lakh tonnes (lt), up from 600.79 lt in FY24. The previous high was 621.91 lt in 2020-21.

Latest official data show that urea sales reached 387.92 lakh tonnes (lt) during the last fiscal, 8.4 per cent higher than 357.81 lt in 2023-24. Muriate of Potash (MOP) was up 33.9 per cent to 22.02 lt from 16.44 lt and Complex

(a combination of all nutrients) rose 28.2 per cent to 149.72 lt from 116.8 lt. The sale of Di-ammonium phosphate (DAP) declined to 96.28 lt from 109.74 lt, mainly due to scarcity till mid-November 2024.

Against the Budget Estimate (BE) of ₹1,67,899.5 crore for fertilizer subsidy, the government has disbursed ₹41,482.33 crore till June 30.

However, the subsidy on phosphatic and potash fertil-

izers was subsequently raised to ₹75,000 crore from the initial ₹49,000 crore (BE).

## POLICY CONVERGENCE

Given the statistics, the thinking is to merge the PM-PRANAM scheme with the proposed mission, as the former was promoted with the same objective.

The States are granted financial incentives for reducing the use of chemical fertilizers under the PM-PRANAM scheme. Many experts have advocated a revamp of this scheme amid rising sales.

Though not part of the proposed Fertilizer Mission, sources said, there may be higher allocations for the 'Mission on Natural Farming' as its adoption is directly linked to reducing the use of chemical fertilizers.

ICAR may also be tasked with developing new technologies that require lower use of nitrogen, phosphorus and potash.