

# Partner countries await new govt's trade agenda

**GUESSING GAME AFOOT.** India's trading allies curious about the role TDP, JD(U) will play in policy-making and the strategy the coalition is likely to adopt

**Amiti Sen**  
New Delhi

With the BJP falling short of a majority in the 2024 Lok Sabha elections, there is uncertainty amongst some of India's trade partners over whether the new government will continue with the past policy of steady liberalisation and signing of free trade agreements (FTAs) or become more protectionist.

"We are trying to figure out what these surprise poll results will mean for the government's trade agenda. We get a feeling that the NDA's liberalising stance will come down some notches. To what extent it will affect ongoing FTA negotiations is to be seen," an official from a country with which India is negotiating an FTA told *businessline*.

The need to focus more on grassroots issues such as protecting jobs and preserving livelihoods coupled with pressure from certain coalition partners on protecting sensitive sectors, such as agriculture and vulnerable industries, may push the BJP-led NDA government to switch gears and even change tracks, some trade analysts say.



**PACKED AGENDA.** Prime Minister Narendra Modi with key allies TDP chief N Chandrababu Naidu, JD(U) chief Nitish Kumar and Shiv Sena (Shinde) chief Eknath Shinde during the NDA meeting in New Delhi

"When governments are uncertain of their future, they tend to hold on to their domestic constituencies more and become protectionists. The NDA is likely to now put its ears to the ground and try to address problems such as wide spread joblessness that created dissatisfaction amongst voters. Issues such as labour standards that trade partners like the EU and the UK are

trying to integrate with the FTAs that are being negotiate will be very difficult for India to accept now," said Biswajit Dhar, Distinguished Professor, Council for Social Development.

## FTA NEGOTIATIONS

India is deep into negotiating FTAs with countries such as the UK, Oman, Australia

and the EU where it is set to take on serious commitments for duty cuts on a range of products, including some agricultural items.

"The NDA will absolutely be more defensive now, especially in agriculture. The pushback has come from rural areas. It lost in Punjab which will also play up big time during decision making. Moreover, the RSS is likely to be more assertive now and may start calling the shots," Dhar added.

India's trading partner countries are curious about the role alliance partners TDP and JD(U) will play in policy making and the trade strategy to be adopted by the NDA, and have been making queries, Dhar said. While TDP chief Chandrababu Naidu is known to favour liberal policies, the leader of JD(U) Nitish Kumar may be sceptical towards FTAs and be protective especially of farmers.

## DELAYS EXPECTED

Some feel that the approach towards FTAs may not see a major change but things will get delayed. "The FTA with Oman, which is ready for signing, may be delayed by a few months

as the new government may try to understand what it entails.

The fate of the UK FTA is more tied to UK elections (scheduled next month) which the EU FTA is poised mid-way and nowhere near conclusion," said trade expert Ajay Srivastava.

The BJP won 242 seats in the 2024 Lok Sabha elections falling short of the majority mark of 273 seats. The BJP-led NDA alliance, which includes the JD(U) and TDP, won 292 seats. The NDA is expected to form government by the end of the week.

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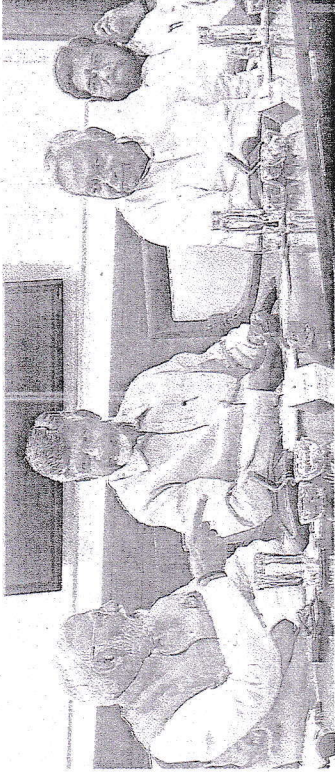
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