

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

UNSTARRED QUESTION NO:4286  
ANSWERED ON:29.08.2011  
FREE TRADE AGREEMENT  
De Dr. Ratna

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

- (a) the details of impact of Free Trade Agreements on domestic industries entered into with the neighbouring countries;
- (b) whether the Government has kept any provision for protecting and promoting the domestic industries in FTAs;
- (c) if so, the details thereof;
- (d) whether there is any mechanism for reviewing these FTAs from time to time to ensure the protection of domestic industry; and
- (e) if so, the details thereof?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a), (b) & (c): India has entered into the following 4 Free Trade Agreements (FTAs) with its neighbouring countries:

S.No. Name of the Agreement  
and participating countries

1. India - Sri Lanka FTA

2. Agreement on SAFTA  
(India, Pakistan, Nepal, Sri Lanka, Bangladesh, Bhutan, Maldives and Afghanistan)

3. Revised Agreement of Cooperation  
between Government of India  
and Nepal to control  
unauthorized trade

4. India-Bhutan Agreement on  
Trade Commerce and Transit

India's trade and economic relations with its neighbouring FTA partners have increased substantially. India's exports to South Asian countries have grown at the annual growth rate of 14.8% while imports have grown at the rate of 5.5% during 2005-06 and 2009-10.

India`s Trade with neighbouring countries-US\$ Million

S.No.	Country	India`s exports 2005-06	India`s exports 2009-10	% Annual Growth	India`s Imports 2005-06	India`s Imports 2009-10	% Annual Growth
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1	AFGHANISTAN	TIS	143	464	48.1	58.42	125.19	28.9
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2 BANGLADESH PR 1664 2434 13.5 127.03 254.66 26.1

3 BHUTAN 99 119 6.2 88.77 153.11 19.9

4 MALDIVES 68 80 5.7 1.98 3.63 22.4

5 NEPAL 860 1533 21.3 379.85 452.61 6.0

6 PAKISTAN IR 689 1573 31.7 179.56 275.94 15.4

7 SRI LANKA DSR 2025 2188 2.6 577.70 392.19 -12.1

Total 5548 8391 14.8 1413.31 1657.34 5.5

During 2010-11 (April-December), India's exports to the South Asian countries were US\$ 8525.57 million and imports from these countries were US\$1470.50 million.

Impact evaluation of FTAs is a continuous process which starts even before FTA negotiations are entered into. Before entering into negotiations with its trading partners, studies are undertaken internally, as well as through the Joint Study Group (JSG) to study the feasibility of the proposed FTAs, including their impact on the domestic industry and agriculture sector. Consultations are also held with the domestic stakeholders including the Apex Chambers of Commerce and Industry, Industry Associations as well as the Administrative Ministries and Departments. In order to protect and promote the interest of the domestic industry and agriculture sector, these agreements provide for maintaining sensitive/negative lists of items on which limited or no tariff concessions are granted under the FTA. In addition, in case of a surge in imports and injury to the domestic industry, a country is allowed to take recourse to the measures such as anti-dumping and safeguards.

(d) & (e): Every FTA has a provision for Joint Review Mechanism which monitors the implementation of the FTA. During the review process, negotiations are held to improve market access as well as to address concerns that may arise in the implementation of FTA.