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India-EU FTA: Trade deal seen as boost for agriculture, success hinges on infrastructure push

Synopsis

Stakeholders say the India-EU trade deal could be a turning point for Indian agriculture, but its success will depend on complementary investments in infrastructure.



India has secured EU duty concessions for several agricultural exports, including processed foods, tea, coffee, spices, table grapes, and sheep and lamb meat, under the free trade agreement.

The India-EU [Free Trade Agreement](#) (FTA), finalised on Tuesday, could be a turning point for Indian agriculture if implemented with careful sequencing and backed by domestic capacity building, said industry experts.

“The proposed [India-EU FTA](#) has the potential to be a major inflection point for Indian agriculture, provided it is sequenced carefully and supported by

domestic capacity building. Improved access to EU markets will create significant opportunities for several export-oriented segments where Indian producers already meet global standards and have the potential to move up the value chain,” said Athar Shahab, Managing Director (MD), Zuari Industries. Additionally, the agreement could accelerate adoption of higher benchmarks in food safety, traceability and sustainability, which are essential for long-term competitiveness, he said.

For context, India has secured EU duty concessions for several agricultural exports, including processed foods, tea, coffee, spices, table grapes, and sheep and lamb meat, under the free trade agreement. Preferential access will also cover gherkins, cucumbers, sweet corn, dried onion, and select fruit and vegetable products, boosting competitiveness and exports across the EU.

The commerce ministry said sensitive sectors such as dairy, cereals, poultry, soymeal, and select fruits and vegetables remain protected, with no import duty concessions as they are on the exclusion list. "India has never offered dairy concessions in FTAs to safeguard small and marginal farmers," the commerce ministry said.

The ministry also said that balanced, product-specific rules of origin, aligned with existing supply chains, would ensure substantial processing in India, while allowing flexibility in sourcing global inputs and cutting compliance time and costs through self-certification. The rules also support MSMEs by locking in quotas for shrimp, prawns, and downstream aluminium products, enabling the use of non-originating inputs.

The ministry said that the EU duties of 0-26% on select marine products will be reduced, aiding exports to a €53.6-billion (Rs 4.67 lakh crore) market. With India's marine exports to the EU at about \$1 billion (around Rs 8,300 crore), the deal is set to boost shipments of shrimp, frozen fish, and value-added seafood, benefiting coastal communities in Andhra Pradesh, Gujarat, and Kerala, it stated.

Anand Chandra, Co-founder and Executive Director, Arya.ag, said, "The India-EU FTA is a positive step. We believe it will help boost exports from India, especially in categories like Basmati rice and high-value horticultural produce. Today, EU imports of Basmati are quite limited, and it remains a sensitive category. Hopefully, the agreement will ease those constraints and allow more volumes of Basmati and horticultural products to move into the European markets. With improved access and the right support systems, this FTA could change that and unlock meaningful value for farmers and FPOs."

Divya Kumar Gulati, Chairman, Compound Livestock Feed Manufacturers Association (CLFMA) of India, said the FTA is a genuine game changer for India's marine export ecosystem. The phased removal of tariffs will immediately improve price realisation and create meaningful headroom for expansion in the \$90-billion EU seafood market. Gulati noted that India currently accounts for only 1.5% of the EU's seafood imports, underscoring the vast untapped potential ahead.

"For exporters of shrimp, squid, cuttlefish, and value-added seafood, this agreement improves competitiveness against countries that already enjoy preferential access, while also encouraging further investment in processing, traceability, and compliance. Most importantly, stronger and more stable access to the EU market can translate into better margins across the value chain, from processors and exporters to coastal farmers and workers whose livelihoods depend on marine exports," added Gulati.

Structurally positive development

Rajesh Aggarwal, Managing Director of Insecticides (India) and Vice-Chairman of the Crop Care Federation of India, said the proposed agreement is a structurally positive development for Indian manufacturing and a long-term value catalyst for investors. According to him, improved access to the EU's regulated and high-value markets can significantly enhance export opportunities for the agri-inputs sector, while gradual tariff rationalisation and regulatory alignment can improve cost competitiveness.

"From a financial perspective, a higher-value export mix, better capacity utilisation, and sourcing efficiencies have the potential to support margin expansion and improve return ratios on incremental capital deployed. Equally important, greater demand visibility from long-term trade frameworks such as the India-EU FTA allows for disciplined capital allocation, improved cash-flow planning and reduced earnings volatility," said Aggarwal.

Sandeep Sabharwal, Group CEO, Sohan Lal Commodity Management Limited (SLCM) Group, said, "In the long run, the FTA can help Indian agriculture transition from being volume-driven to value-driven, improving farmer incomes, encouraging investment in Agri-logistics and processing, and strengthening India's position as a reliable global Agri-trade partner."

'Require calibrated tariff pathways'

Even as the FTA has received a thumbs up from stakeholders, they caution that small farmers may face higher compliance costs. "Indian agriculture remains structurally fragmented, and stricter norms may raise compliance costs, especially for small and marginal farmers. Sensitive sectors such as dairy, oilseeds and cereals will require calibrated tariff pathways to avoid disruptive import pressures," said Zuari Industries' Shahab.

"Ultimately, the FTA's success will depend on complementary investments in infrastructure, farmer aggregation and extension services so farmers are enabled to compete rather than merely protected. The deal has the potential to shift Indian agriculture from volume-led to value-led growth," he added.

The agreement provides very clear and explicit safeguards for India's sensitive agricultural segments. Dairy, cereals including rice, poultry, soymeal, and select fruits and vegetables are fully excluded from tariff concessions, said Sabharwal. "At the same time, the agreement enables growth in non-sensitive Agri-food segments through regulatory cooperation and reduction of non-tariff barriers, particularly for export-oriented products such as spices and processed foods. Overall, the FTA strikes a calibrated balance, firmly protecting core agricultural interests while enabling India to expand exports in resilient, value-added segments. This is a strong example of long-term, stability-focused policymaking," added Sabharwal.

Notably, the EU-India trade already exceeds €180 billion a year in goods and services, supporting nearly 800,000 jobs in the EU.