

The

INDIA-NEW ZEALAND FTA

A New Services Corridor



Executive Summary

The India–New Zealand Free Trade Agreement, signed on 27 April 2026 at Bharat Mandapam in New Delhi, marks the first comprehensive bilateral trade framework between the two countries. The agreement was concluded within nine months of negotiations being formally relaunched in March 2025, making it the fastest FTA India has finalized with a developed economy.

Bilateral goods and services trade reached USD 2.4 billion in 2024. Of this, services trade alone contributed USD 1.24 billion, with India's services exports growing at 13 percent year on year to USD 634 million. Despite this growth, several structural barriers had historically limited deeper integration, including restricted market access for Indian service providers, fragmented visa frameworks, and low recognition of professional qualifications.

The FTA directly addresses these gaps. New Zealand has made its most comprehensive services commitment under any trade agreement, covering 118 sectors and extending Most Favored Nation treatment across 139 sub-sectors. A dedicated temporary employment entry visa pathway for up to 5,000 skilled Indian professionals, a first-of-its-kind student mobility annex, and a USD 20 billion private sector investment commitment collectively strengthen the services corridor between the two economies.

This report examines the agreement through its key components: goods and services trade data, New Zealand's services commitments and their comparison with other Indian FTAs, the mobility and student framework, investment provisions, digital trade commitments, diaspora linkages, geopolitical implications, and a dedicated risk assessment. It also includes a side-by-side comparison with India's 2022 agreement with Australia, which serves as the closest structural benchmark.

“

Core finding: *Services trade and talent mobility are the primary pillars of this agreement. The goods tariff architecture heavily favors India, with New Zealand eliminating 100 percent of tariff lines immediately while India retained exclusions on dairy, edible oils, and agricultural products.*

”





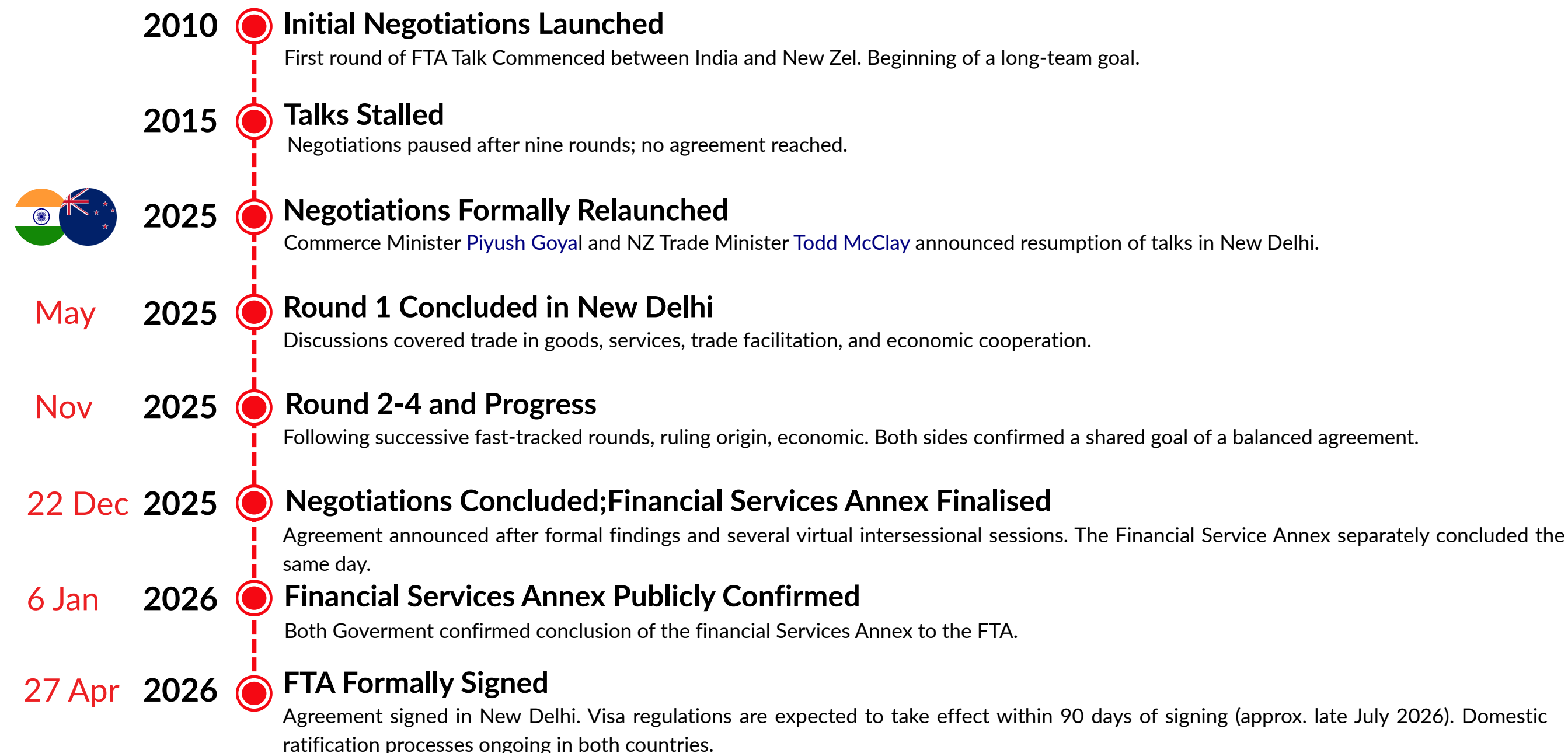
Contents At A Glance

- | | | | |
|------------|--|------------|--|
| 01. | FTA Negotiation Timeline | 08. | Diaspora, People-to-People Ties |
| 02. | Bilateral Trade: Goods & Services | 09. | Geopolitical & Indo-Pacific Implications |
| 03. | New Zealand's Services Commitments | 10. | Risk & Implementation Challenges |
| 04. | India's Services Position & Market Readiness | 11. | Implementation and Next Step |
| 05. | Mobility Framework: Visas & Talent | 12. | Conclusion |
| 06. | Mutual Recognition Agreements | 13. | References |
| 07. | Digital Services & Cross-Border Data Flows | | |

FTA Negotiation Timeline

The India–New Zealand trade relationship has a long and uneven negotiation history. Initial FTA talks commenced in 2010 but stalled after nine rounds in 2015, with no agreement reached due to unresolved gaps on dairy, goods market access, and services commitments. The agreement was effectively dormant for a decade before being formally relaunched in March 2025 under changed political and economic circumstances on both sides. The India–New Zealand FTA was concluded in nine months, making it the fastest FTA finalized by India with a developed economy. Negotiations were formally launched on 16 March 2025, with the financial services annex concluded first on 22 December 2025, followed by the full agreement signed on 27 April 2026 at Bharat Mandapam, New Delhi.

INDIA-NEW ZEALAND FREE TRADE AGREEMENT (FTA)

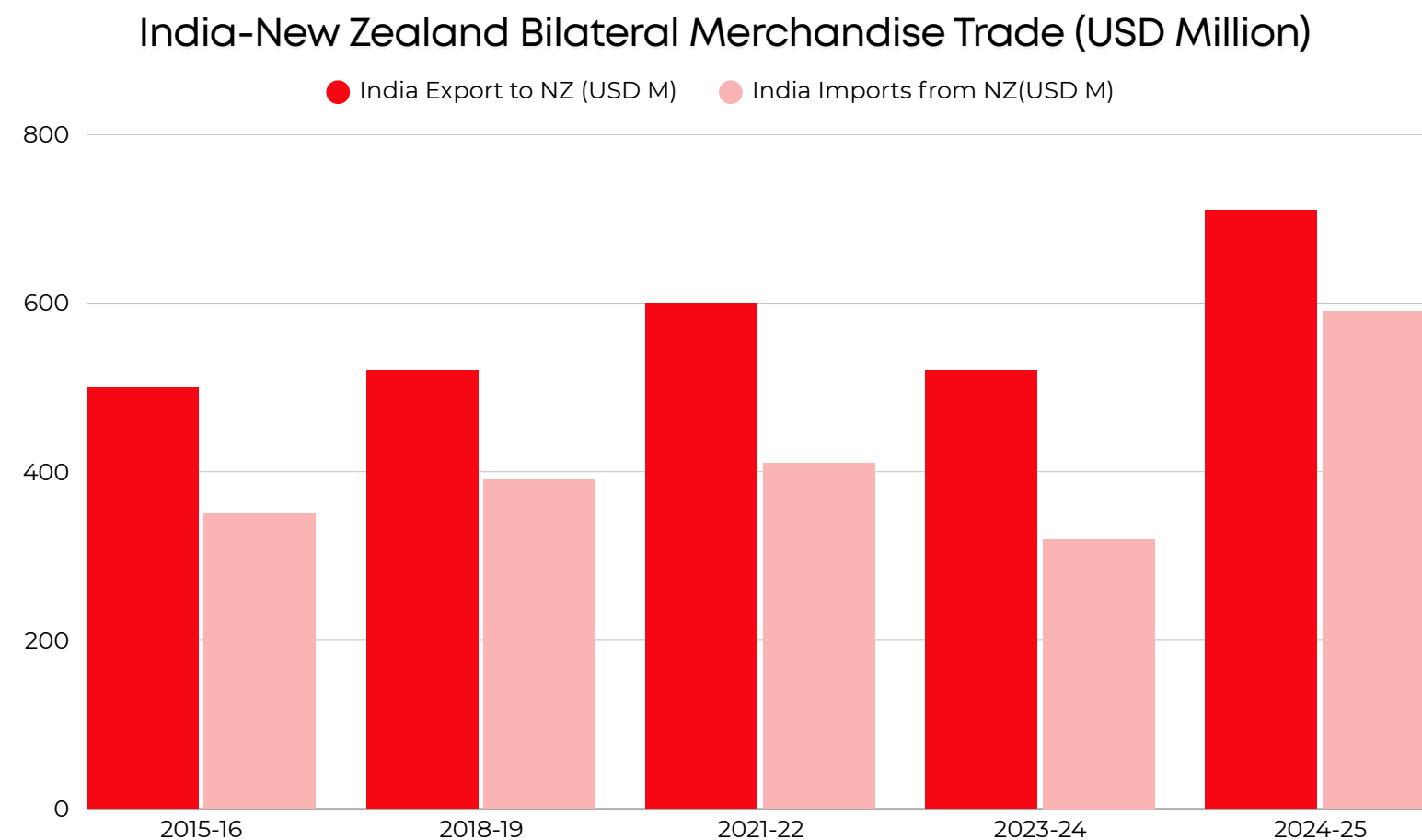


Bilateral Services Trade: Goods & Services

Total bilateral trade in goods and services reached USD 2.4 billion in 2024, growing from a base of approximately USD 1.2 billion in 2015. Services trade has been the more dynamic component, growing at double the rate of merchandise trade over the last five years. However, even at USD 2.4 billion, the bilateral relationship remains small relative to either country's global trade volumes, underlining the significance of the FTA as a structural enabler rather than a reflection of existing ties.

Merchandise Trade Growth

Bilateral merchandise trade grew from USD 855 million in 2015 to USD 1.3 billion in 2024-25, a 49 percent increase over the period. In the April to February period of FY2026, India's merchandise exports to New Zealand fell sharply by 18.7 percent, causing India's goods trade surplus to narrow to just USD 9.4 million. This reversal underscores the urgency behind the FTA's tariff elimination provisions.

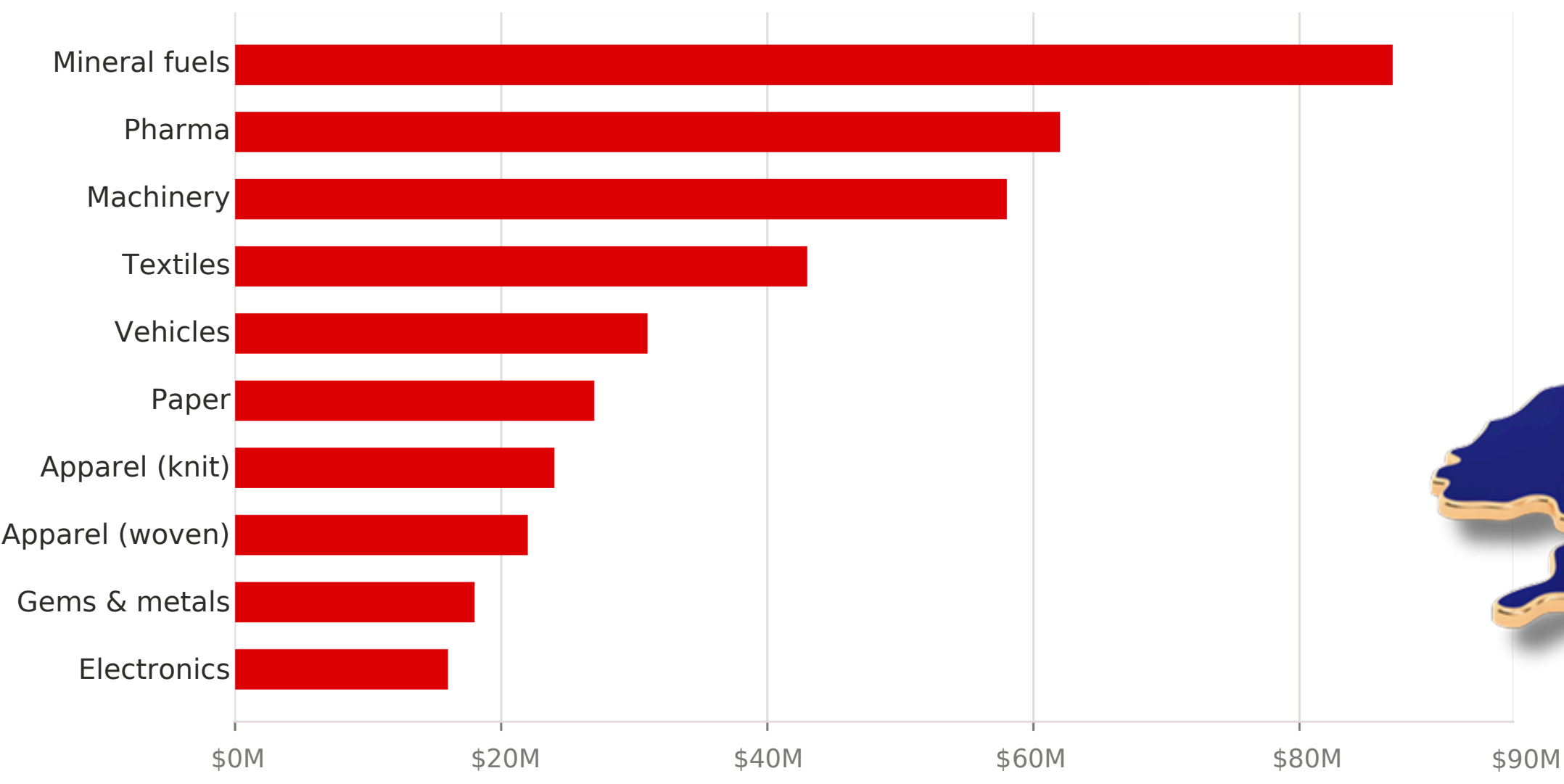


Selected years 2015-16 to 2024-25, Source: Ministry of Commerce and Industry, India; Stats NZ.

India's top goods export to New Zealand

India's merchandise exports to New Zealand totaled USD 711 million in 2025. The top categories reflect India's strengths in industrial production, pharmaceuticals, and consumer goods. Mineral fuels and lubricants lead the composition, followed by pharmaceuticals, machinery, textiles, and vehicles.

India's Top Goods Export Categories to New Zealand (USD Million, 2025)



Source: DGCI and S, India, Top 10 HS categories by export value.



New Zealand's Key Exports to India and the Dairy Exclusion

New Zealand's goods exports to India were valued at USD 587 million in 2024–25. The composition is heavily concentrated in a small number of primary and processed product categories. Dairy products are by far the largest export category for New Zealand globally and are a cornerstone of its agricultural economy, yet the FTA explicitly excludes dairy from India's tariff reduction schedule.

Category	Estimated Value (USD M, 2024-25)	FTA Tariff Status	Notes
Dairy products (milk powder, cheese)	180–210	Fully excluded by India	Most politically sensitive exclusion. India's domestic dairy sector employs over 80 million people.
Education and travel services	200+	Services chapter applies	Counted in services trade. Indian student spending in NZ dominates this category.
Wood, paper, and pulp	65–75	Duty eliminated by India	Included in India's 70.03 percent tariff coverage.
Sheep meat and lamb	45–60	Largely excluded by India	Limited market access. India's beef and sheep meat market remains heavily restricted.
Wool and fibre	30–40	Duty reduced	Moderate tariff concession. India's textile industry is a large consumer.
Honey and bee products	20–30	Partial access	Agricultural Centre of Excellence for honey and kiwi agreed as a cooperative measure.
Kiwifruit and horticulture	20–28	Phased access	Agricultural centre of excellence framework agreed under FTA.
Wine and beverages	18–22	Partial tariff reduction	India's high alcohol duties remain a barrier even post-FTA.

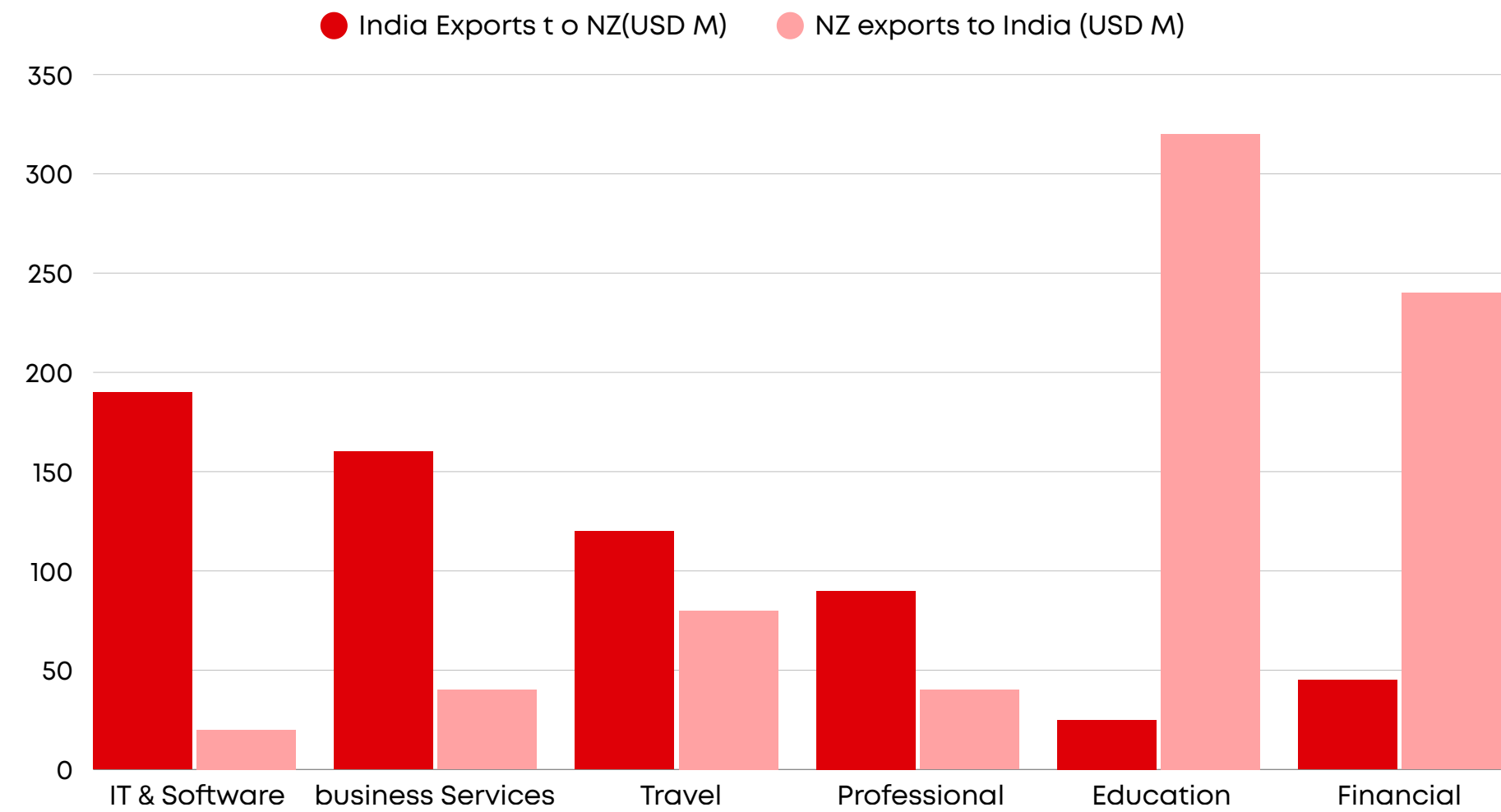
Table 2.3: New Zealand's key goods export categories to India and their FTA treatment. Estimates based on Stats NZ and Reserve Bank of NZ trade data.

Service Trade Composition

Services trade reached USD 1.24 billion in 2025. India's services exports of USD 634 million are concentrated in IT, business services, travel, and professional services. India's services exports grew at 13 percent year on year, outpacing merchandise trade growth. However, India runs a services trade deficit of approximately USD 294 million with New Zealand, driven primarily by Indian student and tourist spending in New Zealand.

Services Trade Compositon bySector (USD Million,2025)

India exports versus New Zealand exports (NZ strength in education and financial services).



Source: RBI Balance of payments; Stats NZ.

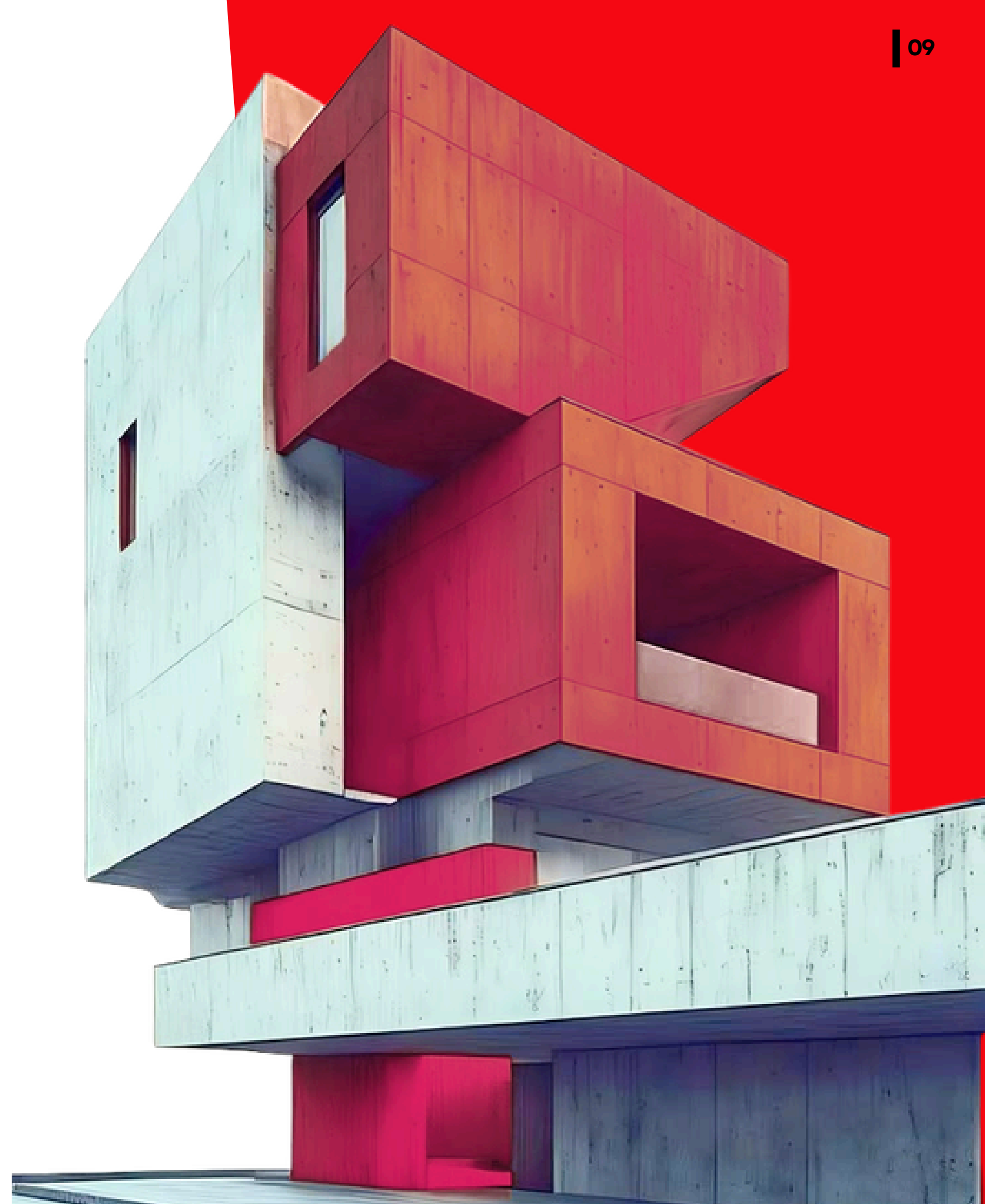
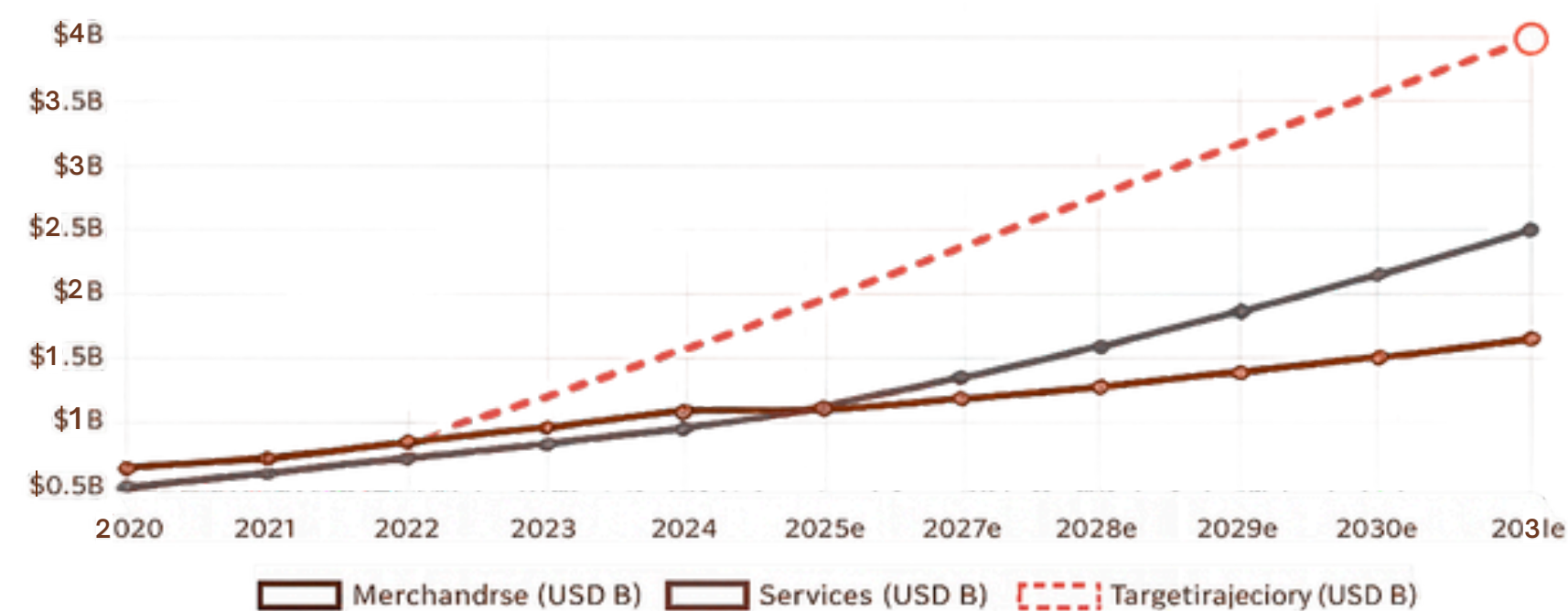
Direction	Value (USD Million)	Key Drivers
India's services exports to New Zealand	634	IT, business process, professional services, travel
India services imports from New Zealand	928	Education (Indian students), tourism, financial services
Services trade deficit for India	294	Driven by NZ strength in education and outbound tourism

Trade Trajectory to USD 5 Billion Target

The stated goal under the FTA is to double total bilateral trade to USD 5 billion within five years of the agreement entering into force. At projected growth rates, services trade is the primary driver of incremental growth. Merchandise trade growth alone, at historical rates of 4 to 6 percent annually, would be insufficient to reach the target. Services liberalization, talent mobility, and investment flows will need to deliver the majority of the uplift.

Bilateral Trade Trajectory: Actual (2020-2025) and Projected (2026-2031)

Target : USD 5 billion by 2031, Projection assumes services CAGR of 14% and merchandise CAGR of 6% post -FTA .



New Zealand's Services Commitments

The services chapter of the India–New Zealand FTA represents New Zealand's most comprehensive commitment under any trade agreement to date. It covers 118 sectors fully and extends Most Favored Nation treatment across 139 sub-sectors. This exceeds the breadth of New Zealand's services commitments under its FTAs with China (2008), South Korea (2015), and the Gulf Cooperation Council (2009).

Commitment Area	Scope	Status
Services market access	118 sectors fully covered; MFN extended across 139 subsectors.	Agreed
Financial services annex	18 articles; advances beyond standard GATS commitments	Concluded December 2025
Temporary employment entry	5,000 visa cap (at any given time); 1,667 issued annually in initial 3-year period	Agreed
Student mobility annex	The first dedicated annex NZ has signed with any country is uncapped student intake	Agreed
Working holiday visas	1,000 places per year for young Indians; multiple entry, 12 months' duration	Agreed
Digital trade chapter	Cross-border data flows, paperless trade, e-commerce provisions	Implementation pending



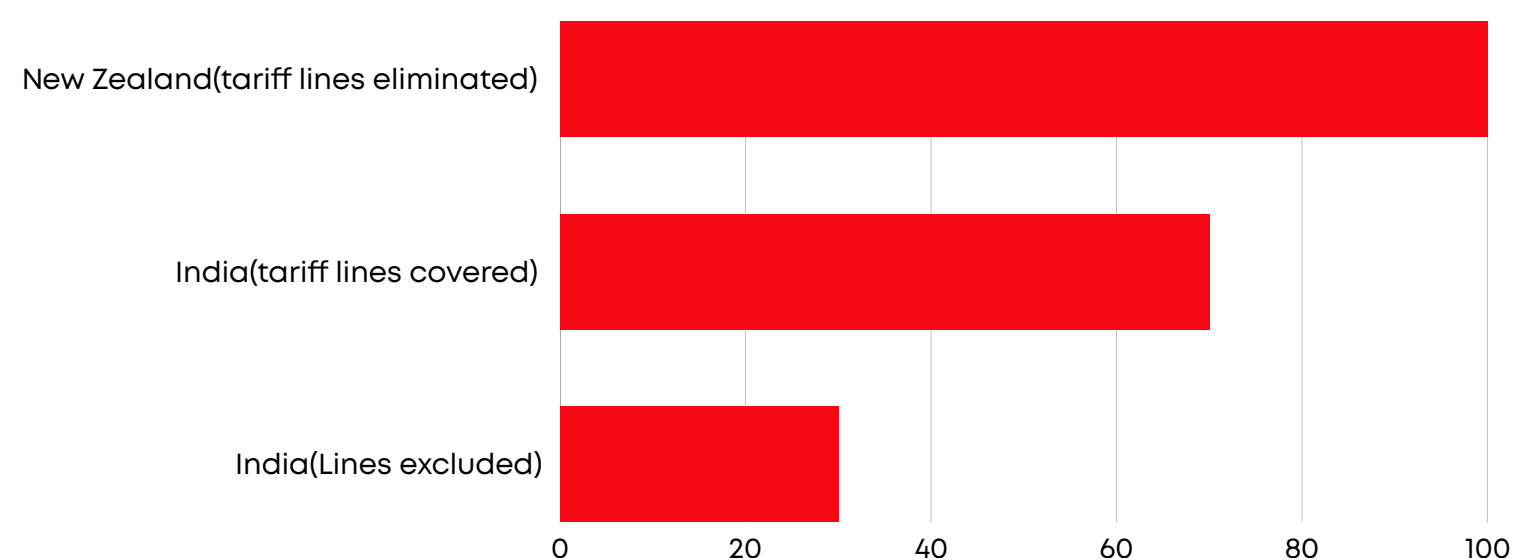
The Concession Asymmetry

This is an unusual FTA in the structure of its concessions. New Zealand's import tariffs were already very low, averaging 2.3 percent, so its commitment to eliminate 100 percent of tariff lines on Indian exports was largely a formalization of existing open trade. India, by contrast, maintains high tariffs averaging 16.2 percent on many goods and provides only 70.03 percent tariff line coverage, keeping dairy, edible oils, sugar, and certain fruits fully excluded.

This asymmetry on goods explains why New Zealand gave more in services and mobility. New Zealand secured formalised access to India's services market and talent pipeline rather than goods market access that already existed informally. India secured full duty-free entry for its exports plus the professional mobility and investment commitments it had been seeking.

Tariff Concession Asymmetry : India Versus New Zealand

Percentage of tariff lines granted zero duty under the FTA.



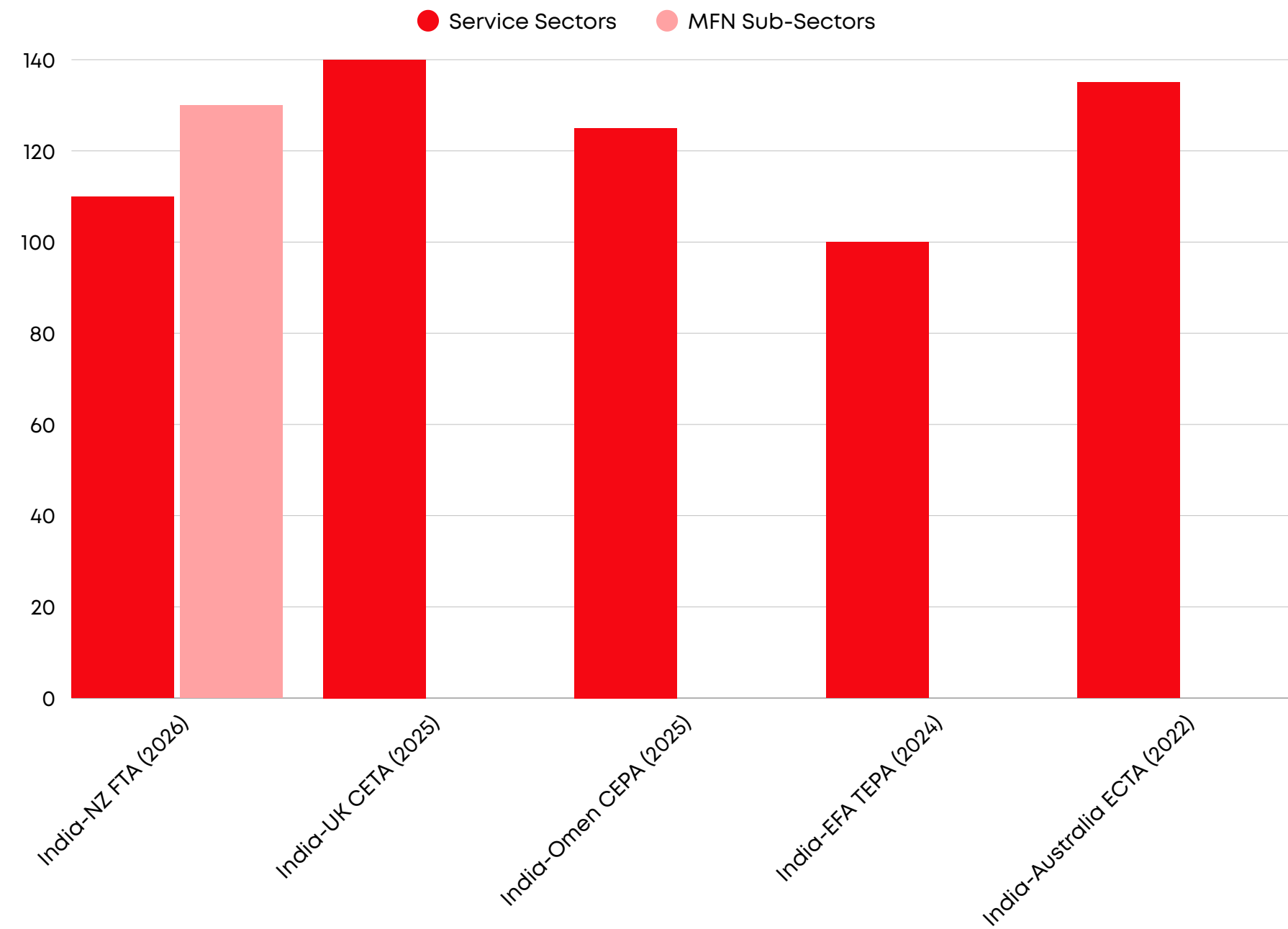
Source: Ministry of Commerce, India; MFAT, New Zealand.



Comparison with India’s other recent FTAs

Services Sub-Sector Coverage: India FTA Comparison (2022-2026)

Comparison of services commitments across India's agreements.



Source: MEA India; respective FTA texts.

Agreement	Year	Services Sub-Sectors	Skilled Mobility	Investment Commitment
India–NZ FTA	2026	118 sectors / 139 MFN sub-sectors	5,000 TEE visas	USD 20B over 15 years (promotional)
India–UK CETA	2025	137 sub-sectors	Simplified visa procedures	Not specified
India–Oman CEPA	2025	127 sub-sectors	ICT equity ceiling raised to 50%	Not specified
India–EFTA TEPA	2024	100+ sub-sectors	Nursing and professional services	USD 100B over 15 years (binding)
India–Australia ECTA	2022	135 sub-sectors	Temporary entry + post-study work	Not specified
India–EU FTA	In progress	144 sub-sectors (proposed)	AYUSH + IT + student mobility	Under negotiation

India's services position and market readiness

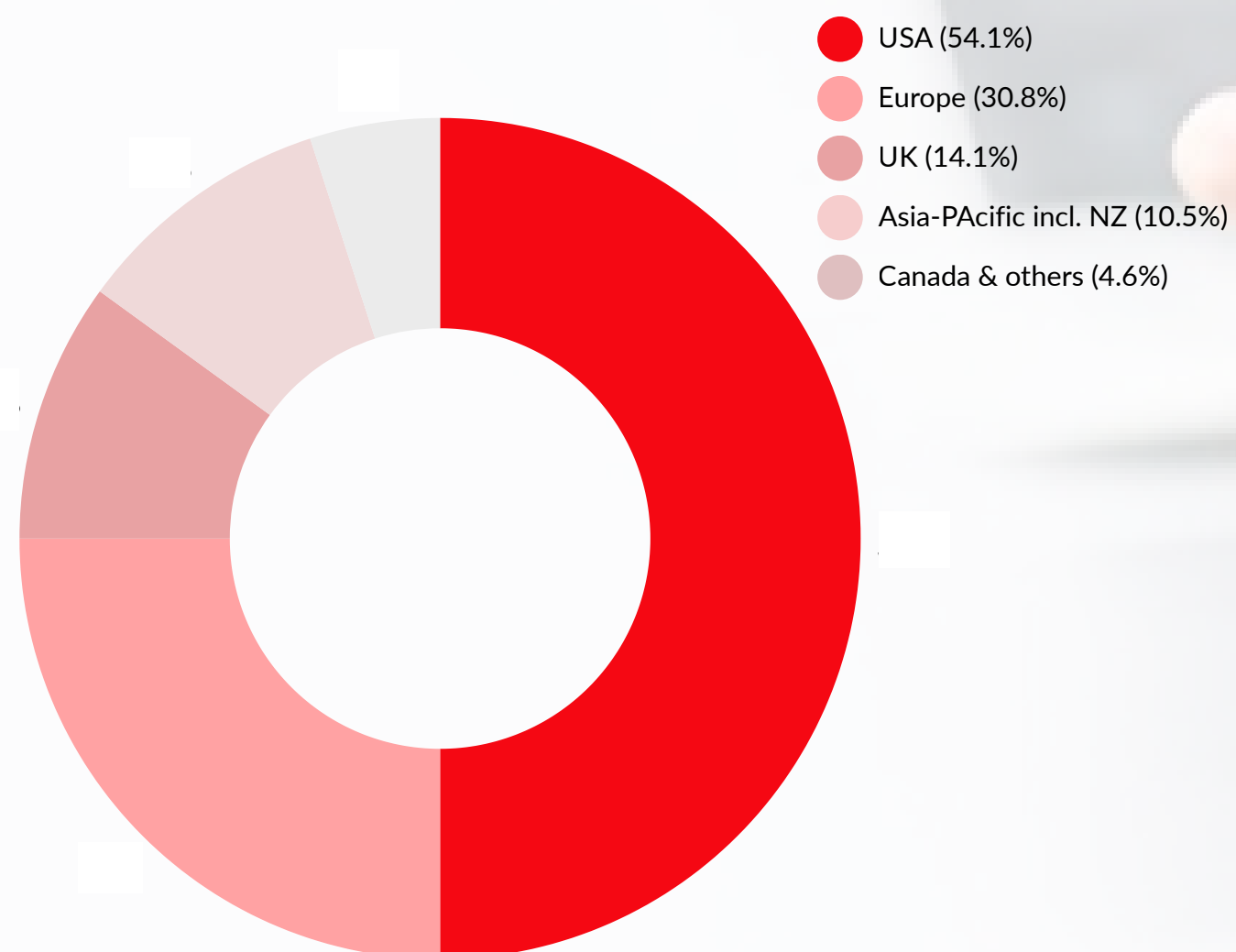
India's services sector contributed 55.6 percent of GDP in 2022-23, with a projected compound annual growth rate of 8.5 percent through 2025-26. Total services exports in FY 2025-26 reached USD 418.3 billion, up from USD 387.6 billion the prior year. Monthly services exports in July 2025 alone were USD 33.7 billion, a 10.2 percent increase year on year, confirming the sector's continued momentum.



IT and software services exports (FY 2024)

Asia, Australia, and New Zealand together account for 10.5 percent of India's IT and software export revenues. The United States represents 54.1 percent and Europe 30.8 percent. This concentration in Western markets indicates significant upside for the Asia-Pacific region under liberalised trade frameworks. The India-New Zealand FTA, combined with the India-Australia ECTA, creates a two-node Pacific services corridor that Indian IT firms can use as a platform for regional expansion.

Geographic Distribution of India IT and Software Export Revenues (FY 2024)



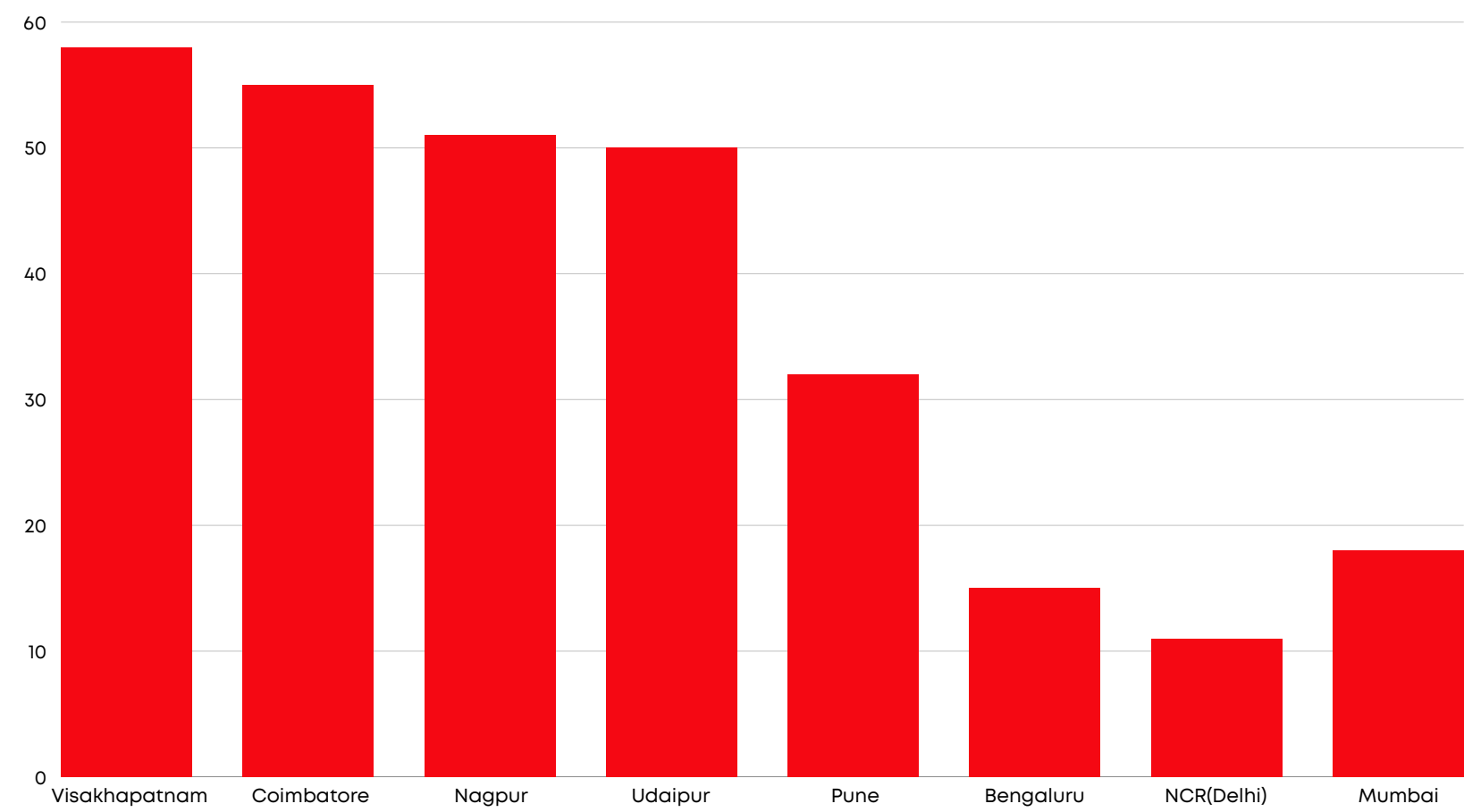
Source : NASSCOM Strategic Review 2024; RBI Balance of Payments.



India's Non-Metro IT Talent Expansion

India's IT sector non-metro hiring grew at over 50 percent in the first half of 2025 in cities such as Visakhapatnam, Coimbatore, Nagpur, and Udaipur, compared to 12 to 15 percent growth in Bengaluru and the National Capital Region. This expansion of talent supply from second-tier cities broadens the recruitment base relevant to New Zealand employers and reduces concentration risk for Indian staffing firms serving the New Zealand market.

India IT Sector Hiring Growth by City Tier (H1 2025,Year on Year)



Source : Teamlease Digital; Nasscom Regionl Outlook 2025



Mobility Framework: **Visas And Talent Flows**

The mobility provisions of the FTA are its most operationally significant component for Indian professionals and students. The framework creates three distinct pathways: a temporary employment entry visa for skilled workers, a student mobility annex, and an expanded working holiday visa scheme.



Temporary Employment Entry visa pathway

The FTA creates a dedicated temporary employment entry visa pathway for Indian professionals. The cap of 5,000 refers to the maximum number of TEE visa holders in New Zealand at any given time, not an annual quota. New Zealand will issue an average of 1,667 three-year non-renewable skilled work visas per year over an initial three-year period. The pathway is split into two streams: high-demand occupational roles and culturally specific Indian occupations.

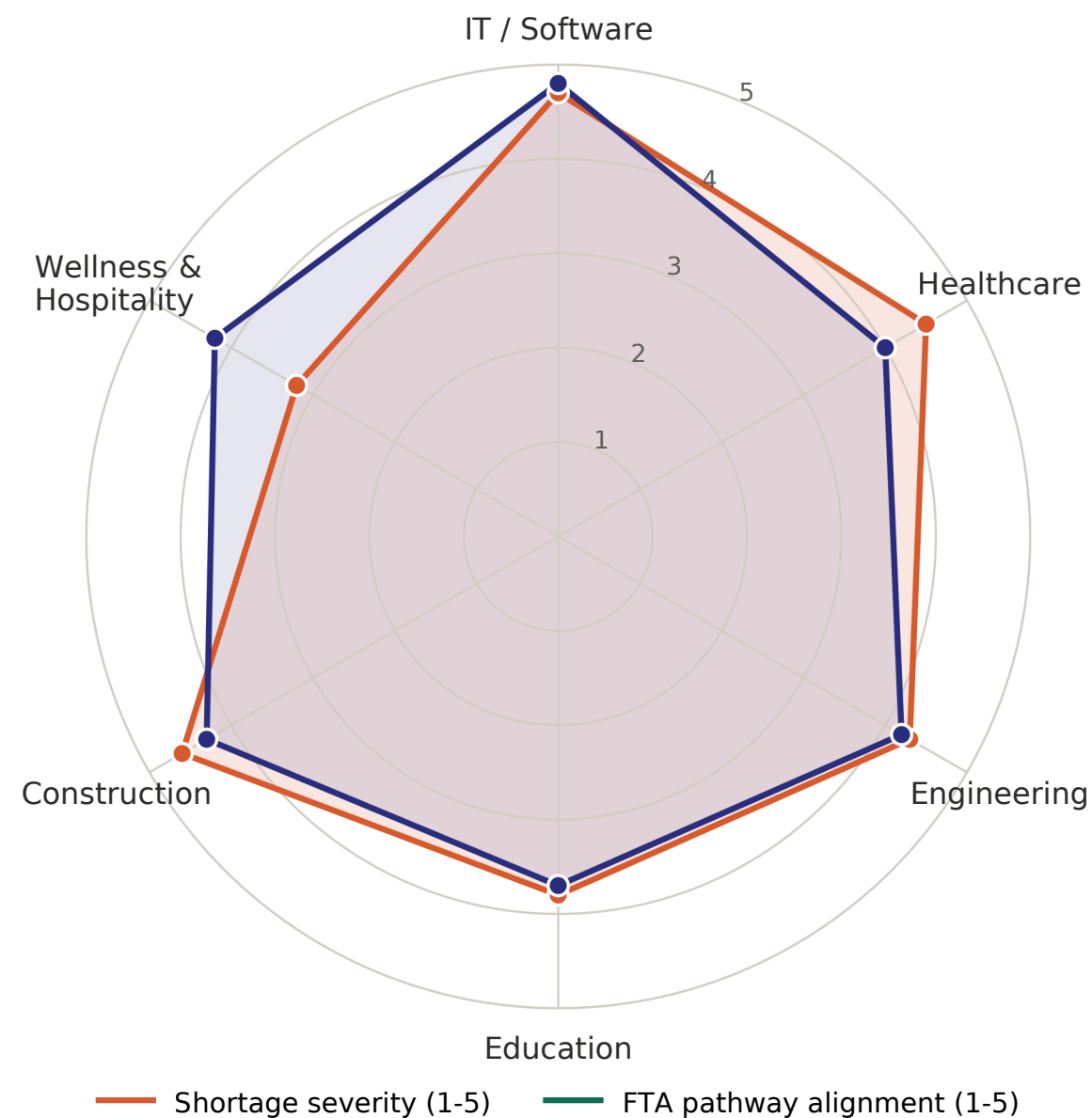
Stream	Occupation Category	Key Roles	Allocation	Duration
Stream 1: High demand	IT Specialists	Software professionals, cybersecurity experts, data specialists	Part of 4,400	3 years, non-renewable
	Healthcare Workers	Doctors, nurses, medical specialists	Part of 4,400	3 years, non-renewable
	Engineers	Civil, mechanical, structural engineers	Part of 4,400	3 years, non-renewable
	Education	Teachers in shortage areas	Part of 4,400	3 years, non-renewable
	Construction	Trades and project management	Part of 4,400	3 years, non-renewable
Stream 2: Iconic Indian	Indian Chefs	Specialist culinary professionals	250	3 years, non-renewable
	AYUSH Practitioners	Ayurveda, yoga, Unani, Siddha, homeopathy	200	3 years, non-renewable
	Yoga Instructors	Certified yoga professionals	100	3 years, non-renewable
	Music Teachers	Classical and traditional Indian music	50	3 years, non-renewable



New Zealand Skill Shortage Alignment

New Zealand has faced a sustained outward migration of skilled workers, primarily to Australia. Approximately 68,000 New Zealanders departed in the most recent year on record. The TEE visa structure is explicitly designed to offset this outward talent movement by attracting qualified Indian professionals in documented shortage areas.

New Zealand Skill Shortage vs TEE Pathway Alignment(2025-2026)



Skill Shortage severity on a 1 to 5 scale. Source: Immigration NZ Skill in Shortage List 2025;Ministry of Business, Innovation and Employment .



Student Mobility Annex

New Zealand signed a dedicated student mobility annex with India for the first time to any FTA. This is structurally significant because it insulates student work rights from future domestic policy changes, providing certainty to Indian families making long-term investment decisions about overseas education.

Study Level	Work Rights During Study	Post-Study Work Visa
STEM Bachelor's degree	20 hours per week (protected under FTA)	Up to 3 years
STEM Master's degree	20 hours per week (protected under FTA)	Up to 3 years
Doctoral degree (PhD)	20 hours per week (protected under FTA)	Up to 4 years
Non-STEM degrees	20 hours per week (protected under FTA)	Standard NZ policy applies
Working holiday (under 30)	1,000 places per year, multiple entry, 12 months	Not applicable



Mutual Recognition Agreements

Mutual Recognition Agreements are a critical enabler of the TEE visa pathway but are largely absent at the time of signing. The FTA commits both governments to working toward MRAs across professional sectors in 2026 to 2027, but no binding recognition framework was concluded as part of the agreement itself. This is a significant gap, because a skilled Indian professional holding a TEE visa who cannot have their qualifications recognised by New Zealand professional bodies cannot legally practise in regulated occupations such as medicine, nursing, engineering, and law.



MRA Status by Sector

Sector	Regulatory Body (NZ)	Current Status	Priority Level	Key Challenges
Medicdoctors	Medical Council of NZ	No bilateral MRA. Case-by-case assessment under MCNZ competence	Very high	NZ requires additional supervised practice years for most overseas-trained doctors
Nursing	Nursing Council of NZ	No MRA. English proficiency and bridging programme requirements	Very high	Bridging programme waitlists and costs create 12 to 24 month delays for Indian
Engineering	Engineering NZ (IPENZ)	Partial alignment via Washington Accord (India is signatory)	High	India's IITs and NITs are recognised; private college graduates face full reassessment
Architecture	NZ Registered Architects Board	No MRA. Portfolio and exam requirements apply	Medium	Design code and building standard differences require reassessment
Legal profession	New Zealand Law Society	No MRA. Common law alignment helps but NZ-specific exam required	Medium	Indian Bar Council graduates need to pass the New Zealand Bar exams
Accountancy	Chartered Accountants ANZ	Partial: ICAI (India) and CA ANZ have a mutual recognition framework active	Low to medium	Existing framework predates FTA. Coverage is relatively functional.
IT professionals	No statutory licencing body	Skills assessed on merit. No MRA required for most IT roles	Resolved	Market-driven recognition. Low barrier for entry under TEE stream 1
AYUSH practitioners	No statutory NZ body	No regulatory framework for AYUSH in NZ. Recognition is informal and	Emerging	Absence of a statutory body means TEE stream 2 AYUSH holders cannot formally

Priority MRA Actions (2026 to 2027)

Action	Lead Bodies	Target	Benchmark
Nursing bridging programme fast-track	Nursing Council NZ; Indian Nursing Council	Q4 2026	India-UK: 3-month bridging pathway agreed 2025
Medical specialist competency review reform	MCNZ; National Medical Commission India	H1 2027	India-Australia ECTA process ongoing since 2023
Engineering recognition framework (non-IIT)	Engineering NZ; NBA India	H1 2027	Washington Accord partial alignment already in place
AYUSH regulatory framework in NZ	Ministry of Health NZ; AYUSH Ministry India	2027	No existing comparable precedent. Novel framework needed.
Architecture bridging review	NZRAB; Council of Architecture India	2027	India-UK architecture MRA in early development

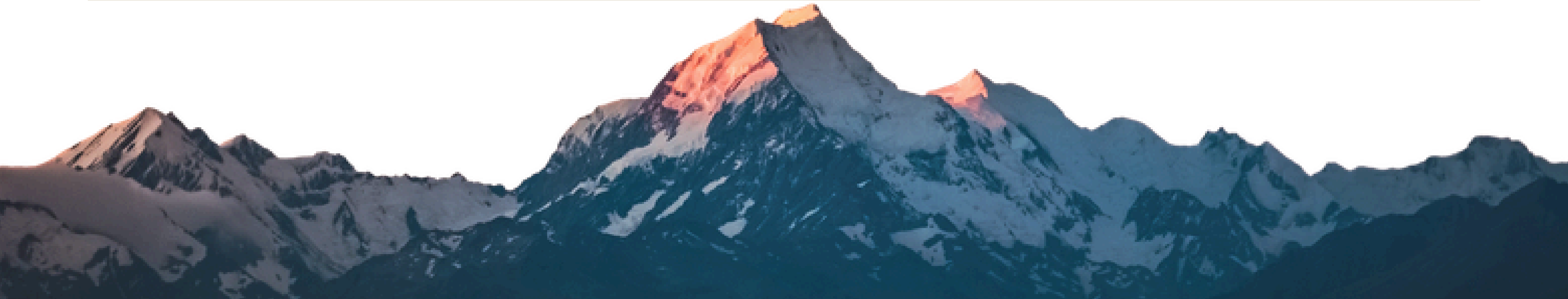
»»» Digital Services and Cross Border Data Flows

The FTA includes a digital trade chapter covering cross-border data flows, paperless trade facilitation and e-commerce provisions. However, the digital chapter in this FTA is less comprehensive than those in New Zealand's agreements with the UK or the EU. No specific data localization waivers were granted to India, and commitments on source code protection and algorithmic transparency did not go as far as some Indian IT industry bodies had sought.



Digital Trade Chapter: What is and is not Covered

Commitments Included	Not Covered or Excluded
Cross-border data flows: No blanket prohibition on data transfers between countries	Data localisation waiver: India retains right to impose data localisation under Digital Personal Data Protection Act 2023
Paperless trade: Electronic contracts, signatures, and customs documentation accepted	Source code protection: No enforceable commitments on source code disclosure demands
Spam and cybersecurity cooperation: Joint protocols on cross-border spam and cyber threats	Algorithmic transparency: No binding obligations, unlike NZ-EU proposed chapter
Consumer protection in digital trade: Mutual recognition of consumer rights frameworks	Cloud services: Not specifically addressed; covered only under general services chapter
Open government data: Commitment to make non-sensitive public sector data accessible	Cross-border financial data: Subject to financial services annex, not digital chapter
Digital payments interoperability: Exploratory framework for UPI and NZ payment systems	



The Multi-Modal Services Corridor

Despite the digital chapter's limitations, the combination of the digital trade provisions with other FTA components creates what analysts describe as a multi-modal services corridor between the two economies. Indian IT firms now have three complementary pathways to serve New Zealand clients.

Mode	WTO Classification	FTA Enabler	Practical Benefit
Remote cross-border delivery	Mode 1	Digital trade chapter: data flow commitments	Indian IT firms can deliver services remotely to NZ clients with reduced regulatory friction
Consumption abroad	Mode 2	Student mobility annex, working holiday visas	NZ clients send staff to India for training; Indian students consume education in NZ
Commercial presence	Mode 3	Investment chapter and MFN treatment	Indian IT firms can establish NZ subsidiaries and branches with national treatment
Presence of natural persons	Mode 4	TEE visa pathway	Indian professionals deployed physically to NZ for project-based work up to 3 years



UPI & Digital Payments Integration

An exploratory framework for interoperability between India's Unified Payments Interface and New Zealand's payment infrastructure was noted as a priority in the FTA's digital cooperation annex. UPI processed over 18,300 crore transactions in FY2025-26, and the platform has already expanded to Singapore, UAE, France, and Mauritius. A live UPI-NZ integration could significantly reduce friction for the 220,000-strong Indian diaspora in New Zealand and for the growing base of Indian students transacting across borders.



»»» Diaspora, people-to-people ties

The Indian diaspora is New Zealand's fourth-largest ethnic group. As of the 2023 New Zealand Census, approximately 220,000 people identified as being of Indian origin, representing around 4.2 percent of the national population. This community is disproportionately represented in high-skill sectors: medicine, IT, engineering, hospitality, and small business ownership.



Diaspora Economic Contribution

The Indian diaspora in New Zealand contributes to the bilateral economic relationship through remittances, business formation, property investment, and professional services. Remittances from New Zealand to India were estimated at USD 480 million in 2025 by Reserve Bank of India data, making New Zealand one of the top 15 source countries for Indian remittances despite the small size of the community. Indian-owned businesses in New Zealand span convenience retail, hospitality, IT services, property, and healthcare.

Diaspora Contribution Channel	Estimated Scale (2025)	FTA Impact
Remittances to India	USD 480 million per year	Increased worker inflows under TEE pathway expected to grow this figure by 20 to 30 percent by 2028
Indian student tuition and living spend	NZD 800 million to 1 billion per year	The student annex removes intake cap, expected to grow enrolments by 15 to 20 percent annually
Indian-owned business in NZ	Estimated 8,000 to 12,000 enterprises	Investment chapter and MFN treatment simplifies market entry for new Indian business establishments
Professional services employment	25,000 to 30,000 employed in regulated professions	TEE pathway adds temporary workers; MRA progress will convert more to permanent recognised professionals
Outbound tourism: NZ to India	NZD 120 million annually	Indirect boost expected as cultural ties deepen and direct flight discussions progress



Innovation & Research Linkages

Innovation collaboration between India and New Zealand remains underdeveloped relative to the size of both science communities. Current linkages are concentrated in agricultural technology, food processing, and space research. The FTA's investment provisions and the establishment of Agricultural Centers of Excellence for apples, kiwifruit, and honey create new frameworks for joint research. New Zealand's AgResearch and Plant and Food Research institutes have both identified India as a priority partner market for their applied research programmes.

New Zealand's eight universities and 16 institutes of technology collectively enrolled approximately 4,500 Indian students in 2024-25, a figure expected to grow significantly following the student mobility annex. Several New Zealand universities have active research partnerships with IITs, IIMs, and Indian agricultural universities in areas including dairy-free protein, climate-resilient crops, and clean energy storage.



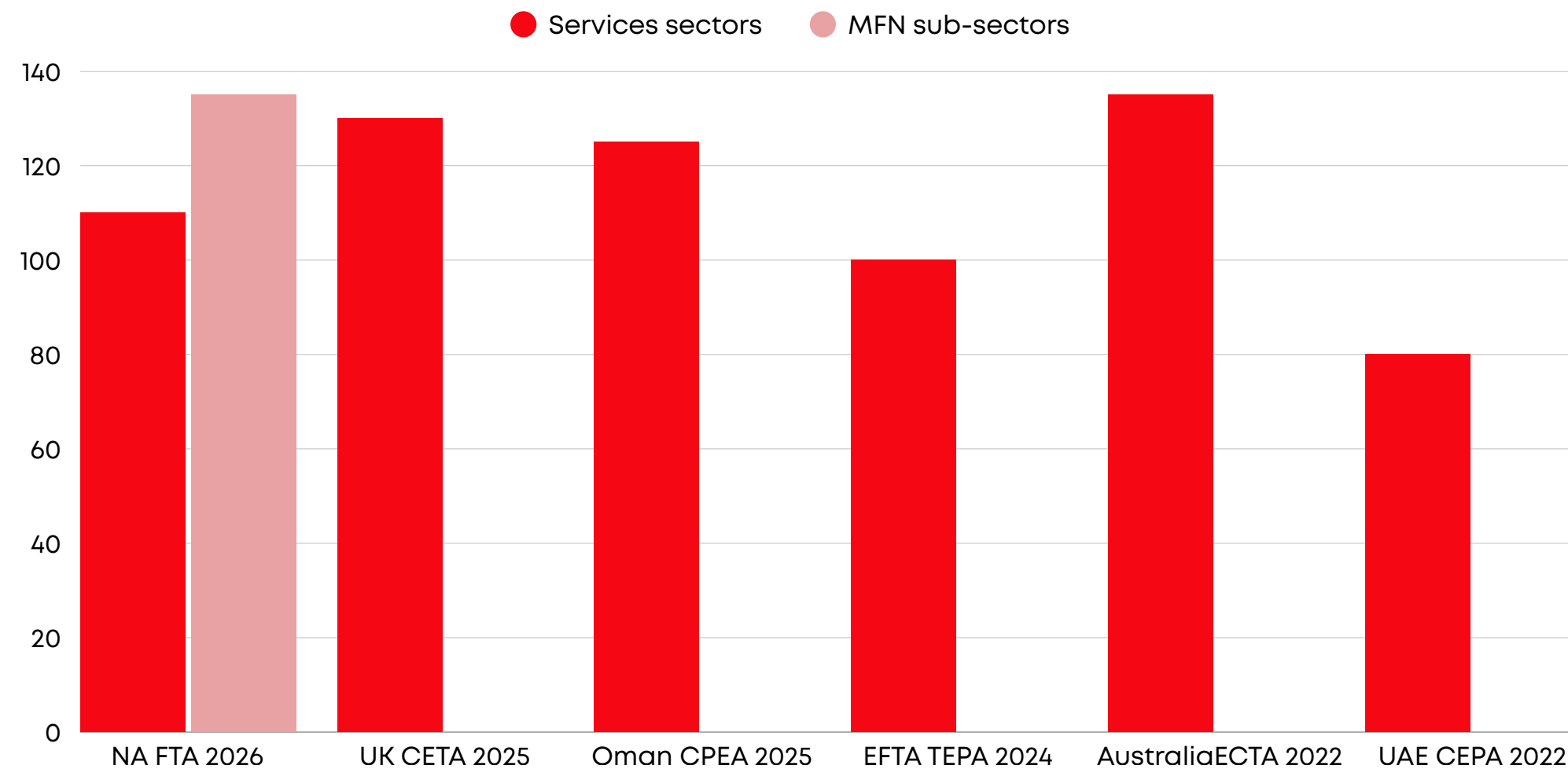
Geopolitical and Indo-Pacific implications

India's FTA strategy (2022–2026)

India concluded seven FTAs in the four years to 2026: with Mauritius (2021), the UAE (2022), Australia (2022), EFTA (2024), the UK (2025), Oman (2025), and New Zealand (2026). Each successive agreement has incorporated stronger services chapters and professional mobility provisions. The pattern reflects India's shift from a historically protectionist trade posture into active use of FTAs as instruments of economic diplomacy and talent corridor creation.

Services Sector Coverage Across India's Recent FTAs (2022-2026)

Number of service sectors and MFN sub-sectors by agreement.



Source : Teamlease Digital; Nasscom Regionl Outlook 2025



New Zealand's diversification rationale

New Zealand's four largest trading partners are China, Australia, the United States, and Japan. The FTA with India represents a deliberate effort to diversify economic exposure and deepen ties with the world's most populous country, whose economy is projected to become the third largest globally. India is already New Zealand's second-largest trading partner in the Indo-Pacific excluding Australia.

New Zealand has faced growing concern about its high trade dependence on China, which accounts for approximately 28 percent of its goods exports. The India FTA is one of three diversification moves, alongside the NZ-EU FTA negotiations and the strengthening of NZ-Gulf trade ties. India's growing middle class of over 400 million consumers also represents a significant long-term market opportunity for New Zealand's education, tourism, and niche food sectors.

Five Eyes, QUAD and Security Context

India and New Zealand operate in overlapping but distinct security frameworks. New Zealand is a Five Eyes partner; India is not. India is a QUAD member; New Zealand is not. Despite this, both countries share concerns about maritime security, supply chain resilience, and the rules-based international order in the Indo-Pacific. The FTA deepens the economic pillar of a relationship that has had limited strategic architecture until now, and can be read alongside India's broader Indo-Pacific Economic Framework for Prosperity engagements and New Zealand's Pacific Reset strategy.



Mixed Reception in New Zealand

The FTA received a mixed public and political reception in New Zealand. Key criticisms from domestic stakeholders included the total exclusion of dairy, limited sheep meat and agricultural access, a modest GDP impact estimated by the Ministry of Foreign Affairs and Trade at just 0.07 percent by 2027, and uncertainty about the non-binding nature of the USD 20 billion investment pledge. New Zealand media described the deal as "good, not great." The government's position was that services, mobility, and long-term investment potential outweigh the goods sector limitations.



Risk and Implementation Challenges

The FTA provides an institutional framework, but its outcomes will be determined by implementation over 2026 to 2031. Several significant risks could limit the agreement from achieving its USD 5 billion trade target or delivering the services corridor it promises on paper.

High Risk

MRA Delays Undermining Mobility

Without formal qualification recognition, Indian doctors, nurses, and engineers cannot practise in regulated roles. If MRAs are not concluded by end of 2027, TEE uptake in the highest-shortage sectors will be negligible. Past experience with NZ-Australia and India-UK MRAs shows these processes typically take 3 to 5 years, not 1 to 2.

High Risk

Non-Binding Investment Pledge

The USD 20 billion NZ private sector investment commitment carries no legal enforcement mechanism. New Zealand's total historical investment in India over the prior 25 years was below USD 1 billion. Reaching USD 20 billion over 15 years requires a 20 to 25 times acceleration with no structural obligation to deliver. Experts have uniformly flagged this as the agreement's most ambitious and least credible quantitative target.

Medium Risk

No Direct Flights

The absence of direct air connectivity between India and New Zealand adds significant cost and inconvenience to physical mobility under the TEE pathway. All routes currently transit via Singapore, Dubai, or Sydney. Indian professionals comparing the NZ TEE pathway with Australian, UK, or UAE pathways face a concrete practical disadvantage. The 2028 non-stop flight target is aspirational and dependent on airline commercial decisions outside government control.

Medium Risk

India's Historically Low FTA Utilisation

India's FTA utilisation rates have historically been below 25 percent for goods exports, meaning exporters do not claim available preferential tariff rates due to complex rules of origin requirements, administrative burdens, and low awareness. While services FTA utilisation is harder to measure, the track record suggests the full 118-sector liberalisation may take years to translate into actual export gains.

Medium Risk

NZ Ratification Timeline and Political Risk

The FTA has been referred to New Zealand's Foreign Affairs, Defence and Trade Committee for national interest analysis and public consultation. New Zealand's dairy, meat, and agricultural sectors have expressed concern. If the ratification process faces political resistance, the entry into force date could slip beyond the expected late 2026 target, delaying visa provisions and services market access.

Low to Medium Risk**Data Localisation Friction**

India's Digital Personal Data Protection Act 2023 enables the government to designate countries to which data transfer is restricted. While NZ is expected to receive a favourable designation, this is not guaranteed. If data transfer restrictions are imposed, Indian IT firms delivering services remotely to NZ clients under Mode 1 could face unexpected compliance costs.

Low Risk**Currency and Macroeconomic Volatility**

The INR-NZD exchange rate has been volatile. A significant INR strengthening relative to the NZD would reduce the cost competitiveness of Indian IT and business services for NZ clients and reduce the attractiveness of the NZ market for Indian workers on a purchasing power basis.

Low Risk**Competition from Australia Pathway**

For most Indian professionals, Australia offers a larger market, better pay, more direct flights, and a more established Indian community. The NZ TEE pathway will compete with Australia's existing skills in demand pathway. If NZ does not move quickly on MRAs and direct connectivity, the TEE pathway may remain undersubscribed even with high stated demand.



Implementation Status and Next Steps

COMPLETE

FTA text tabled in NZ Parliament

28 April 2026, referred to the Foreign Affairs, Defense, and Trade Committee.

IN PROGRESS

National interest analysis and public consultation

FADTC process underway, target: mid-2026 for the committee report.

IN PROGRESS

TEE visa regulations gazetted

Immigration NZ development regulations. Target: within 90 days of signing (late July 2026)

PENDING

Enabling legislation (NZ Parliament)

Expected Q3 2026 introduction, Dependent on FADTC report.

PENDING

Mutual recognition agreements

India and NZ sector bodies, Target: 2026 to 2027; no agreements concluded at time of signing.

PENDING

Agricultural Centres of Excellence

Joint framework for apples, kiwi, and honey. Target: 2026 to 2027

PENDING

Entry into force

Both governments. Expected late 2026, subject to ratification completion.

PENDING

UPI-NZ payments interoperability

Reserve Bank of India and Reserve Bank of New Zealand. Exploratory phase. No timeline set.

PENDING

Direct Flight Discussions

Both government and carriers: Non-stop service target year, 2028; no airline Commitment yet.

Conclusion

The India–New Zealand Free Trade Agreement, signed on 27 April 2026, is a structurally significant agreement that positions services, mobility, and investment at the centre of a bilateral relationship that has historically underperformed its potential. Its most tangible early deliverables are the TEE visa pathway, the student mobility annex, full duty-free access for Indian goods, and a financial services annex that goes beyond GATS. Its most notable limitations are the dairy exclusion, the non-binding investment pledge, the absence of MRAs at the time of signing, and the lack of direct flights.

Compared with the India-Australia ECTA, the closest structural benchmark, the NZ FTA has better mobility pathway design and stronger student protections but faces larger practical barriers in execution given smaller market size, no direct connectivity, and less developed institutional relationships between professional bodies.

The agreement's architecture is sound. Its outcomes over 2026 to 2031 period will depend on five variables: how quickly TEE visa regulations are operationalized and uptake begins; whether MRAs for healthcare and engineering are concluded within the 2027 target; how much NZ private sector capital actually flows to India in the first three years; whether a direct flight is secured before 2030; and how effectively Indian IT and services firms build awareness of the 118-sector market access framework on the NZ side.

Bottom line: The India-New Zealand FTA is the right agreement at the right time for a services-centred bilateral relationship. Its implementation quality, particularly on MRAs and mobility operationalisation, will determine whether it reaches the USD 5 billion trade target by 2031 or falls short as a framework agreement with underutilised provisions.

References

Source	Document	Year
Ministry of Commerce and Industry, India	India-New Zealand FTA Text and Annexes	2026
Ministry of Foreign Affairs and Trade, New Zealand	National Interest Analysis: India-NZ FTA	2026
Reserve Bank of India	Balance of Payments Statistics FY2025-26	2026
Statistics New Zealand (Stats NZ)	International Trade Statistics 2024-25	2025
NASSCOM	Strategic Review 2024: India IT-BPM Sector	2024
Ministry of External Affairs, India	India's FTA Comparison Report (MEA Trade Division)	2025
Immigration New Zealand	Skills in Shortage List 2025	2025
Engineering New Zealand	International Qualification Recognition Guidelines	2024
Medical Council of New Zealand	Overseas Trained Doctor Pathway Documentation	2025
TeamLease Digital	India IT Hiring Trends H1 2025	2025
DFAT Australia	India-Australia ECTA Review: First Year Assessment	2024
Reserve Bank of New Zealand	New Zealand Overseas Investment Statistics, March 2025	2025



Inductus **GCC** Service Models

— India's Leading GCC Enabler —

BOT (Build-Operate-Transfer)

A structured pathway to establishing your GCC with minimized risk and maximum efficiency. We **build** and **operationalize** your center, ensuring seamless performance before **transferring full ownership** to you—**equipping your business with a mature, self-sustaining capability**.

COPO (Company-Owned, Partner-Operated)

Maintain **full ownership** while leveraging Inductus' operational expertise. This model enables you to establish a GCC with **absolute control over intellectual assets (IP), agility, and scalability** while we manage day-to-day operations, **ensuring zero liability, compliance, and maximum efficiency**.

Additionally, a **Zero Capex Model** with **Digital Twin** or a **Mirror Like Operational Structure** with superior process excellence.

FLEXI (Adaptive & Custom GCC Solutions)

Beyond predefined structures, **Flexi** is a **bespoke model offering absolute customization and adaptability**.

It molds itself around your unique business prerequisites, evolving seamlessly with your vision. **This isn't just a service—it's an agile, high-impact partnership crafted to maximize your success.**

Proud recipient of **Times Power Icons Award**
for being one of the **Leading GCC Enabler of India**

Presented by



Inductus ensures that each model is executed with precision, innovation, and strategic foresight—helping you unlock the full potential of your GCC in India.

Our deep expertise in GCCs, coupled with a strong network of industry partnerships and policy-level advisory, positions us as a trusted partner for driving transformational outcomes.

Certificate of Excellence for Consulting & Advisory Services
by **Chicago Open University USA**



COPO & Digital Twin Integrated Service Model

A study based proposition to build a global standard GCC mechanism for Large & Mid-sized Corporations



“

"In a world full of rapid tech & process disruptions, global corporations that invest in innovation-led R&D don't just survive—they lead. Innovation is the key to staying relevant, cost-competitive, and future-ready in an ever-evolving marketplace..."

— Alouk Kumar - CEO, Inductus —

”

Inductus GCC's Digital Twin and COPO (Company-Owned, Partner-Operated) Service Model creates a seamless, future-ready operational framework for global businesses setting up GCCs in India. The Digital Twin Process ensures real-time collaboration, decision-making, and operational efficiency by replicating physical systems in a virtual environment, enabling synchronized execution across multiple time zones. Meanwhile, the COPO Model allows MNCs to retain full ownership and strategic control while leveraging Inductus' expertise for execution, compliance, and scalability.

This hybrid approach optimizes costs, mitigates risks, and accelerates GCC growth, ensuring innovation-driven operations with minimal liabilities and maximum efficiency.



Designed to be Different.
www.inductusgcc.com

