



General Studies-3; Topic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

India's FTA Negotiations

Introduction

- To achieve the export target of \$2 trillion by 2030, India is eyeing on free trade agreements (FTAs).
- FTA has a far-reaching impact on the economy and society.

FTA Negotiations

- India is negotiating FTAs with countries such as the European Union, Canada, the U.K., and Israel.
- **These FTAs cover a wide array of topics such as**
 - tariff reduction impacting the entire manufacturing and the agricultural sector;
 - rules on services trade;
 - digital issues such as data localisation;
 - intellectual property rights that may have an impact on the accessibility of drugs; and
 - investment promotion, facilitation, and protection.

Shortcomings in India's FTA Negotiations

- One legitimately expects transparency and greater scrutiny of the FTA process both during and after the negotiations.
- But India negotiates most FTAs behind closed doors with very little information about the objectives and processes followed and negligible scrutiny.
- In India, no document is produced publicly that makes a case for signing an FTA and assessing its impact on the environment and society at large.
- The Commerce Ministry's website provides the bare minimum information about FTA negotiations.

- The Commerce Ministry also undertakes stakeholder consultations, but there is no public record of these discussions and the government's response to the concerns of stakeholders.
- There is no parliamentary scrutiny of the executive's actions during the FTA negotiations.
- The Parliamentary Standing Committee on Commerce (PSCC) rarely scrutinises the Indian government's objectives behind negotiating and signing an FTA.
- There is no mechanism for any role of Parliament in the ratification of treaties including FTAs.
- Entering into treaties such as negotiations, signing and ratification are within the constitutional competence of Parliament.
- But, Parliament has not exercised its power on this issue, thus giving the executive unfettered freedom in negotiating, signing, and ratifying treaties including FTAs.

Way Forward

- India should develop a law on entering treaties including FTAs.
- The executive should make a clear economic case outlining its strategic objectives publicly for entering into negotiations for a treaty such as an FTA.
- The executive should be under an obligation to consult all stakeholders, respond to their concerns and make this information publicly available.
- The Indian Parliament should constitute a committee that will scrutinise the strategic objectives behind entering into an FTA.
- The executive should place the FTA on the floor of Parliament for a certain duration, allowing Parliament to debate it, before ratifying it.
- The executive's constitutional prerogative of entering into an FTA should be exercised in a manner that makes the executive answerable.
- An integral facet of democracy is to hold the executive to account for its actions. It should be no different for negotiating international treaties including FTAs.