BAJAJ MUTUAL FUND

THE BIG PICTURE

THE FTA OPPORTUNITY FOR INDIA

India's expanding FTA network can widen market access, strengthen manufacturing and support India's long term growth story.

While China's rise was powered by manufacturing and exports, India's growth has largely been led by services. As India looks to strengthen manufacturing as its next engine of growth, expanding FTAs can widen global market access, boost exports and attract investment. India's private consumption has remained around ~60% of GDP for nearly 15 years, while manufacturing has slipped to ~14% of GDP in FY26. Expanding exports could help rebalance India's growth model by strengthening manufacturing alongside domestic consumption.

Exports have shown a **67%** correlation with manufacturing GVA and GFCF, and nearly an **80%** correlation with corporate sales growth in India.

HOW FTAs CAN DRIVE INDIA'S GROWTH

Global Market Access →
FTAs provide preferential access to large, fast-growing consumer markets.

Higher Exports Demand →
More orders and better price competitiveness for Indian products.

More Manufacturing Activity →
Higher capacity utilisation, productivity and scale efficiencies.

Private Capex & Job Creation →
Companies invest in capacity, technology and supply chains; more formal jobs are created.

Higher Incomes →
Salaries, supplier incomes and business profits rise.

Stronger Domestic Consumption →
Higher incomes can support spending on discretionary and essential goods.

Economic Growth & Corporate Earnings
Better profitability, higher tax revenues and a virtuous cycle of growth.

THE OPPORTUNITY AT A GLANCE

8% CAGR
India's exports to these economies have grown at a 6Y CAGR.

US$67 bn
Estimated incremental annual merchandise export opportunity as multiple FTAs kick in.
Range estimate: US$65-70 bn annually

~55%
Share of India's merchandise exports going to the US, EU and GCC.

Name of MF – Bajaj Finserv Mutual Fund | Registration no. – MF/078/23/04

INDIA'S FTA JOURNEY TILL NOW

IN PROGRESS

	Apr 2021	1 May 2022	1 Jun 2026	15 Jul 2026	ONGOING
India EFTA TEPA: Iceland, Liechtenstein, Norway and Switzerland In Force	**Mauritius CECPA** In Force	**UAE CEPA** In Force	**Oman CEPA** In Force	**UK CETA** In Force	**US BTA Negotiations** Advanced stage

EXPECTED (LATE 2026)

- **EU FTA** – Concluded; entry into force / implementation expected
- **Canada CEPA** – Negotiations expected to conclude
- **New Zealand FTA** – Entry into force expected

UNDER NEGOTIATION

- GCC (excluding UAE)
- Australia CECA
- Peru
- Chile
- Qatar
- EAEU
- Brazil
- Israel
- Sri Lanka
- SACU

India is actively negotiating with several economies to expand its trade footprint and secure long term market access.

WHERE THE BIGGEST OPPORTUNITIES LIE

Sector		Estimated Annual Export Potential
Electrical Machinery	Electronics manufacturing is broadening beyond smartphones.	**US$10.3 bn**
Machinery & Appliances	Engineering exports are gaining traction across developed markets.	**US$7.6 bn**
Textiles & Clothing	India's manufacturing competitiveness can support further gains.	**US$5.8 bn**
Stone & Glass	Building materials remain underpenetrated in global trade.	**US$5.0 bn**
Metals	Industrial demand and manufacturing expansion support exports.	**US$4.9 bn**
Chemicals	Diversifying supply chains can create incremental opportunities.	**US$4.5 bn**
Pharmaceuticals	India remains a globally competitive pharmaceutical exporter.	**US$3.4 bn**
Transportation	Auto and auto component exports can benefit from wider access.	**US$2.8 bn**

While near term uncertainties may persist, India's structural growth drivers remain intact. We continue to remain constructive on Indian equities as manufacturing, exports and investment gather momentum.

Source: Avendus Spark Research, Internal Analysis | Data as of 31st July 2026.

Abbreviations

FTA:	Free Trade Agreement
CEPA:	Comprehensive Economic Partnership Agreement
CECA:	Comprehensive Economic Cooperation Agreement
CECPA:	Comprehensive Economic Cooperation and Partnership Agreement
CETA:	Comprehensive Economic and Trade Agreement
TEPA:	Trade and Economic Partnership Agreement
BTA:	Bilateral Trade Agreement
EFTA:	European Free Trade Association
GCC:	Gulf Cooperation Council
GVA:	Gross Value Added
GFCF:	Gross Fixed Capital Formation
EAEU:	Eurasian Economic Union
SACU:	Southern African Customs Union