

# Standing Committee Report Summary

## Impact of Information Technology Agreement in the New Age

- The Standing Committee on Communications and Information Technology (Chair: Dr. Nishikant Dubey) presented its report on the 'Impact of Information Technology Agreement in the new age' on December 2, 2025. India is a signatory to the Information Technology Agreement-1 (ITA-1) which operates under the framework of World Trade Organisation (WTO). Under ITA-1, each participant is required to eliminate customs duties for all products specified in the agreement. The products covered include semiconductors, computers, telecommunications equipment, and software. Key observations and recommendations of the Committee include:
  - **Constraints posed by obligations under ITA:** The Committee observed that the removal of tariffs exposed India's underdeveloped electronics industry to global competition prematurely. Zero duty on imports under the ITA-1 increased India's import dependence on certain countries, like China. The Committee noted that this has led to a concentration of activities in assembly instead of manufacturing. Technology transfer and capacity building in India has also been limited. The Committee recommended constituting a High-Level Empowered Inter-Ministerial Committee to examine the impact of the agreement on the Indian IT industry.
  - **Restrictions on regulatory autonomy:** The ITA-1 agreement does not include an exit clause, or a mechanism for renegotiation. It is also applied on a most-favoured nation basis. This means that a trade benefit offered to one country must be extended to all others under the WTO. Due to this principle, countries which have not signed the agreement can also access its benefits.
  - The Committee noted that the tariff policy on specified products under the ITA-1 has restricted India's autonomy in regulatory and policy decisions. Opting out of the agreement could also lead to retaliation from other WTO member countries. The Committee recommended: (i) adopting interim measures such as using non-tariff measures, (ii) raising the issue of predatory pricing at WTO, and (iii) pursuing bilateral Free Trade Agreements with WTO member countries.
  - **Cyber security challenges:** The Committee noted that easier cross-border movement of electronics and IT products under ITA-1 may raise cyber security and data protection risks. It could also increase vulnerability to embedded software with surveillance and data harvesting capabilities. ITA-1 does not address or enforce any cyber security protocols or data privacy standards. The Committee recommended: (i) enforcing existing provisions of the Digital Personal Data Protection Act, 2023 and related rules, and (ii) enforcing strict security standards through mandated testing and certification of all imported devices or equipment at accredited labs.
- **Revision of existing ITA terms:** In 2015, the ITA was renegotiated. India has not signed ITA-2. The Committee noted several issues with ITA-2. There is no specific exit clause in the agreement. Products used in technologies like 5G and Artificial Intelligence are either not covered or are ambiguously classified. These technologies were not fully developed when the agreement was finalised. The Committee recommended raising several concerns at WTO, including: (i) the inclusion of 5G equipment and AI components under ITA-2, (ii) clearer classification for hybrid digital products, (iii) new Harmonised System (HS) line codes, and (iv) mechanisms for technology transfer. The HS is an international system to classify traded goods using numerical codes.
- **E-waste management:** The Committee observed that increased consumption of IT products, driven by the ITA, has increased e-waste generation. E-waste refers to discarded electrical and electronics goods. The Committee recommended: (i) incentivising recycling through tax benefits/subsidies, (ii) integrating informal waste collectors into formal systems to ensure safe handling of e-waste, and (iii) promoting investments in green technologies.
- **Cooperation with developing countries:** The Committee observed that developing countries face unique challenges in applying the ITA. It recommended developing Free Trade Agreements at bilateral and multilateral levels with developing countries, and negotiating in WTO for Special and Preferential Treatment for developing countries.

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