



Article

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Beyond Tariffs: India's Investment-Driven FTAs

I. Introduction

India has expanded its trade relationships through a new generation of free trade agreements (“FTAs”). While tariff reductions in goods remain relevant, these FTAs also address non-tariff barriers such as technical barriers to trade and sanitary and phytosanitary measures, alongside commitments on services liberalisation, investment facilitation and digital trade. They reduce investor uncertainty through market entry, operations, and regulatory engagement discipline, subject to domestic law.

Public focus has been centred on the India–EU FTA, but two other FTAs matter equally: the India–EFTA Trade and Economic Partnership Agreement (“TEPA”) and the India–United Kingdom Comprehensive Economic and Trade Agreement (“CETA”). TEPA and the CETA reflect India’s shift towards investment-enabling frameworks. They boost investor confidence via tariff concessions, rules of origin, market access, and dispute resolution without overriding domestic rules or taxes.

II. India–EFTA Trade and Economic Partnership Agreement:

(Signatories: India, Switzerland, Norway, Iceland, Liechtenstein)

The TEPA creates a partnership with EFTA States, representing India’s first major trade agreement with a developed European bloc. Beyond tariffs, the TEPA embeds investment commitments, employment objectives, and cooperation mechanisms.

Parameter	Before TEPA	After TEPA
Long-Term Investment Commitments	No treaty-based framework supporting investment flows.	Article 7.1 records the target of the EFTA states of an investment into India of USD 50 billion within the first ten years, followed by an additional USD 50 billion over the subsequent five years. This may be achieved through subsidies, tax breaks or other

		business-oriented inducements. Governments may provide expedited approvals, coordinated inter-agency facilitation, and proactive resolution of regulatory bottlenecks.
Tariff Reductions	Imports and duty concessions were governed by the Indian Customs Act, 1962 and the Indian Customs Tariff Act, 1975.	<p>Progressive tariff reductions have been introduced on specified EFTA state origin industrial goods in accordance with Annexes 2.C to 2. F. Tariffs do not apply to certain sensitive sectors such as dairy and soya. For goods that satisfy the prescribed rules of origin, the lower most-favoured-nation rate applies instead of the preferential rate in the TEPA.</p> <p>This may incentivise EFTA based enterprises to enter the Indian market ahead of full tariff elimination. While exports into India continue to attract positive duties during the transition phase, the pre-defined tariff reduction schedule clarifies future cost structures. This enables EFTA based enterprises to establish an early presence through distribution arrangements, joint ventures, or local manufacturing while taking advantage of reduced duties.</p> <p>On the other hand, investors, by entering during this transition, can build market share in India, and position themselves before full liberalisation.</p>
Temporary Movement of Key Personnel	Deployment of senior management and specialists from EFTA states into India was governed by general immigration rules.	<p>Annex 6.C covers temporary movement of natural persons providing services (GATS Mode 4), while preserving sovereignty and creating binding procedural commitments for specified service suppliers.</p> <p>Both India and EFTA states commit to: (i) transparency via clear, accessible information on</p>

		<p>visa/work-permit requirements and eligibility; and (ii) expeditious processing of applications/extensions. This applies to business visitors, intra-corporate transferees (managers, executives and specialists), contractual service suppliers, independent professionals, installers or servicers, and accompanying spouses and dependents.</p> <p>Annex 6.C reduces uncertainty by formalizing procedural standards and timelines (no automatic access).</p>
<p>Regulatory Cooperation and SPS/TBT Transparency</p>	<p>Changes to technical barriers to trade (“TBT”) and sanitary and phytosanitary (“SPS”) measures, along with conformity assessment requirements, were undertaken through domestic regulatory processes and governed primarily by multilateral obligations under the World Trade Organisation (“WTO”) framework.</p> <p>TBT measures generally include product standards, labelling and technical specifications, while SPS measures relate to food safety and the protection of human, animal or plant health.</p> <p>Under WTO SPS/TBT Agreements, members may adopt measures and notify WTO if trade-affecting, but these are multilateral, lacking dedicated bilateral consultations.</p>	<p>TEPA introduces SPS/TBT transparency: India and EFTA states are required to exchange competent authority information, notify regulatory changes, and share proposed SPS measures via WTO channels or contact points.</p> <p>TEPA establishes horizontal/sector-specific regulatory dialogues for cooperation. Parties are encouraged to use international TBT standards and exchange information (upon request) on standards/conformity processes.</p> <p>These mechanisms materially reinforce the investment commitment under Article 7.1. By institutionalising advance notice, regulatory dialogue and information exchange in sensitive sectors, the TEPA reduces compliance risk and policy unpredictability for investors.</p>

Investment Impact Across Key Sectors

- 1) **Manufacturing**: Phased tariff reductions on capital goods and industrial inputs cut set up costs and aid technology transfer. Personnel mobility enables EFTA state manufacturers to deploy managerial and technical personnel during commissioning and

scaling whose presence is often necessary to operationalise new facilities and ensure compliance with group standards.

- 2) **Private Equity and Venture Capital**: TEPA’s quantified investment target and government coordination signals institutional engagement with investments from EFTA states. Though it is not enforceable, regulatory issues now may be address through structured dialogues. This boosts comfort for medium- to long-term investors at entry and exit.
- 3) **FinTech and Digital Businesses**: Greater clarity on digital trade regulations and structured mobility for specialists improve predictability for technology-driven businesses. This enhances confidence at entry and supports local collaboration, especially for cross-border data, technology integration, and specialized expertise.

III. **India–United Kingdom Comprehensive Economic and Trade Agreement:** (Signatories: India, United Kingdom)

The CETA which was signed on 24 July 2025 between India and the United Kingdom is services centric. While the FTA covers tariff liberalisation, customs cooperation, and trade facilitation, its key relevance for investors is enhanced services market access, operational mobility, and digital trade certainty.

Parameter	Before CETA	After CETA
Services Market Access through a Negative List	<p>Under the GATS framework, services commitments were scheduled on a positive-list basis.</p> <p>Market access varied by sector, with scope, limitations, and conditions differing across supply modes.</p>	<p>The CETA adopts a negative-list approach, under which all service sectors are covered unless expressly excluded in the parties’ schedules.</p> <p>The FTA commits to non-discrimination and transparency in licensing, qualification, and authorization procedures, subject to domestic regulatory frameworks.</p> <p>This structure lets service suppliers assess market access upfront, cutting entry ambiguity and boosting predictability for services operations or service-heavy businesses.</p>
Professional Mobility for Project Execution	<p>The temporary movement of contractual service suppliers and specialists was governed by domestic immigration processes.</p>	<p>The CETA sets out rights and obligations relating to the temporary entry of business visitors, intra-corporate transferees, contractual service suppliers, and independent professionals.</p> <p>While domestic immigration laws apply, the FTA adds treaty-</p>

		<p>level transparency on eligibility, applications, and processing.</p> <p>For India and United Kingdom businesses, this ensures mobility certainty for managers, specialists, and project teams. Clearer rules and transparent visas enable advance planning, reducing delay risks in transactions, integration, tech transfer, facility commissioning, or time-bound projects.</p>
Digital Trade Commitments	<p>Cross-border digital transactions faced legal uncertainty regarding the recognition, enforceability, and evidentiary value of electronic contracts, electronic signatures, and related documentation.</p>	<p>Articles 12.5 and 12.6 require recognition of the legal validity and enforceability of contracts concluded by electronic means, as well as electronic signatures, time stamps, seals, and related trust services, consistent with domestic law and the UNCITRAL Model Law on Electronic Commerce (1996).</p> <p>The CETA promotes paperless trade and cooperation on e-documentation/digital transactions, without overriding data/cybersecurity rules.</p> <p>This reduces the need for physical documentation enabling faster execution of cross-border agreements and improves documentation flows and traceability.</p>

Investment Impact Across Key Sectors

- 1) **Manufacturing:** Liberalisation of services and mobility commitments support the design, commissioning, testing, and after-sales services associated with advanced manufacturing projects and integrated cross-border supply chains.
- 2) **Private Equity and Venture Capital:** Clear commitments on services market access and digital trade enable investors to assess, at the outset, which sectors are open, what regulatory conditions apply, and whether cross-border delivery of services is permissible. This reduces ambiguity during deal structuring and valuation, particularly for platform-based, technology-enabled and services-oriented businesses.

For private equity and venture capital investors, greater clarity on licensing requirements, foreign participation limits and digital trade disciplines improves entry planning, operational structuring and exit visibility. By reducing regulatory uncertainty

that could otherwise affect scalability or valuation, the CETA strengthens the investment environment for cross-border fund deployment and portfolio-company expansion.

- 3) **FinTech and Digital Businesses:** Treaty-level recognition of electronic contracts and signatures reduces friction in digital onboarding, contracting, and cross-border service delivery, supporting compliance-driven, technology-enabled business models operating under Indian and United Kingdom regulatory frameworks.

IV. Conclusion

India's FTAs preserve tax/regulatory authority but reduce entry friction, clarify expectations, ease mobility, and support long-term strategies. The India–EFTA TEPA and India–UK CETA operate as treaty-backed investment enablers, offering foreign investors greater execution certainty while preserving India's regulatory autonomy.

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