

**GOVERNMENT OF INDIA  
COMMERCE AND INDUSTRY  
LOK SABHA**

UNSTARRED QUESTION NO:3551  
ANSWERED ON:20.08.2004  
REVIEW OF FTA AND PTA  
Nikhil Kumar Shri

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

- (a) whether the Prime Minister has recently sought a review of India's free trade agreements and preferential trade agreements in the wake of apprehensions aired by the domestic industry;
- (b) if so, the facts and details thereof;
- (c) whether the Government have suffered losses on account of such pacts/agreements;
- (d) if so, the details thereof; and
- (e) the details of FTAs and PTAs held with various countries during the last three years?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY ( SHRI E.V.K.S. ELANGO VAN)

(a): No Sir.

(b): Does not arise

(c) & (d): These agreements involve exchange of tariff concessions with a view to gaining mutual market access amongst the participating countries on a preferential basis. The possible loss of customs duty for the participating countries on this account has to be viewed against other benefits which, inter-alia, include expanded economic space for the industries which helps them to become globally competitive and enhanced trade and investment flows.

(e) India is engaged in Free Trade Agreements (FTAs) and Preferential Trading Agreements (PTAs) with the following countries/regions:-

(i) India-Sri Lanka Free Trade Agreement was signed on 28th December, 1998 and the implementation began in March, 2000.

(ii) The Agreement on South Asian Free Trade (SAFTA) was signed by the SAARC member countries (Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka) during the 12th SAARC Summit held in Islamabad on 6th January, 2004. The Agreement is scheduled to come into operation from 1st January, 2006.

(iii) India also has bilateral trade treaties with Nepal and Bhutan, under which duty free imports are allowed, from these two countries on the principles of non-reciprocity.

(iv) India has also signed Framework Agreements with ASEAN (Association of South East Asian Nations comprising Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam); BIMST-EC (Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand as members); and Thailand with the objectives of achieving Free Trade Area covering goods, services and investments within agreed timeframes.

(v) India has also exchanged tariff preferences under the SAARC Preferential Trading Arrangement (SAPTA). Four rounds of negotiations under SAPTA have been held so far in which India has exchanged tariff concessions with member countries of SAARC.

(vi) India is also exchanging tariff preferences under Bangkok Agreement, a PTA, of which Bangladesh, China, India, Republic of Korea and Sri Lanka are members.

(vii) India has entered into a PTA with Afghanistan in the year 2003 under which tariff concessions are being exchanged on a limited

number of products on a non-reciprocal basis.