

India-EFTA Free Trade Agreement

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India-EFTA Free Trade Agreement: A New Era of Economic Cooperation

Context

India has been actively pursuing comprehensive trade agreements with several global blocs to enhance its economic integration and global competitiveness. In this direction, a significant development occurred when the **Commerce and Industry Minister announced** that the **India-EFTA Free Trade Agreement** will be implemented from **October 1, 2025**. The European Free Trade Association (EFTA) comprises **Iceland, Liechtenstein, Norway, and Switzerland**, with **Switzerland being India's largest trading partner** within the group.

Introduction

The India-EFTA Free Trade Agreement is a landmark initiative aimed at **enhancing trade and investment flows** between India and the four EFTA nations. It not only provides **tariff concessions** but also ensures long-term commitments in the **investment and services sectors**, opening new gateways for Indian businesses and consumers.

Key Features of the Agreement

- EFTA is an intergovernmental organisation focused on **promoting free trade and economic integration** among its four member states.
- **India's two-way trade with EFTA reached \$24.4 billion in 2024-25, with gold accounting for over 80% of EFTA's exports to India.**
- India will offer **tariff concessions on 82.7% of its product lines**, which cover **95.3% of EFTA's exports**.
- India secured **sectoral commitments** from each country under the EFTA bloc:
Switzerland - 128 sub-sectors
Norway - 114 sub-sectors

Iceland - 110 sub-sectors
Liechtenstein - 107 sub-sectors

- India will **gradually eliminate customs duties over 10 years** on several products, including **Swiss watches, chocolates, and cut and polished diamonds**.
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Expected Benefits

- **Investment Commitment**

EFTA countries will invest **\$100 billion in India over 15 years**, in two phases:

First Phase - \$50 billion within 10 years

Second Phase - \$50 billion in the following 5 years

- **Employment Generation**

The agreement is expected to generate **1 million direct jobs** in India.

- **Access to Premium Products**

Indian consumers will gain access to **high-quality Swiss goods** like **watches, chocolates, biscuits, and clocks** at **lower prices**.

- **Growth in Services Sector**

India has opened **105 services sub-sectors** to EFTA, including **legal services, business consulting, R&D, audio-visual services, health, and IT services**.

- **Strategic Access to European Markets**

As **over 40% of Switzerland's global services exports are directed to the EU**, this agreement positions India to benefit from **enhanced access to European markets** through Swiss partnerships.

Conclusion

The India-EFTA Free Trade Agreement represents a **strategic shift in India's trade policy**, focusing not just on market access, but also on **investment, services, and employment creation**. It has the potential to become a **model FTA** by combining **economic opportunity with long-term development goals**, while simultaneously deepening India's engagement with the **European economic space**.