

India-EFTA pact: Mechanisms planned to fast-track \$100 billion investments

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The India-European Free Trade Association (EFTA) free trade pact, with a committed \$100 billion investment flow into India from the four-member European bloc, is likely to be ratified in the first quarter of 2025 following which the two sides will put in place "institutional mechanisms" to ensure fast-track clearances of proposals, sources said.

The EFTA countries, including Switzerland, Iceland, Norway and Liechtenstein, in recent meetings with the Indian government and industry, indicated interest in investing in sectors like renewable energy, shipping and maritime, pharmaceuticals, IT and engineering, among others.

"As investors face hurdles in the country in terms of administration, the idea is that we should put in place some mechanism that institutionally supports them. It is being planned. Once ratification (of the free trade pact) is done by all parties, hopefully by the first quarter of 2025, such a mechanism would be finalised. It would be identical for both sides," a

source tracking the matter told *businessline*.

TARIFF TALLY

India and the EFTA countries signed an FTA, officially called the India-EFTA Trade and Economic Partnership Agreement (TEPA) in March 2024. The EFTA countries committed to invest \$100 billion in India over 15 years that would create 1 million jobs. Some conditions were attached, including a projection that India's annual nominal GDP growth would grow at a 9.5 per cent rate in dollar terms in the period.

India, on its part, committed to eliminating tariffs on a wide range of products to EFTA countries, especially Switzerland. The items include chocolates, watches, bicycle parts, smartphones, garments and olive oil, among others.

A recent decision taken by Switzerland to suspend the most-favoured nation clause in the Double Taxation Avoidance Agreement with India is unlikely to have any impact on the ratification of the India-EFTA TEPA as has been indicated by country, the source added.

Commerce Secretary Sunil Barthwal recently met Norway's Trade Secretary

Tomas Norvoll, during a visit to the country, and held discussions on promoting trade and investments, mobility for Indian professionals, re-energising existing institutional mechanisms and the next steps for the TEPA ratification.

PRIORITY TO EFTA

The Director General of innovation, who takes care of the interests of the SME sector, is examining how to increase trade and investment links with India and is looking in terms of connecting the trade bodies to explore opportunities in India, the source pointed out.

"The EFTA countries agreed to making \$1 billion commitment as they see a lot of scope in the country. The idea is to enable their medium scale enterprises that want to scale up and then provide to the world to explore opportunities in India. These companies have mostly been consistently at the top of the innovation scale," the source said.

Through the institutional mechanisms that will be put in place at the inter-governmental level for fast-track clearance, priority will be given to investments flowing from EFTA countries.