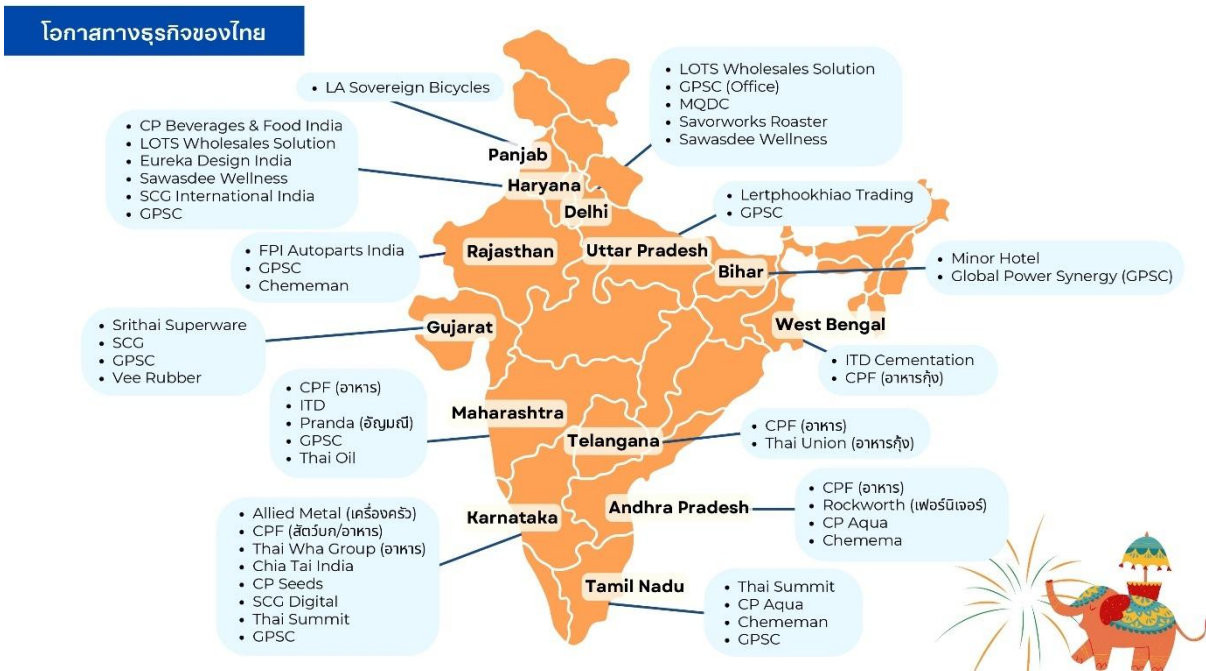


## Free Trade Agreements with India: Are We Leaving Billions on the Table?



**“These are not just papers gathering dust in government offices – they are real tools helping Thai companies compete in one of the world's biggest markets. And the story is still unfolding.”**

India has just claimed a title that is reshaping global markets — home to more people than anywhere else on Earth. With 1.4 billion potential consumers and an economy that ranks fifth worldwide, India is not just big – it is booming.

For Thai businesses, this could be the opportunity of a generation. Picture this: millions of middle-class Indian families, armed with growing disposable incomes, hungry for everything from Thai food products to high-tech electronics. It is a market that is already turning heads globally, attracting major international investors who see what Thailand might be missing.

The numbers tell the story. India is not just attracting mom-and-pop shops – it is becoming a breeding ground for business giants. More than 110 companies valued at over \$1 billion, called "unicorns" in startup speak, now call India home. Only the United States and China have produced more of these high-value enterprises, making India the world's third-largest unicorn hub.

Yet as other nations rush to secure their slice of the Indian economic pie, Thailand's trade agreements with India remain limited. The question is not whether India represents a massive

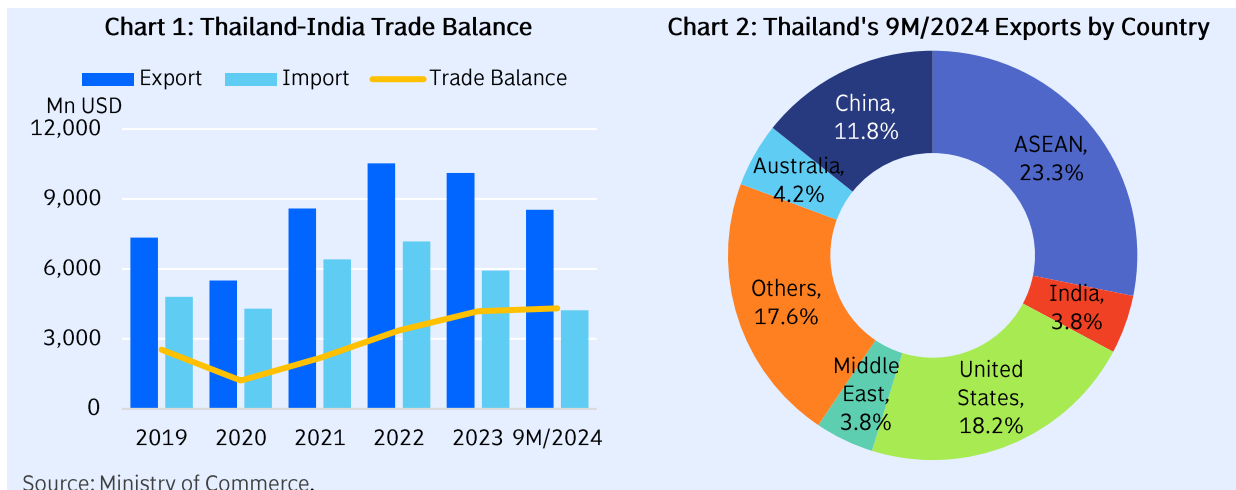
opportunity – it is whether Thailand is moving fast enough to seize it.

### Bridging Borders: Thailand-India Trade Connections

Money talks, and right now it is telling an interesting story about Thailand and India. Last year, goods worth more than \$16 billion crossed the borders between these two Asian giants, marking a significant milestone in their trading relationship.

The scorecard looks good for Thai businesses. India has become Thailand's ninth-biggest customer, snapping up everything from high-tech machinery to cooking oils. In 2023, Thai companies sold \$10.12 billion worth of goods to Indian buyers, marking a healthy 3.2% jump from the previous year.

But it is not just a one-way street. Thai factories and businesses bought nearly \$6 billion worth of Indian products, though this shopping spree was actually lower than the year before, dropping by 17.4%. The math works out nicely for Thailand - for every three dollars of goods sold to India, Thailand spent about two dollars on Indian



products, leading to a \$4.19 billion advantage in Thailand's favor.

The trade romance continued to blossom in 2024. By September, Thailand was selling even more to India, with exports making up 3.8% of everything Thailand sells to the world. What is moving across the ocean? Think massive industrial machinery, electrical equipment that powers modern life, plastics that show up in everything from toys to car parts, and oils that end up in Indian kitchens.

### Breaking Down the Deals: How Trade Agreements Are Powering Thai-Indian Commerce

Two pieces of paper are reshaping how Thailand and India do business together. They might sound boring - free trade agreements usually do - but these deals are quietly revolutionizing trade between the two Asian powerhouses.

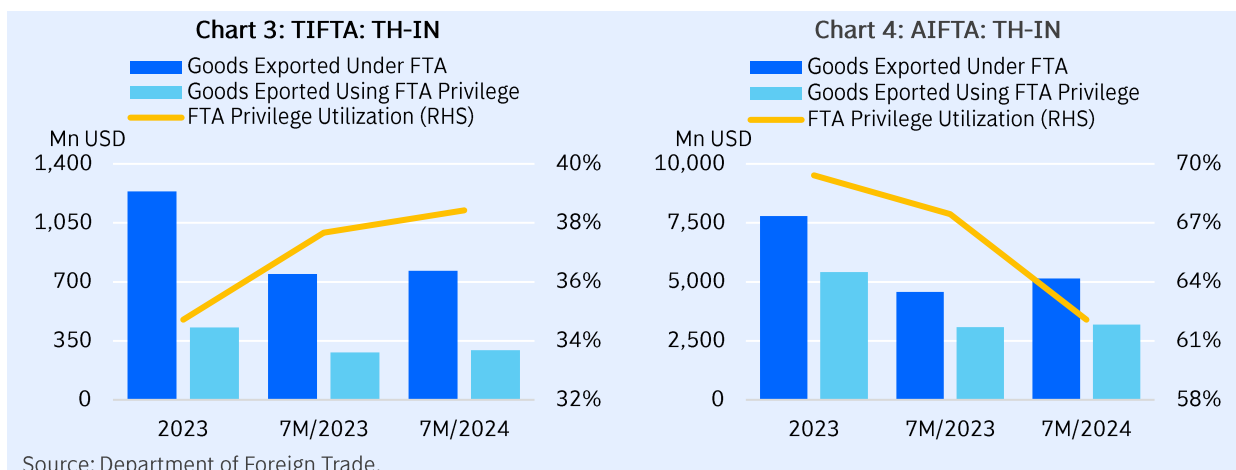
The First Deal: A Direct Connection Back in 2004, Thailand and India took their first big step: the Thailand-India Free Trade Agreement (TIFTA). Think of it as a VIP pass for certain products to

cross borders without paying the usual fees. They started small, with just 83 types of products getting this special treatment.

How is it working? Last year, businesses moved \$1.24 billion worth of goods using this agreement. About a third of that - \$429 million - got the VIP treatment with lower or zero tariffs. For the first 7 months of 2024, smart Thai exporters had already used these benefits to ship \$294.1 million worth of products to India.

The Bigger Picture: ASEAN's India Connection but there is an even bigger deal in town. Since 2010, the ASEAN-India Free Trade Agreement (AIFTA) has been opening doors wider. This is not just Thailand and India - it is like a trade superhighway connecting India with all of Southeast Asia.

The numbers here are more impressive: \$7.79 billion in trade flowed through this channel in 2023, with \$5.41 billion enjoying special tariff benefits. Thai businesses have been quick to jump on this opportunity - for the first 7 months of 2024, they had already shipped \$3.2 billion worth of goods using these privileges.



What makes this deal special? By 2013, 70% of all products were completely tax-free for commerce between India and Thailand, Brunei, Indonesia, Malaysia, and Singapore and increased to 80% in 2016. By 2021, India had opened its doors to all ASEAN countries. It is like both countries took down their toll booths, making it cheaper and easier to do business together.

These are not just papers gathering dust in government offices – they are real tools helping Thai companies compete in one of the world's biggest markets. And the story is still unfolding.

### **Thailand's Next Move: Five Hot Markets Thai Businesses Can Not Ignore in India**

To mark its 80th anniversary, Bangkok Bank's *The Next Strategic Move: India* event shed light on the opportunities awaiting Thai businesses in India. Where are the biggest opportunities in India's massive market? The answers might surprise you - and they are backed by trade deals that make Thai products even more attractive to Indian buyers.

#### **Sweet Spot #1: Food that is Making India Hungry for More**

Indian consumers cannot seem to get enough of Thai snacks and fruits. Longan and mangosteen are becoming familiar names in Indian households, while Thai beverages are making their way into shopping carts across the country. Thanks to trade agreements cutting import costs, Thai treats are becoming easier on Indian wallets.

#### **Sweet Spot #2: Beauty with a Thai Touch**

Here is a perfect match: India's growing appetite for natural beauty products meets Thailand's expertise in cosmetics and spa products. As more Indians seek sustainable, plant-based beauty solutions, Thai brands are perfectly positioned to deliver what they want.

#### **Sweet Spot #3: Under the Hood**

India's booming car industry is not just making vehicles – it is hungry for parts. Thai manufacturers are jumping in, supplying everything from tires to high-tech EV components. It is a smart play that fits right into India's ambitious "Make in India" push.

#### **Sweet Spot #4: Making Indian Houses Feel Like Home**

As Indian cities grow upward and outward, new apartments need furnishing. Thai furniture makers, with their reputation for sleek, modern

designs, are finding eager customers in places like Mumbai and Bangalore, where young professionals are setting up new homes.

#### **Sweet Spot #5: Adding Sparkle to India's Jewelry Box**

If there is one thing India loves, it is jewelry. Thai gem cutters and jewelry makers, known worldwide for their craftsmanship, are finding a welcome reception in India's massive jewelry market. It is a natural fit - Thai precision meeting India's passion for precious stones.

The best part? Trade agreements between the two countries mean these opportunities come with built-in advantages, making Thai products more competitive in India's bustling marketplace.

### **Seizing the Opportunities Ahead**

The numbers do not lie - India's middle class is booming, and they have got money to spend. But here is the real story: they are not just looking for any products, they are hunting for quality. That is where Thai businesses hit the sweet spot.

Thanks to smart trade deals between the two countries, Thai products already have a head start. Lower taxes mean better prices for Indian shoppers, and easier paperwork means fewer headaches for Thai companies looking to expand.

"Made in Thailand" carries weight in India – it is a mark of quality that Indian consumers trust. Whether it is a bag of premium Thai rice or a high-tech car part, Indian buyers are ready to open their wallets for Thai quality.

But here is the catch: this opportunity will not wait forever. As Bangkok Bank's recent talk on India made crystal clear, it is a case of "now or never." Other countries are already racing to grab their share of India's explosive growth.

The choice for Thai businesses is simple: jump on India's economic rocket ship now or watch billions in potential profits fly by. In the race to capture the world's biggest consumer market, standing still is not an option.

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Strategic Outlook and  
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