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RCEP And India -A Missed Opportunity Or A Calculated Move?

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Abstract: For a country dealing with dumping cases against China in the World Trade Organization (WTO) and looking for furthering its trade and economic interests with Southeast Asia and the greater Indo-Pacific region in the recent context, the RCEP poses a dilemma for India as it is a right set of beneficial arrangement only if strategically calculated. Regional Comprehensive Economic Partnership (RCEP) is an initiative to integrate 15 nations in one trade grouping. However, it also compelled nations to accept common tariff structure, customs and trade regulations. For India, which has the adverse trade balance with most of the countries, the problem is to work out a strategy or define the rules of trade which protects its interests while negotiating trade pacts with groupings. There is no denying of the fact that China has been using Rules of Origin (ROO) to venture into Indian markets by entering into joint ventures and opening production facilities in Southeast Asian countries and managing the trade restrictions with impunity. Meanwhile, India has been reiterating that trade agreements with ASEAN has helped four major ASEAN countries, Indonesia, Malaysia, Singapore and Thailand. The trade benefits have been asymmetrical with increase in Indian exports, not in same proportion as imports from ASEAN nations. Further, limited opening of services exports has jeopardized India's plans to compensate adverse merchandise trade with services. Therefore, Indian entry into RCEP could have been a risky jump which would have affected its economy and market. The cheap (Chinese) imported goods would have rendered many unemployed and the uneven production costs would have skewed trade balance much more in favor of China and other countries. It has been debated that RCEP was a missed opportunity for India but then with limited market growth in the other 15 member countries and Chinese selective opening of markets, and dumping of subsidized products, were major hindrances in India joining the trade grouping. The paper would argue the major thought process in

India related to RCEP and why certain nagging issues which were not addressed in multiple RCEP meetings, forced India to take a contrarian stance.

Index Terms - India-ASEAN, RCEP, Rules of Origin, Connectivity, Non-tariff barriers

I. Introduction:

The Regional Comprehensive Economic Partnership (RCEP) which was signed in November 2020 and entered into force on January 1, 2022 created a platform for better trade and tariff structures between the member nations of ASEAN and its five dialogue partners[1]. Touted as the world's largest trade bloc, the RCEP targets to integrate the Asian economies in a space characterized by increasing geo-economic fragmentation where key players along with emerging economies will reap the benefits of greater investment and market access, simultaneously ensuring multi-sectoral development. Particularly, in the post-pandemic world, when recovery and stability have become significant subject matters to cope with the global uncertainties, multilateral cooperation offers itself both as a cushion for support and as a reliable pillar for economic growth. The prospects which RCEP offers are also encouraging. It is set to facilitate more than 30 per cent of world trade, eliminating tariffs on more than 90 per cent of goods over the next 10 to 15 years and introduce rules on investment and intellectual property to promote free trade.[2] Though India was a member of the RCEP drafting committee since its inception in 2011, it later opted out of the deal as some of its 'major concerns' were not addressed. The paper addresses these concerns and examines the other multilateral alternatives that India could potentially explore to ensure economic growth and expansion.

Among the RCEP member countries, India already has trade agreements with Malaysia, Singapore, South Korea, Japan, Thailand and Australia and is in negotiations with New Zealand. However, India withdrew from RCEP citing problems about tariff restructuring and non-compliance to the rules of origin issue. From the Indian perspective, it was seen that the agreement would promote Chinese interest rather than considering India's priorities and reservations related to free trade agreement among those countries which are competitors in the international market. There are other concerns raised, for example the RCEP might give rise to unemployment, labor dissatisfaction and capital migration in a labor-intensive manufacturing country like India.

Ballyhooed as a Chinese orchestrated free trade agreement, it cannot be denied that the RCEP has contributed for Chinese amalgamation with the Asian economies. Thus, the RCEP was to act as a playing field for Chinese economy. For other players within RCEP, it is expected that the pact would promote specialization in products and reduce dependencies on inefficient production facilities while integrating the economy into the regional value chain. That being the case, China has been proactively pushing to portray the voices of RCEP countries in the global discourse.[3] For the Southeast Asian region, countries are going to expect a windfall ($19 billion annually by 2030) because of RCEP and it was also expected to give a push to China's Belt and Road initiative through enhancement of connectivity, transport infrastructure, fostering communications and business networks.

The RCEP agreement has 20 chapters, and 54 schedules of commitments outlining rules, tariff regulations, economic and technical cooperation and issues related to market access. When one investigates the guiding principles of RCEP, it clearly recognizes the fact that *ASEAN centrality* will be maintained while forging RCEP. In fact, ASEAN wanted to maintain its institutional predominance in East Asia as China and Japan were badgered to join the Trans Pacific Partnership (TPP).[4] The agreement clearly states that it will promote trade in goods and services, protection of investment, intellectual property rights, competition, neutral dispute settlement mechanisms, and related issues[5]. The 'living agreement' framework under Chapter 18, one of the unique features of the agreement offers to create a wide integrative agenda to address fundamental pressing issues like environment, climate change, skills development, green transformation, and developing digital and smart urban centers.[6]

In fact, the first RCEP negotiations clearly said that it will be following the WTO negotiations and would enmesh the existing ASEAN plus one FTA agreements while accommodating the reservations of the participating countries. RCEP was also meant to ease trade and investment, promote transparency in trade, and integrate the participating countries into global and regional supply chains[7]. It also supports the fact that if any of the partner countries is not able to join, it can do so later but under conditions which should be accepted by the other member countries.

It also has made explicit open-ended options for any country to join it later even after the negotiation process is complete. Interestingly, it also makes the space for technical assistance, capacity building, and giving different timelines for underdeveloped and developing countries[8]. It has also taken a comprehensive approach while negotiating for trade in goods along with those of services and investment. This has promoted comprehensive and balanced approach in the negotiation process and as such it was seen as a composite approach for an ASEAN centric free trade agreement. In terms of the guiding principles, it does make their strong approach about cutting tariff and non-tariff barriers in a phased manner, aiming for complete zero tariffs, and establishment of a free trade area among the participating countries. According to Article 20.9 of the deal, India could have enjoyed the benefit of a fast-track procedure of accession as it gets a waiver from the 18 months' timeframe requirement.

The Joint Media Statement released on the occasion of the 2nd RCEP Minister's Meeting held on 21 August, 2023 in Semarang, Indonesia reaffirmed the open and inclusive nature of the regional arrangement and encouraged the Joint Committee to keep working on acquisition procedures of members expeditiously.

II. The Persuasion: Arguments favoring India's accession in RCEP

The negotiations which were launched in 2012 went on for eight long years and it acknowledged that India's participation could have significantly contributed to the region's prosperity and provided nourishment to the trade ecosystem as well as exemplifying its allegiance to an extensive multilateral liberalization.[9] At the joint media statement carried out after the 10th regional intersessional comprehensive economic partnership ministerial meeting on June 23, 2020, it was clearly stated that "India has been an important participant in the RCEP negotiations...... and India's participation in RCEP would contribute to the advancement and prosperity of the region. We therefore wish to emphasize that the RCEP remains open for India"[10].

The rationale for joining RCEP was presented from the view point of India, whose ties with the Asia-Pacific region have relatively increased only since the beginning of the Cold War and which had the potential to become deep-seated in the thick of adoption of its liberal approach to trade and investment.[11] As an economic liberalizer, India could also have become a repository and a tremendously huge market for produced goods. In the case of Asian economies, most of them are exporting nations except for Philippines and New Zealand. Several of the RCEP economies do not have large trade deficits among themselves. Therefore, RCEP was seen as a trading bloc of exporters looking for markets abroad and the excess production which was done in these export-oriented economies could only be taken by a large market, in this case India and China. However, if one investigates the Chinese model of manufacturing it is clearly aimed at generating more supply rather than promoting domestic demand. As a result of which China has huge trade surpluses with many of the economies around the world. In this context, India could have become the economic sponge which could soak in this extra production. Therefore, in the 20 chapters which have been in the RCEP negotiating draft there were provisions which had been made for protecting India's interests in the final accepted draft of the treaty. There were provisions which were also made regarding India joining the treaty and later in a structured way reducing its relatively high tariffs. This would have integrated India's large economy of 1.4 billion consumers into the RCEP trading area.

Countries such as Japan and Indonesia as well as Vietnam had exhorted India to join the grouping and complete the negotiation process. A big market of 2.2 billion people with a combined GDP of U.S. dollar 26.2 trillion, it was expected that RCEP would promote robust economic recovery and integrate people of different countries in the region[12]. In fact, ASEAN Secretary General Dr. Kao Kim Hourn recently remarked that ASEAN wants India to join the RCEP for greater market access. His arguments endorsing India's membership in RCEP were based on the pact being "inclusive, open and rules-based".[13] On his visit to India, the Thailand Vice Foreign Minister Sihasak Phuangketkeow had also remarked that partnerships are an opportunity to forge closer connections between parties who are willing to meet challenges together.[14] However, India has been resisting from joining the grouping stating clearly that many of its 'concerns' were not addressed.

III. The Concerns: Missed opportunity?

Economists and business experts had criticized India's accession into RCEP distinctively outlining the fact that it will open the market for China, and India will be losing out in this case. Earlier it was also seen that during Chiang Mai initiative, India had not taken part, and ASEAN countries had remarked that India could have been a contributing partner supporting the region's financial integration. Though it was speculated that RCEP would open opportunities for Indian manufacturing sector in areas such as automatic parts, chemicals, low tech machinery but at the same time, concerns were raised around the adverse impact that the deal might cast on the employment factor in India especially in small and medium enterprises in sectors such as processed foods, food and agricultural products, dairy milk and processed milk products.

It was also calculated that not joining the RCEP would incur a loss of nearly 500 billion dollars for India[15]. India had been reluctant to join the grouping given the fact that it was expected that this regional organization is seen as a trading bloc of exporters and there will be problems regarding opening of domestic markets of many of the member countries. India had communicated its concerns and indicated that the trade deficits which it already has with the 11 out of 15 RCEP member countries would further get exacerbated[16]. Many of the international credit ranking agencies had put a question mark about India's trade competitiveness and highlighted its solvency and financial conditions. Even about the non-tariff barriers, in which India is hardly equipped, the provisions for lowering the non-tariff barriers have not been clearly articulated.

As is the case, the RCEP seeks to cover cooperation in goods, services, investments, economic and technical cooperation, competition and intellectual property rights. Now, signing of the RCEP would have had certain ramifications on the service and manufacturing sector in India. In the early part of the negotiations, India had been pressing for greater market access in the services sector. India's strengths in services is well known, which is worth 250 dollars billion globally. Hence, liberalization in the services sector was one of the main issues which had crept up for discussion in the early negotiations. To be specific, greater relaxation in visa regime in RCEP countries was one of the demands that India raised, to which Australia and even ASEAN countries raised objection, at least in the initial stages.

Indian policymakers had also cautioned the government which was working on 'Make in India' initiative, a move committed to boost entrepreneurship that demanded promoting its manufacturing sector which in turn called for better management of resources and continuous allocation of funds. To promote 'Make in India' initiative, it was imperative for India to give protection to nascent industries which might not be able to compete against technology intensive and high skilled manufacturers from other countries. This was an additional reason why India preferred to stay out of RCEP.

There are other roadblocks which India had faced with respect to the merchandise trade with RCEP countries. If we look at India's primary exports, they are invariably chemicals, engineering products, gems and jewelry, petroleum products, and minerals. In all these products, the aspects related to non-tariff barriers do not apply to a considerable extent. However, in terms of agricultural and commodities exports there are strict guidelines which have been adopted by countries such as Australia, Japan, and China. Again, India has been facing intense sanitary and phytosanitary restrictions from Australia and has faced intense negotiations with Japan on simple issues of export of rice. Besides, China has been very reluctant to open its market to India and this has been seen in the context of medicines and few other generic drugs. However, in the last three years, China has taken proactive approach while opening its economy for 26 lifesaving drugs which were imported from India. However, in terms of opening the services sector and promoting investment in critical manufacturing areas, it has adopted a stringent stance[17]. In that fashion, RCEP as a deal turned out to be an unattractive prospect for India due to the unresolved issues between it and the concerned countries.

One of the important concerns from the Indian point of view was about guarantee which could have been provided by RCEP related to market access in China and this imposition of non-tariff barrier on Indian companies. Countries such as Japan have made every effort to bring India on board as the Quad countries have already outlined cooperation in resilient supply chain initiative. While the volume of trade has increased between India and its FTA partners in the Asia Pacific region, but the progression has been high in imports to India in comparison to exports from India.

As far as agricultural products, milk and processed milk products were concerned, it was expected that opening of such sectors would lead to an unfavorable response from the Indian associations which dominate these sectors. This was seen in the case of ASEAN-India Free Trade Agreement in which commodities specific associations like Indian Tea Association have urged the government not to open these sectors and put these commodities in the negative list. If anything, trade deficit seems to have increased in the period since the signing of the ASEAN-India FTA. Except for 1991, 1993 and 1994, India has always had a net trade deficit with ASEAN in the last two and a half decades.[18] As a result of pending issues and long-drawn negotiations between India and ASEAN, the result was that India has put up a list of more than 560 items in the sensitive list while the whole of ASEAN countries had put nearly 1000 items under the sensitive list[19]. Taking lessons from earlier domestic compulsions, it was felt that India would find it extremely hard to convince the domestic trading associations and commodities specific lobbying groups.

With the coming of Narendra Modi government, the tariffs had been reduced in a phased way, but these are still remarkably high in compared to countries like South Korea, South Africa, Vietnam, Indonesia, Philippines, Malaysia, Canada, Japan, US, Singapore, and European Union. From the economic point of view, India could not compete with Chinese state-owned enterprises which get subsidies and official support at all levels. This might pronounce the death knell for Indian industries (silk and toy industries being the examples) which are not prepared to compete at international level with China. Moreover, the unfair trade practices of China like intellectual property theft and protectionist non-market policies have also come under the international radar many times.[20] Free trade would also have affected the small and medium enterprises which provide employment for semi-skilled and unskilled labor and therefore it would have political costs as well.

While India has been adopting protectionism in the wake of COVID-19 and because of the slow and sluggish growth of its manufacturing sector, it was imperative for India to protect its domestic manufacturing sector when the domestic demand was still high enough to bring profits to the domestic entrepreneurs. India has instituted Competition Commission, but it has not made enough reforms regarding labor, capital and finance. In fact, the nonperforming asset (NPA) of India's banking sector have been one of the challenging areas which needs comprehensive banking sector reforms along with strengthening of the financial sector. In areas such as labor market firmness, smaller tax base, lack of investment in research and development, bureaucratic interference, and guidelines about pollution control in many of the industries are insufficient. Therefore, taking into consideration all these factors, India chose to slow down its integration with the larger and more export efficient economies. For India, the critical issues have been the fundamental reservations that it has expressed about the deal. As discussed earlier, India has been very reluctant to open its traditional industries such as agriculture and dairy, while at the same time promoting its services sector to promote economic growth.

A geopolitical reason why India refused to join the negotiation process in the RCEP was because of Chinese aggression at the borders. Simmering tensions have been erupting since 2020 between India and China over land boundaries stoking bilateral disputes. Following the clashes at Galwan valley in June 2020, India had banned around 59 Chinese apps and many Indian industrial giants had promised to reduce dependence on Chinese imports. India asserted simultaneously that it doesn't have sufficient protection regarding surging imports while also raising concerns about China making every possible effort to circumvent the rules of origin. Back then, India had made it very clear that the local content in any imported products should be at least 30-40 per cent. Given the fact that Chinese manufacturers have been establishing bases in countries such as Myanmar, Thailand, Malaysia, and Indonesia it was expected that China would use these countries as well as other Southeast Asian countries to dump its products in India. India was unable to activate the auto trigger mechanism which could have raised tariffs on products if it crossed a certain limit in terms of volume and amount. Moreover, India was reluctant to hand out the Most Favored Nation obligations under the investment charter of the RCEP, as countries like China and their state sponsored companies such as Huawei were under security scanner of Indian national security agencies.

India's major concerns with RCEP has also been about the rules of origin, anti-dumping legislation, the dispute settlement mechanisms, fairness in trade, assurance against the non-tariff barriers, and provisions for opening of services exports from India. India has trade agreements with many of the Southeast Asian countries, South Korea, and Japan. Out of these many trading agreements, India-South Korea agreement is seen as a gold standard of trading agreements, economic cooperation and FTA's that India has signed with as many as 50 countries. In terms of negotiations, India is already in negotiating phase with New Zealand regarding FTA, two reviews of the India Singapore Comprehensive Economic Cooperation Agreement (CECA) has been completed, similar reviews have been initiated related to trading agreements with Korea, Japan and ASEAN. The reviews have been either continuing or have concluded.

IV. Exploring Options: Post-RCEP withdrawal, was it a calculated move?

Following its withdrawal from the RCEP negotiations, India is faced with the challenge of accelerating its exports while at the same time making the environment conducive for foreign direct investment. India has made it noticeably clear that it would be negotiating any new free trade agreements in merchandise trade along with services and investment agreement. It has been looking into expanding the Early Harvest Scheme with Thailand, completing the second review of the India-Singapore Comprehensive Economic Cooperation Agreement (CECA) and expanding the basket of commodities and services with the island nation and streamlining pending free trade agreements with countries such as New Zealand. During the RCEP negotiations, India was keen on supplying the tariff structures and reducing tariff in major lines of commodities including dairy products and wines in the case of Australia while at the same time considering the similar tariff structure to Japan also. This was based on the pretext that the two countries are the Quad members and India has been working for developing the strategic partnership with these two American allies.

India has also been working hard to enter into Asia Pacific Economic Cooperation agreement and there has been support about India's entry into the forum but given the condition that one Asian country can be accommodated only after one Pacific country is also made a member, the wait continues. Currently APEC has 21 member states and has been working on business facilitation, digitization of customs, standardization of procedures and facilitating business visas among the APEC member countries. However, APEC itself is facing challenges in the form of realization of the Free Trade Area of the Asia Pacific (FTAAP) due to challenges to borders and sovereignty, war in Europe, protectionist approach in the post-pandemic period and disruption in global supply chains.[21]

India is already negotiating with the European Union, India's third largest trading partner for an FTA which could amplify exports both in trade and services [22]. Talks which began as long as 2007 and suspended in 2013 have faced a number of roadblocks, but considering the recent developments in the geopolitical space like the Russia-Ukraine war and the Indo-China row, the impetus for an early EU-India FTA conclusion will serve mutual benefits in the long run. In RCEP, the US is not a member and therefore India has been looking into entering into trade agreement with US, reaffirming their commitment to increase bilateral trade by $ 500 million by 2030. This would help India to gain access to the US markets even though it is not a member of Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). At the 14th Ministerial-level meeting of the India-United States Trade Policy Forum (TPF) held in New Delhi on January 13, 2024, the Indian government again appealed the US Trade representative to restore its beneficiary status under the General System of Preferences program.[23] As a result of which India and US are looking to conclude a bilateral trade agreement to structure their trade in all fairness in an uncertain tariff war and challenging global trade environment.

India is an open economy with trade forming nearly 40 per cent of GDP, according to a report released by Niti Aayog in 2020. Under the report it was stated that for increasing the volume of trade, there is need for structural transformation, diversification across destination of services, improved technological component in terms of quality, and sophistication and better competition with the globally traded products[24]. It is also expected that the markets in emerging and developing economies are the preferred destination of India's total exports if one investigates India's major exports over a period then manufactured goods particularly engineering goods, agricultural and allied products, and other manufactured goods form major chunk of the exporting basket.

In terms of India's export potential, the report found that the Indian export basket comprised of income sensitive items such as gems and jewelry, engineering goods, petroleum, and chemical products. In the same report it was highlighted that the original trading agreements are much more than just about tariffs reduction in trade in goods and involve other aspects such as protection of investment, liberalization in services and associated sectors. The report also called attention to the fact that India's trade with non-FTA countries did not paint a very bright picture. If anything, India's trade imbalances have increased with ASEAN, Korea and Japan after the signing of free trade agreements with them[25]. Therefore, need of the hour is better structural and functional support in terms of concession for India's services exports in any free trade agreements and the movement of skilled labor between signatory countries. In the context of trade agreement on services and investment with ASEAN countries, the major problem has been the opening of sectors and the permission given to field specific consultants and professions such as nurses, accountants, and architects. While launching the Foreign Trade Policy on 31st March 2023, Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal underscored the four pillars of Foreign Trade Policy 2023. These are (i) Incentive to Remission, (ii) Export promotion through collaboration - Exporters, States, Districts, Indian Missions, (iii) Ease of doing business, reduction in transaction cost and e-initiatives and (iv) Emerging Areas – E-Commerce Developing Districts as Export Hubs and streamlining SCOMET policy.[26]

Indian economy is already trying to gain leverage in the form of better compliance of rules of origin particularly with the ASEAN countries and countering Chinese dumping of goods in Indian market. One of the key issues between the RCEP countries and India was about including purchase of 30 per cent local component in any investment in the Indian market. This was not acceptable to many of the RCEP countries which led to a stalemate and further suspension of the negotiation between India and the other participating member countries. It is expected that India will not be joining RCEP anytime soon and a large contingent of economists feel that this way India could gain time to consolidate its domestic manufacturing sector and at the same time strengthen its digital economy. India's e-commerce, digital payment systems, gig economy and related sectors are picking up space and therefore it is expected that the acceleration which is required for the Indian economy is going to come in the next decade. Many of the proponents of the RCEP have stated that India has missed an opportunity and it would be detrimental for India's interests if it doesn't join the RCEP soon. However, looking into the implementation phase of the RCEP and China's increasing tensions with the RCEP member countries such as Vietnam, Japan, Korea and Australia do not augur very well for the future of RCEP.

China will be making necessary efforts to circumvent the rules of origin criteria and would be shifting its production bases to countries in Southeast Asia given its commitment for reducing its carbon footprint and shifting its polluting industries to other nations. Also, the Chinese economy needs stimulus packages from the central government and requires opening of markets of the Asian economies to offset COVID-19 setbacks to its economy. China has been working on the Belt and Road initiative and has been investing largely in many countries with easy loans but high interest rates to many of the economies across Asia and Africa which might not be in a positive position to repay back the loan. In return to the non-repayment of the loans, China would be seeking port rights and market access in many of these countries. Nevertheless, it is seen that resource nationalism and social movement against Chinese investment will be raising head in many of these Belt and Road Initiative target countries. As already according to one of the estimates, nearly 39 countries have expressed reservations about Chinese economic activities in the country. The Chinese loans are also locked loans which means that China provides the labor and capital, and at times escalates the actual project costs which has been seen in the case of Thailand and Malaysia leading to scrapping of a large part of the project by the political leaders of these two respective countries.

For India, the major motive is to strengthen the existing free trade agreements with countries such as Korea, Japan, Asian, Singapore, Malaysia and seek concessions about its services sector from these countries under the second preview.

V. Concluding remarks:

While the Second Ministerial Meeting for the RCEP closed in Indonesia on August 2023, where parties demonstrated willingness to expedite development opportunities for the region, the agreement is not free from challenges. The simultaneous existence of bilateral and regional FTA's creating a congestion and the overlapping of domestic policies and RCEP commitments can be problematic if the region is to be treated as an integrated whole. Certain issues are yet to be addressed, for example, existence of a dispute settlement mechanism, matters of competition and state-owned enterprises and e-commerce issues.[27]

For India, the major motivation for keeping aside unfair trade practices meeting any Chinese motive to enter India's market circumventing the rules of origin criteria has been closely checked and countered. However, this has not brought about any significant changes in the skewed trade balance between India and China. Taking cue from this, India has undertaken serious introspection to diversify its import basket and to provide necessary support to its manufacturing sector which can stand up to the Chinese cheap imports. This was seen in the case of the policy of *Atmanirbhar Bharat* announced in 2020 with the goal of making India self-reliant. This policy was seen as a welcome move as it generated employment and harnessed the uncharted potential of the India's manufacturing sector. The ban on select Chinese imports have also led to better quality of production and brand building within the domestic economy.

In the context of climate change and making energy efficient manufacturing, India is seeking support from European countries and the US to build better industries which can reduce their carbon footprints and thereby help in increasing exports. India has refused to join RCEP but because of political compulsions, not many economists are now raising the issue of India not opening up to the world. In fact, with India set to play a crucial role in framing the future of the global economy, international collaboration and multilateral cooperation are going to guide the direction of the economic path. According to latest statistics by World Economic Forum, "India has been a key growth engine for the world, contributing 16% to the global growth in 2023. The country's growth rate of 7.2% in fiscal 2022-2023 was the second-highest among the G20 countries and almost twice the average for emerging market economies that year".[28] This need to raise India's position in the global economy has propelled to keep India's doors open to opportunities and growth, while following a protectionist policy.

In the post-pandemic period, higher crude oil prices and inflation seems to be manageable through political intervention and supplying stimulus packages to the small and medium enterprises. For example, within India, many farmers have been agitating about new farm laws which provides choice to the farmer to grow crops after entering an agreement with the companies and selling the produce directly to those companies, thus reducing the role of the middlemen. These laws, namely, "The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020", "The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020", and "The Essential Commodities (Amendment) Ordinance, 2020" were passed on 27 September, 2020. Influential farmers and lobbyists are working against these farm laws because it would bring free market dynamics into the farm sector. While many of these initiatives have been lauded by countries across Europe and the US but within the political setup the government faces tough questions and would not be taking any trading agreement with those countries which might flood the Indian markets with product such as spices, rubber, coffee, and pepper.

These goods would be seen as an attempt by the other countries to deluge Indian markets with cheap products and thereby generating unemployment and structural problems for the manufacturing industry. Increasing ratio of saving in comparison to consumption leads to stagnated growth and at times triggers problems in the long run. Further India has been looking into the possibility of exploring and reviving BIMSTEC and Mekong India Economic Corridor and Indo-Pacific economic corridor as major aspects to connect with the larger trading areas and look for possibilities in investment and trade. India can also look into significant opportunities by harnessing the potential benefits of AfCFTA (African Continental Free Trade Area) and SACU (Southern African Customs Union). In a nutshell, though an unpredictable world demands reliance on interlinking supply chains through multilateral organizations, for Indian economy the objective is actually gaining access to market on a *quid pro quo* basis and not an agreement, where disadvantages outweigh the advantages.

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