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# INDIA - EFTA

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**Trade Partnership Agreement**



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## INDIA – EFTA Trade Partnership Agreement

### Synopsis

- The INDIA-EFTA Trade and Partnership Agreement (TPA) is a comprehensive trade pact between India and the EFTA states (Switzerland, Norway, Iceland, Liechtenstein) **signed on March 10, 2024 after 16 years of negotiations**, the agreement will enter into force on **October 1, 2025** that aims to boost economic growth through increased trade, investment, and regulatory coordination. It removes or lowers tariffs on many goods, sets clear rules for customs, and simplifies technical regulations, making trade faster and more predictable. The agreement covers a broad range of sectors, **opening service for industries like IT, finance, and consulting, while allowing easier movement and recognition of professionals.**
- Investor rights are safeguarded through fair treatment and free transfer of capital, and intellectual property laws are aligned to encourage innovation yet ensure essential medicine access. Businesses in both regions gain fair opportunities to compete for government contracts.
- Notably, the EFTA countries pledged a **US\$100 billion investment package** in India over **15 years** (US\$50 billion in the first 10 years, then US\$50 billion in the next 5), tied directly to the deal's market-access commitments and this investment-linked design aims to spur manufacturing and generate **one million jobs** in India.

### Bilateral Trade Profile and Key Sectors

- Trade between India and the EFTA bloc is relatively modest today and heavily skewed. According to India's Commerce Ministry, **two-way goods trade** was about **~US \$20 billion in 2023**.
- India's exports to EFTA were roughly **\$2 billion in 2024**, while imports from EFTA were about **\$17 billion**.
- In FY2024–25, **India exporting ~\$2 billion** of goods to EFTA, versus **\$22 billion** of imports. Switzerland dominates this trade: it accounts for **~75% of India's exports to EFTA and 97% of imports**. The resulting trade balance is a large deficit for India (driven largely by gold and silver imports via Switzerland)
- Major Indian exports to EFTA (goods) include pharmaceuticals, textiles/apparel, chemicals, and engineering products (machinery).

- The services sector also stands to gain: Indian IT, finance and business services may see new opportunities via easier movement of professionals
- **Key EFTA exports to India** are mainly high-value manufacturing and luxury goods. Swiss machinery, medical devices, specialty chemicals, precision instruments and electrical equipment are major exports. Luxury items also feature: Swiss watches and clocks, chocolates, dairy products and fine wines will face lower Indian tariffs
- India’s large imports of **gold, silver, diamonds and jewellery** from the EFTA region have fuelled much of the trade gap

**Sectors likely to benefit include:**

1. Pharmaceutical and Chemicals - India’s pharma and speciality-chemical firms gain nearly duty-free access to EFTA markets.
2. Textile and Apparel - Duty-free access could boost Indian garment exports, offsetting U.S. tariffs on textiles
3. Engineering & Machinery - India’s engineering goods (industrial machinery, automotive parts) gain market access, while domestic manufacturers also gain precision imports.
4. Information & Technology and Financial services - Mutual recognition of professional qualifications eases entry of Indian IT, accounting, and financial services into EFTA countries
5. Luxury & Consumer goods - Indian consumers will see lower prices on Swiss watches, chocolates, cheeses and other high-end imports
6. Agriculture & Dairy - Largely shielded from competition (little impact); only some processed foods benefit. Indian farmers and dairy sectors remain mostly protected.

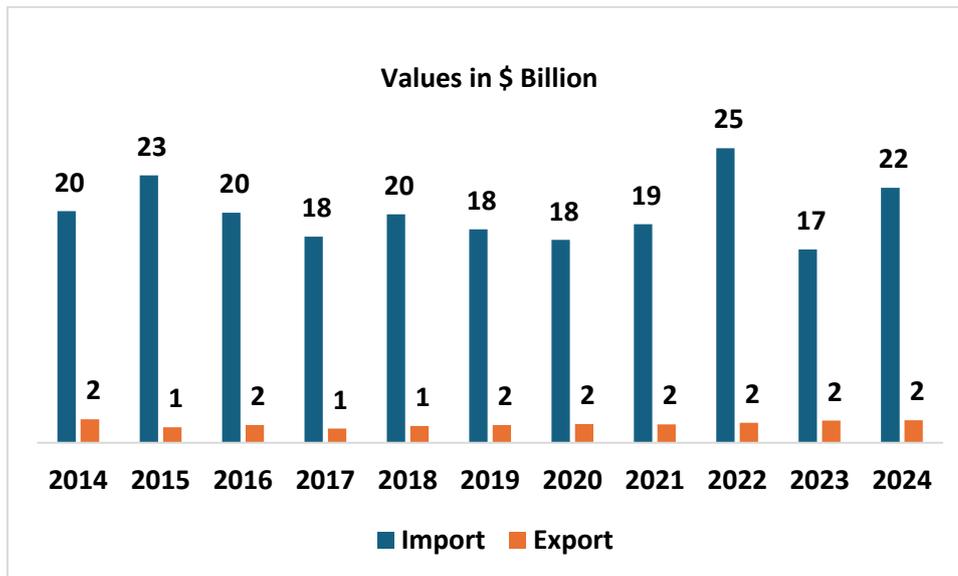
EXPORTS FROM INDIA TO EUROPE			
SECTOR	Representative Products	Before EFTA	After EFTA
PHARMACEUTICAL & CHEMICAL	Generic medicines, Intermediates	0% - 10%	0%
TEXTILE & APPAREL	Cotton textiles, apparel, knitted/ woven garments	5% - 15%	0%
ENGINEERING & MACHINERY	Industrial components, tools, electrical machinery	7.5% - 10%	0%
LUXURY & CONSUMER GOODS	Processed foods, handicrafts, jewellery	5% - 20%	0%
AGRICULTURE & DAIRY	Spices, tea, coffee, packaged foods	30%	Exclusion from tariff cuts

IMPORTS INTO INDIA FROM EUROPE			
SECTOR	Representative Products	Before EFTA	After EFTA
PHARMACEUTICAL & CHEMICAL	Medicaments, chemical intermediates, diagnostic reagents	0%- 12%	0%
ENGINEERING & MACHINERY	Industrial machinery, pumps, electric motors, computers	2.5% - 10%	0%
LUXURY & CONSUMER GOODS	Watches, chocolates, perfumes, cosmetics	5% - 20%	0%
AGRICULTURE & DAIRY	Cheese, butter, milk powder, processed foods	+30%	Exclusion from tariff cuts

### Economic Impact on INDIA

- Expecting the TEPA to provide an **economic boost** to India through higher exports, foreign investment, and job creation.
- By integrating India further into global supply chains (in sectors like auto components, chemicals, railways and finance), the pact aligns with India’s “Make in India” industrial strategy.
- Over time, lower barriers can raise India’s exports of high-value goods (especially pharma, textiles and engineering goods) and services.
- The inflow of \$100B in foreign capital should also spur manufacturing expansion and technology transfer, cushioning a recent slowdown in FDI inflows.
- For consumers, the deal will mean **cheaper imports** of premium products (like Swiss watches or medical equipment) and potentially lower prices on intermediate goods.
- Indian exporters gain more certainty and legal protections when selling into EFTA markets and the pact also locks in global standards (environmental, labour, patent laws), which will modernize Indian practices.
- Indian agricultural exports may still face strict EU/Swiss standards despite tariff cuts.
- Nonetheless, the combination of tariff liberalization and guaranteed investment is a **unique model** that could yield steady growth in India’s manufacturing and exports over the decade ahead.

## Trade Between India – EFTA



Source: [Ministry of Commerce and Industry](#)

- Switzerland accounts for most of the export to India trade, mainly due to large-scale gold imports. Over 80% of India's imports from EFTA are gold from Switzerland, followed by machinery, watches, pharmaceuticals, and medical devices.
- Indian imports from EFTA countries have consistently far exceeded exports, with the trade deficit widening notably in 2022 when imports peaked at \$25 billion.

## Other Key Aspects

The TEPA also enshrines several **non-trade issues** that can indirectly impact India's economy:

- **Sustainable Development:** Both sides commit to uphold international climate and labour agreements. This may push India to strengthen its environmental regulations and labour protections, aligning with global norms.
- **Customs and Facilitation:** The pact simplifies procedures (faster clearances, electronic documentation) to reduce shipping delays and costs, which will benefit exporters and importers of both sides.
- **Rules of Origin:** Clear origin rules ensure only goods substantially made in India/EFTA get the duty-free benefit, preventing trade deflection.
- **Intellectual Property:** The agreement includes IP chapters (patents, trademarks) aligned with World Trade Organization rules. India notably **rejected**

extending extra drug patent protections (data exclusivity) for EFTA countries, protecting its generic drug industry.

- **Institutional Structure:** A Joint Committee and sectoral sub-committees will oversee implementation and resolve disputes. This provides a formal mechanism to manage any future conflicts or enhancements.

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**Address-** Plot number- 65, 2nd Floor, Sector 12A,  
Dwarka, New Delhi-110075

**Contact no.-** +91 98112 13275

**Email -** [valuation@finvalresearch.in](mailto:valuation@finvalresearch.in)

**Website-** [www.finvalresearch.in](http://www.finvalresearch.in)