

# India to set up panel to oversee FDI commitment under FTA with NZ

**SHREYA NANDI**

New Delhi, 28 December

India will set up an oversight committee to assess whether New Zealand should be granted a 'grace period' or additional time if the country fails to fulfil its foreign direct investment (FDI) commitment over a 15-year period.

The two countries announced the conclusion of the free trade agreement (FTA) negotiations on December 22, under which, Wellington has committed \$20 billion in FDI over the next 15 years. The 'rebalancing mechanism' under the agreement, enables India to suspend benefits under the FTA, if expected investment does not materialise – a provision mirroring India's agreement with the European Free Trade Association (EFTA) countries.

However, unlike the India-EFTA trade agreement which

allows a three-year grace period for European nations if they fail to meet their investment obligations, New Delhi has not defined the time frame for the grace period in its deal with New Zealand.

"In case FDI commitments fail to materialise during the 15-year time frame, the committee will have the authority to decide an appropriate penalty or consider granting a grace period, depending on the extent of investments made or any other critical factor. These decisions will be taken by the committee that will be headed by a senior commerce department official," a government official told *Business Standard*.

The India-New Zealand FTA is likely to be signed in the

next two-three months, once the legal scrubbing of the text is done. Currently, the finer details of the clause under the deal are unavailable.

New Zealand's cumulative FDI into India stood at around \$88.24 million between January 2000 and September 2025. So far, firms have evinced interest in making investments in manufacturing, infrastructure-related sectors.

"Apart from the joint committee, an Investment Desk will also be set up by DPIIT (Department for Promotion of Industry and Internal Trade) to monitor investment flow and assist investors," the official cited above said.

As part of the India-EFTA Trade and Economic Partner-

ship Agreement, which came into force from October 1, New Delhi has secured a binding commitment of a \$100 billion investment and 1 million direct jobs over the next 15 years.

The text of the agreement says the EFTA bloc "shall aim to increase" FDI inflows into India by \$50 billion within the first 10 years and an additional \$50 billion in the next five. India can also partially withdraw market access to EFTA countries, after consultation, if the investments do not flow in.

"If, after the consultation period, India is still of the opinion that the EFTA states have not fulfilled their obligations, India may, after a further grace period of three years, suspend concessions. The suspension of concessions needs to be proportionate and temporary," according to the India-EFTA trade agreement.

---

**THE PANEL WILL ASSESS IF NEW ZEALAND SHOULD BE GIVEN A GRACE PERIOD, IF IT FAILS TO FULFILL ITS COMMITMENT**

---