



# India-EFTA Trade Pact: Boosting \$100 Billion Investment and 1 Million Jobs

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## Key Takeaways

- **India and EFTA** signed the **Trade and Economic Partnership Agreement (TEPA)** on **10 March 2024**; it took effect on **1 October 2025**, marking India's first FTA with four developed European nations.
- **TEPA commits USD 100 billion in investments** and **1 million direct jobs** over 15 years, the first binding pledge of its kind in any Indian FTA.
- **EFTA covers 92.2% of tariff lines** (99.6% of India's exports), while **India covers 82.7%** (95.3% of EFTA's exports), protecting key sectors like **dairy, soya, coal, and agriculture**.
- The pact expands **market access**, drives **manufacturing and innovation**, and strengthens cooperation in **technology and sustainability**.
- **Services exports** gain through **digital delivery, commercial presence, professional mobility**, and **Mutual Recognition Agreements (MRAs)** in fields such as **nursing, accountancy, and architecture**.

## A Defining Moment in India–Europe Economic Relations

The **India–European Free Trade Association (EFTA) Trade and Economic Partnership Agreement (TEPA)**, signed on **10 March 2024** in New Delhi, came into force on **1 October 2025**, marking a defining moment in India's external trade policy.

This is **India's first Free Trade Agreement with four developed European nations, Switzerland, Norway, Iceland, and Liechtenstein**, and one of the most ambitious in scale and intent. It represents a strategic convergence between India's Atmanirbhar Bharat vision and EFTA's search for resilient,

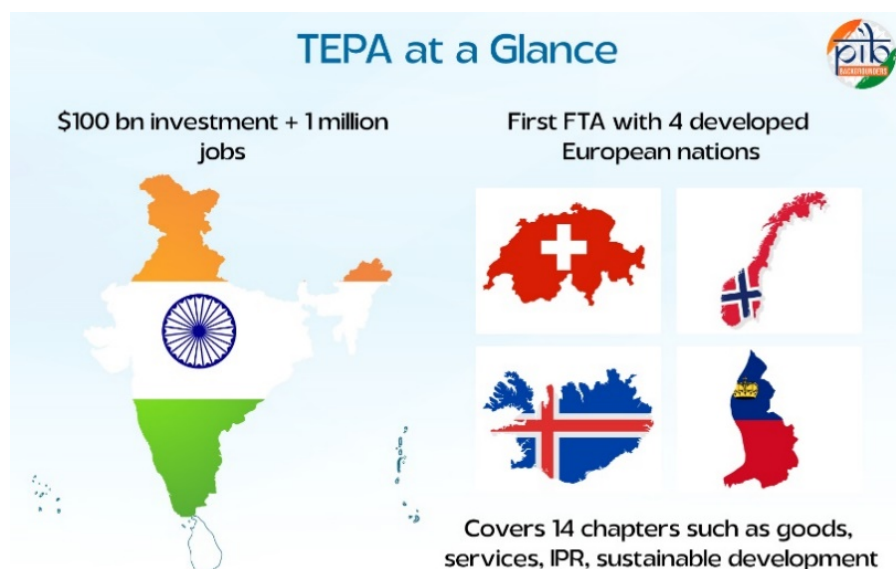
### WHAT IS EFTA?

EFTA is the intergovernmental organisation of Iceland, Liechtenstein, Norway and Switzerland. It was set up in 1960 by its then 7 Member States for promotion of free trade and economic integration between its members. EFTA is 1 important economic block out of the 3 (other 2 - EU & UK) in Europe.

diversified partnerships.

**The agreement consists of 14 chapters**, focusing on key areas such as market access for goods, rules of origin, trade facilitation, trade remedies, sanitary and phytosanitary measures, technical barriers to trade, investment promotion, services, intellectual property rights, trade and sustainable development, and other legal and horizontal provisions.

At its core, the agreement envisions unlocking **\$100 billion in investments** and **creating one million direct jobs in India** over the next fifteen years, marking it as one of the most forward-looking trade partnerships in the country's economic history.



## Key Features of TEPA

### Investment with Purpose

Under Article 7.1, the four EFTA states have pledged to increase **foreign direct investment (FDI) in India by \$50 billion within the first 10 years**, followed by an **additional \$50 billion in the next five years**.

Unlike portfolio inflows, these are long-term, capacity-building investments focused on manufacturing, innovation, and research. Over time, they are expected to generate one million direct jobs and forge deeper linkages between India's skilled workforce and Europe's technology ecosystems.

To streamline investment facilitation, a **dedicated India-EFTA Desk**, operational since February 2025, serves as a single-window platform for potential investors, focusing on renewable energy,

### WHAT IS TEPA?

TEPA (**Trade and Economic Partnership Agreement**) is a modern and ambitious agreement which, for the first time in any Free Trade Agreement (FTA) signed by India, includes binding commitments on investment and job creation.

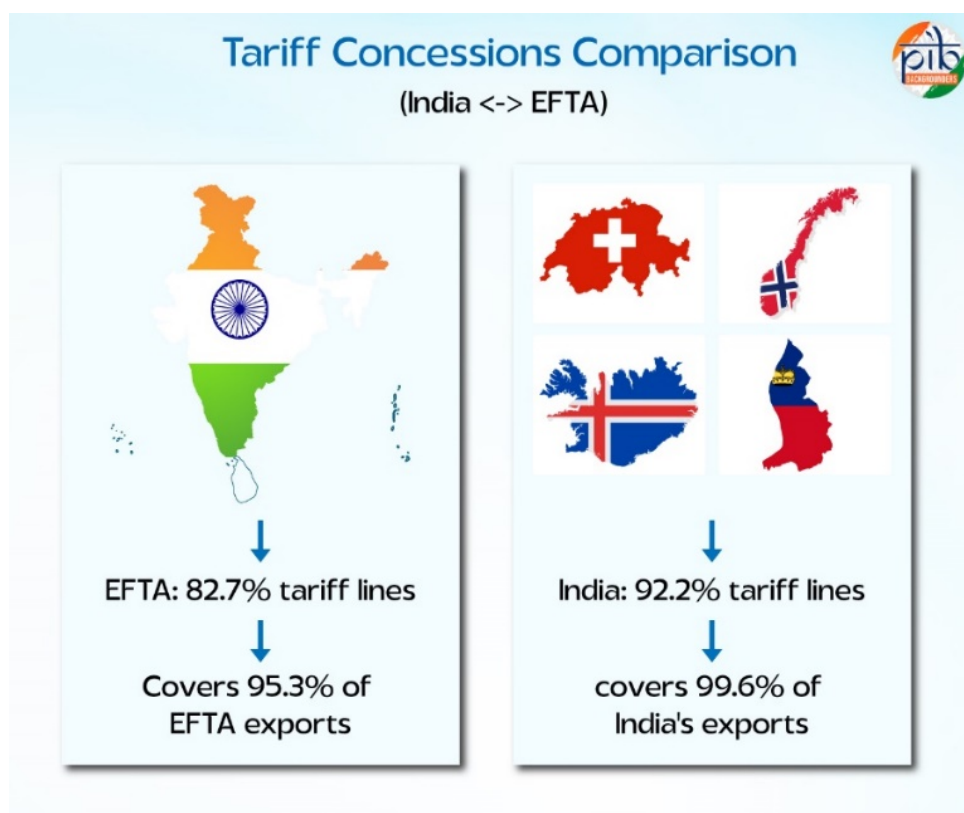
life sciences, engineering, and digital transformation, while promoting joint ventures and SME collaborations.

### Balanced Market Access

TEPA strikes a balance between ambition and prudence. EFTA has offered tariff concessions on 92.2% of tariff lines, covering 99.6% of India's exports, including all non-agricultural goods and processed agricultural products.

India, in turn, has extended access on 82.7% of tariff lines, accounting for 95.3% of EFTA exports, but with strong safeguards. Over 80% of imports from EFTA comprise gold, where no change in effective duty has been made.

Sensitive sectors such as dairy, soya, coal, pharmaceuticals, medical devices, and select food products have been kept in the exclusion list. For products under flagship programmes like Make in India and the Production Linked Incentive (PLI) Scheme, tariff reductions are phased over 5–10 years, giving domestic industries time to strengthen before full competition opens.



### A Gateway for Services and Skilled Talent

With services contributing over 55% to **India's Gross Value Added (GVA)**, TEPA offers a platform for next-generation trade in knowledge and digital services.

**India has made commitments in 105 sub-sectors**, while EFTA's offers cover **128 from Switzerland, 114 from Norway, 110 from Iceland, and 107 from Liechtenstein**. This includes

key Indian strengths such as IT and business services, education, media, cultural, and professional services.

A defining element of TEPA is the inclusion of **Mutual Recognition Agreements (MRAs)** in professions like **nursing, chartered accountancy, and architecture**, a step towards smoother professional mobility.

TEPA is also expected to **boost India's services exports** in core areas such as **IT and business services, cultural and recreational services, education, and audio-visual services**.

EFTA's services commitments provide **enhanced market access** through:

**Mode 1:** Digital delivery of services

**Mode 3:** Commercial presence

**Mode 4:** Greater certainty for entry and temporary stay of skilled professionals

### **IPR, Innovation and Trust**

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TEPA's Intellectual Property Rights (IPR) provisions reaffirm commitments under TRIPS, ensuring a **high level of protection while preserving India's flexibility on public health and generics**.

For Switzerland, a global innovation hub, the IPR chapter reflects confidence in India's regulatory strength, while India's safeguards against patent evergreening protect affordable access to medicines. The balance makes TEPA a model of trust-driven cooperation between innovation and inclusion.

### **Sustainable and Inclusive Development**

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TEPA emphasizes sustainable development, inclusive growth, social progress, and environmental protection. It will foster transparency, efficiency, simplification, harmonization, and consistency in trade procedures.

## **Sectoral Opportunities: Where Gains Will Emerge**

The India–EFTA Trade and Economic Partnership Agreement (TEPA) unlocks opportunities across a wide range of industries. With EFTA's offer covering 92% of tariff lines, Indian **exporters in sectors such as machinery, organic chemicals, textiles and processed foods will gain significantly** improved access to EFTA markets. This is expected to enhance competitiveness, lower compliance costs and accelerate market entry for Indian products.



## Agriculture and Allied Goods

India's exports to EFTA, valued at \$72.37 million in FY 2024–25, are dominated by guar gum, processed vegetables, basmati rice, pulses, fruits, and grapes.

TEPA reduces or eliminates tariffs across these categories, particularly in Switzerland and Norway, which together account for over 99% of India's agri-trade with EFTA.



COUNTRY-SPECIFIC GAINS		
EFTA Nations	Products / HS Codes	Tariff Concessions / Opportunities
Switzerland	Food Preparations	Tariffs up to 127.5 CHF/100 kg eliminated; scope for Indian exports
	Confectionery, Biscuits	Duty cuts create opportunities in processed foods
	Fresh Grapes	Tariffs up to 272 CHF/100 kg eliminated
	Nuts & Seeds, Fresh Vegetables	Zero tariffs post FTA, boosting competitiveness
Norway	Food Preparations, Condiments	Duty-free access on several tariff lines
	Rice	Tariff reductions (non-feed purposes) open new markets
	Processed Vegetables & Fruits	Duty-free access on selected lines
	Biscuits, Malt Extracts, Beverages	Tariff relief improves access for Indian brands
Iceland	Processed Foods	High MFN tariffs (up to 97 ISK/kg) cut to zero
	Chocolate & Confectionery	Duties eliminated; strong potential for processed food exports
	Fresh/Chilled Vegetables	Tariff elimination

## Coffee and Tea

**EFTA countries together import \$175 million worth of coffee, nearly 3% of global trade.**

With **zero duty on all coffee lines**, TEPA enables Indian producers to access premium markets in Switzerland and Norway, ideal destinations for shade-grown and handpicked Indian coffee.

For tea, EFTA's small but high-value market (~3 million kg annually) has already reflected benefits, India's average export realisation rose to \$6.77/kg in 2024–25, up from \$5.93/kg the previous year.



Marine Products

Under TEPA, Indian marine products will benefit from significant tariff concessions across EFTA countries:

COUNTRY-WISE MARKET BENEFITS	
Norway	Exemption of duty of up to 13.16% on fish and shrimp feed, making Indian products more competitive and enhancing exports of feed and raw materials.
Iceland	Tariff elimination of up to 10% on frozen, prepared and preserved shrimps, prawns, squid and cuttlefish, along with reductions of up to 55% on fish feed.
Switzerland	Zero duty on fats and oils of fish (excluding liver oil).

Industrial and Manufacturing Gains

Engineering goods exports to EFTA stood at \$315 million in FY 2024–25, up 18% year-on-year. The agreement expands market access for electric machinery, copper products, energy-efficient systems, and precision engineering.

Textiles and apparel, valued at \$0.13 billion, and leather and footwear will benefit from duty stability and simplification of standards, while sports goods and toys gain from zero-duty access and mutual recognition of conformity standards.

For gems and jewellery, TEPA consolidates duty-free access across EFTA, ensuring long-term predictability for exporters in diamonds, gold, and coloured gemstones.

Electronics and Software

With a USD 100 billion investment commitment and preferential access to high-income European markets, TEPA provides a strategic springboard for India’s electronics sector — particularly for MSMEs and OEMs looking to scale globally.

COUNTRY-WISE MARKET POTENTIAL	
Switzerland	Medical electronics (diagnostic devices, wearables), smart sensors and embedded systems, secure communication modules (for fintech and banking).  <b>Strategic edge:</b> Leverage TEPA’s IPR chapter to protect proprietary technology.
Norway	EV components and battery management systems, marine electronics (navigation, sonar, IoT buoys), smart grid and energy monitoring devices.  <b>Strategic edge:</b> Align with Norway’s climate-tech goals and public procurement channels.

<b>Iceland</b>	Compact medical devices and diagnostics, smart home and energy-efficient electronics, educational tech hardware (tablets, sensors). <b>Strategic edge:</b> Target niche distributors and public health initiatives
<b>Liechtenstein</b>	Industrial control systems, secure embedded electronics for banking, high-precision components for OEMs. <b>Strategic edge:</b> Position India as a reliable EMS partner for European OEMs.

## Chemicals, Plastics and Allied Products

EFTA has granted **zero or reduced tariffs on 95% of India's chemical exports**, cutting pre-FTA duties of up to 54%.

**Exports are projected to grow from \$49 million to \$65–70 million**, particularly in pet food, rubber, ceramics, and glassware.

For plastics and shellac-based products, TEPA enables diversification into high-value European markets, reducing reliance on tariff-heavy destinations like the U.S.

## A Partnership Rooted in Mutual Confidence

**For India, TEPA is more than a trade pact**, it is an instrument of strategic trust with like-minded economies that value transparency, rule-based trade, and innovation.

It also **demonstrates a mature approach to trade liberalisation**, one that **protects domestic interests** while projecting India as a **reliable partner in global supply chains**.

By opening doors to **investment, employment, technology and sustainability**, TEPA captures the essence of a modern **economic partnership, ambitious, balanced, and forward-looking**.

## Conclusion

The India–EFTA Trade and Economic Partnership Agreement (TEPA) represents a historic milestone, establishing **India's first FTA with four developed European nations**. It brings with it **commitments of USD 100 billion** in investments and the creation of **1 million direct jobs** over the next 15 years. The agreement enhances market access for goods and services, strengthens intellectual property rights, and promotes sustainable and inclusive development, while advancing the objectives of Make in India and Atmanirbhar Bharat.

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