

MAJOR SHIFT IN FOREIGN TRADE POLICY

***Dr.Rabia Begum, Assistant Professor and P.G. Coordinator, Dept. of Political Science, Govt. Women's First Grade College, Jewargi Colony, Kalaburgi.**

Abstract:

The aim of this study is to know the Major shift in foreign trade policy. The Foreign Trade Policy is a legal document, issued by the Government of India, enforceable under the Foreign Trade Development and Regulation Act 1992. Revisited and notified quinquennially since the 1991 economic reforms, the FTP has been the guiding beacon for all stakeholders. The prime objective of a foreign trade policy is to facilitate trade by reducing transaction and transit costs and time. A FTP sets out the regulations for cross-border trade and reveals the government's position on a host of concomitant yet crucial policy variables such as technology flow, intangibles, and so on. The Foreign Trade Policy (FTP) outlines government strategies and steps to promote domestic production and exports to drive economic growth. It is essentially a set of guidelines for the import and export of goods and services. These are established by the Directorate General of Foreign Trade (DGFT), the governing body for the promotion and facilitation of exports and imports under the Ministry of Commerce and Industry.

. India's foreign trade policy has been an important aspect of the country's economic growth and development over the past few decades. The policy outlines the country's approach towards trade and commerce with other nations, including its efforts to promote exports, attract foreign investment, and integrate the Indian economy with the global economy. The foreign trade policy has evolved significantly over the years, reflecting the changing priorities and challenges faced by India in the global economic landscape. The policy is guided by various national and international commitments, including the World Trade Organization (WTO) rules, regional trade agreements, and bilateral trade relations. India's foreign trade policy is primarily focused on promoting exports and ensuring that Indian goods and services are competitive in the global market. The policy aims to increase the share of exports in the country's GDP and generate employment opportunities through exports.

Keywords: Major Shift, Foreign Trade Policy, India, Government etc.

INTRODUCTION:

The Foreign Trade Policy (FTP) outlines government strategies and steps to promote domestic production and exports to drive economic growth. It is essentially a set of guidelines for the import and export of goods and services. These are established by the Directorate General of Foreign Trade (DGFT), the governing body for the promotion and facilitation of exports and imports under the Ministry of Commerce and Industry. India's foreign trade policy has been an important aspect of the country's economic growth and development over the past few decades. The policy outlines the country's approach towards trade and commerce with other nations, including its efforts to promote exports, attract foreign investment, and integrate the Indian economy with the global economy. The foreign trade policy has evolved significantly over the years, reflecting the changing priorities and challenges faced by India in the global economic landscape. The policy is guided by various national and international commitments, including the World Trade Organization (WTO) rules, regional trade agreements, and bilateral trade relations. India's foreign trade policy is primarily focused on promoting exports and ensuring that Indian goods and services are competitive in the global market. The policy aims to increase the share of exports in the country's GDP and generate employment opportunities through exports. In recent years, the focus has also been on diversifying the export basket by promoting non-traditional sectors such as pharmaceuticals, engineering goods, and textiles.

To promote exports, the Indian government has implemented various trade facilitation measures, including simplification and automation of customs procedures, digitization of trade documentation, and reduction of transaction costs. India has also established Special Economic Zones (SEZs) as designated areas for manufacturing and exports, with special incentives and infrastructure provided to promote investment and exports. In addition to promoting exports, India's foreign trade policy also aims to attract foreign investment, particularly in the manufacturing sector, to boost domestic production and exports. The policy provides various incentives and concessions to foreign investors, including tax exemptions, duty-free imports of capital goods, and repatriation of profits. India has also been negotiating bilateral trade agreements with various countries to promote trade and investment, including countries such as Japan, South Korea, and Australia.

The Indian government has also recognized the importance of intellectual property rights (IPR) in promoting innovation and creativity, and has strengthened the IPR regime to provide greater protection and incentives. India has made several amendments to the Patent Act, the Trademarks Act, and the Copyright Act to provide greater protection for intellectual property. In recent years, India has also been promoting sustainable and responsible trade by addressing environmental and social issues in trade, including climate change, labor rights, and responsible business conduct. The Trade for Sustainable Development (T4SD) program and the National Action Plan on Business and Human Rights are some initiatives that reflect India's commitment to sustainable and responsible trade. Overall, India's foreign trade policy reflects the country's efforts to promote economic growth and development by leveraging its strengths in various sectors, promoting exports, attracting foreign investment, and integrating with the global economy. The policy has been evolving

to address emerging challenges and opportunities, and the Indian government is committed to ensuring that the policy remains aligned with the country's overall economic objectives.

OBJECTIVE OF THE STUDY:

To study the Major shift in foreign trade policy.

RESEARCH METHODOLOGY:

This study is based on secondary sources of data such as articles, research paper, books, journals and websites.

MAJOR SHIFT IN FOREIGN TRADE POLICY:

- 1. Agricultural exports:** India has been promoting agricultural exports, recognizing the potential of the sector to contribute to economic growth and employment generation. The government has launched initiatives such as the Agriculture Export Policy and the Pradhan Mantri Kisan Urja Suraksha evam Utthan Mahabhiyan (PM-KUSUM) scheme to boost agricultural exports.
- 2. Bilateral trade agreements:** India has been actively negotiating bilateral trade agreements with various countries to promote trade and investment. For instance, India has signed trade agreements with countries such as Japan, South Korea, and Australia, which provide for tariff reductions and other trade facilitation measures.
- 3. Digital Initiatives:** The Indian government has launched several digital initiatives to streamline trade and reduce trade barriers. The Electronic Negotiable Instrument (e-NI) was introduced in 2017 to facilitate the use of electronic negotiable instruments such as bills of exchange, promissory notes, and cheques in trade transactions. The National Single Window System was also launched in 2017 to provide a single interface for all regulatory requirements for trade.
- 4. E-commerce policy:** India has formulated a new e-commerce policy to address issues such as data protection, consumer protection, and competition. The policy aims to promote a level playing field for all stakeholders in e-commerce, including small businesses and startups.
- 5. Export diversification:** India has been diversifying its export basket by focusing on non-traditional sectors such as pharmaceuticals, engineering goods, and textiles. This helps reduce dependence on a few traditional exports and contributes to a more balanced trade portfolio.
- 6. Export promotion:** The Indian government has launched several initiatives to promote exports, including the Merchandise Exports from India Scheme (MEIS), the Export Promotion Capital Goods (EPCG) scheme, and the Trade Infrastructure for Export Scheme (TIES). These schemes provide incentives and support to exporters to increase their competitiveness in the global market.
- 7. Focus on trade in services:** In recent years, India has placed increasing emphasis on trade in services, recognizing its potential as a driver of economic growth. The government has launched the Services Export Promotion Council (SEPC) to promote exports of services and has also been negotiating trade agreements that include services, such as the RCEP agreement.

- 8. Intellectual Property Rights (IPR):** India has strengthened its IPR regime to provide greater protection and incentives for innovation and creativity. This includes amendments to the Patent Act, the Trademarks Act, and the Copyright Act, as well as the launch of the National IPR Policy.
- 9. Investment promotion:** India has been actively promoting foreign direct investment (FDI) in various sectors, including manufacturing, infrastructure, and technology. The government has launched initiatives such as the Make in India program and the Invest India platform to attract foreign investment into the country.
- 10. Regional trade agreements:** India has been participating in several regional trade agreements to increase trade and investment flows with other countries. The Regional Comprehensive Economic Partnership (RCEP) agreement was signed in November 2017, which includes 10 ASEAN countries and five other countries including India, Japan, South Korea, Australia, and New Zealand.
- 11. Special Economic Zones (SEZs):** India has established SEZs as designated areas for manufacturing and exports, with special incentives and infrastructure provided to promote investment and exports. The SEZs have contributed significantly to India's export growth, and the government has been actively promoting investment in SEZs through various policy measures.
- 12. Sustainable and responsible trade:** India has been promoting sustainable and responsible trade by addressing environmental and social issues in trade, including climate change, labor rights, and responsible business conduct. This includes initiatives such as the Trade for Sustainable Development (T4SD) program and the National Action Plan on Business and Human Rights.
- 13. Trade dispute settlement:** India has been actively involved in settling trade disputes through various channels, including the World Trade Organization (WTO) dispute settlement mechanism. India has also initiated bilateral and multilateral discussions with other countries to resolve trade issues and improve trade relations.
- 14. Trade facilitation measures:** India has been implementing various measures to simplify and expedite trade processes, reduce transaction costs, and enhance trade facilitation. This includes initiatives such as the Customs Automated System for Electronic Data Interchange (EDI) and the Customs Single Window Project, which aim to streamline customs clearance and reduce the time and cost of trade.
- 15. Trade in regional languages:** India has launched a new initiative to promote trade in regional languages, recognizing that a significant proportion of the country's population prefers to conduct business in languages other than English. The initiative, called "Bharat Trade", aims to facilitate trade and commerce in regional languages and promote inclusivity in trade.
- 16. Niryat Bandhu Scheme:** Through outreach programmes, training, and counselling, DGFT has developed the Niryat Bandhu Scheme to guide aspiring exporters through the complexities of international business. In order to increase exports, MSME clusters have indeed been identified for targeted interventions due to the growth of small and medium-sized businesses and their contribution to employment. With the support of Export Promotion Councils as well as other interested knowledge partners in the academic and research community, outreach activities will be structured in order to

accomplish the scheme's goal. In addition, all stakeholders—including Customs, the ECGC, banks, and the relevant Ministries—will try to work together for the best possible resource utilization.

17. Electronic Data Interchange: To facilitate exports and advance good governance, the DGFT established the EDI system. Exporters and importers now have less physical contact with government departments because the official body has established a secure EDI message exchange for activities involving documentation, such as Customs, banks, and EPCs. It also results in the exemption of transaction cost.

CONCLUSION:

India's foreign trade policy has played a crucial role in shaping the country's economic growth and development in the global economic landscape. The policy has undergone several changes over the years, reflecting India's evolving priorities and challenges in the global economy. The policy's primary focus on promoting exports has been critical in increasing India's share in the global market and generating employment opportunities. The government's efforts to diversify the export basket and promote non-traditional sectors have helped reduce dependence on a few traditional exports and contribute to a more balanced trade portfolio.

In addition to promoting exports, India's foreign trade policy has also focused on attracting foreign investment, particularly in the manufacturing sector, to boost domestic production and exports. The policy provides various incentives and concessions to foreign investors, including tax exemptions, duty-free imports of capital goods, and repatriation of profits. India's efforts to promote sustainable and responsible trade by addressing environmental and social issues in trade also reflect the country's commitment to achieving economic growth while ensuring that it is sustainable and inclusive. Going forward, India's foreign trade policy will continue to play a critical role in the country's economic growth and development. The policy will need to adapt to emerging challenges and opportunities, including the changing global economic landscape, digitalization of trade, and evolving international trade rules. The Indian government will need to continue to work with stakeholders to ensure that the policy remains aligned with the country's overall economic objectives and contributes to inclusive and sustainable growth.

Overall, India's foreign trade policy is an essential component of the country's economic growth and development, and its continued evolution will play a crucial role in shaping the country's future in the global economic landscape.

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