A Brief Overview About Foreign Trade Policies of India

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ABSTRACT:

Foreign trade policies play a significant role in shaping a country's international trade relations and economic growth. This chapter provides a concise overview of the foreign trade policies of India and their impact on the country's trade environment. It explores the key objectives, components, and initiatives of India's foreign trade policies, including export promotion, import regulation, trade agreements, and investment facilitation. The chapter also examines the challenges and opportunities associated with India's trade policies, such as tariff barriers, non-tariff measures, and the promotion of domestic industries. By understanding India's foreign trade policies, businesses can navigate the trade landscape, identify market opportunities, and optimize their international trade operations in the Indian market.

KEYWORDS:

Bilateral Trade Agreements, Customs Duties, Direct Foreign Investment, Duty Drawback Scheme, Economic Liberalization, Export Promotion Schemes.

I. INTRODUCTION

Document provided by the responsible nation when agricultural or food goods are exported, attesting that they are suitable for human consumption, conform with applicable laws in the exporter's nation, and were in excellent condition at the time of inspection, prior to shipping. It is frequently a requirement of international law that any shipment of plants or planting materials entering a country be accompanied by a phytosanitary certificate issued by the exporting country attesting to the shipment's substantial freedom from diseases and pests and compliance with the importer's current phytosanitary laws. The Agriculture and Fisheries Department should be contacted if you want to apply for the certificate in Hong Kong [1], [2].

Certification of Fumigation

A pest control certificate is given to attest that the targeted items have been quarantined and fumigated prior to shipping by authorised fumigation service providers. The US, Canada, Australia, New Zealand, and UK customs mostly need it for solid wood packaging material coming from Hong Kong and the Chinese Mainland. An international customs document used to acquire a duty-free temporary admittance for items into the nations that are signatories to the ATA Convention, such as exhibits for international trade fairs, samples, and professional equipment.

Consular Bill

a document including shipping details such the consignor, consignee, and value description that is needed by certain foreign nations. It is used by the nation's customs authorities to confirm the value, amount, and type of the consignment. It is certified by a consular representative of the importing country stationed in the other country [3], [4].

II. DISCUSSION

Bill of Lading

a record of the agreement between the products' shipper and the carrier. In order to take possession of the products, the consumer often requires the original as ownership documentation. There are two types: a STRAIGHT bill of lading, which is non-negotiable, and a negotiable bill of lading, also known as a shipper's order bill of lading, which is used for a variety of finance operations and may be purchased, sold, or exchanged while goods are in transit [5], [6].

Bill of Lading for a House

a forwarder-issued bill of lading that is often not a title document. Before a letter of credit is established, shippers that want to utilise a house bill of lading should confirm with the bank that it is acceptable for that purpose. Less packaging, cheaper insurance costs, faster transportation, a decreased chance of damage, and lower prices than shipping goods as a single package or consignment are all benefits [7], [8].

Shipping Bill

a cargo receipt that contains the terms of the shipper and carrier's carriage agreement but is not negotiable and is not a title document prepared by the shipping firm.

Flight Plan

a specific form of waybill used for air cargo transportation. This acts as a receipt for the delivery of the goods and specifies the terms of transportation, but it is not a transferrable or negotiable instrument or a document of title [9], [10].

Residence Air Waybill

An air consignment note is a document that an air freight agency issues to describe and record a shipment of goods. It is not a title document once again.

Shipment Warranty

the original transport document is often replaced with a pre-printed form supplied by the shipping firm or the bank on behalf of the importer. The consignee may thus, without presenting the original bill of lading, take receipt of the goods in advance under a shipping assurance. If a problem with the collection is discovered, the consignee and the importer bank will be liable for any loss or expenses incurred by the shipping firm. To safeguard the bank's ownership of the items, it is often used in conjunction with full margin or a trust receipt prepared by the consignee, shipping firm, and importer's bank a list containing the details required for transportation, such as the invoice number, the buyer, the consignee, the country of origin, the ship's departure and arrival dates, the ports and airports where the goods will be loaded and discharged, the location of delivery, the shipping mark or container number, the weight and volume of the goods, and the complete description of the goods, including packing information. A bank document that, at the buyer's request, demonstrates the bank's commitment to the seller to pay a specified amount of money as long as certain conditions outlined in the D/C are met. An agreement between a client and his bank that allows the customer to take advantage of the ease of cashing checks up to a certain amount. Prepared by: the issuing bank following a request made by the importer. Or a credit established between the exporter and the importer assuring the importer that, in the event the contract is not completed, the exporter would pay the importer a certain sum of money. It also goes by the name performance bond. Typically, this appears in significant transactions involving items like crude oil, fertilisers, fishmeal, sugar, urea, etc.

Prepared by: Issuing Bank/Exporter

An order made by an exporter to its banker allowing the bank to collect payments pursuant to the conditions of the contract on the exporter's behalf. Unconditional written order that directs the importer to pay the exporter on demand or at a later time a certain sum of money to the bearer's order, either now or in the future. A document authorising a bank to release commodities to a buyer; the buyer, who purchases the items for processing, is required to keep the goods separate from the rest of his or her assets and to keep them available for bank repossession. A negotiable financial instrument that serves as proof of the bearer's right to payment from the overseas buyer. to satisfy the import authorities' standards. Developed by the Department of Trade and Industry and five Chambers of Commerce. Generalised Systems of Preferences Certificate of Origin Form A. A CO to back up the request for the exporting nation's goods to enter the GSP donors at advantageous rates under the GSP they administer. A Form A is often only granted when the products in question have satisfied both the origin requirements of the preference receiving nation and the origin requirements of the specific donor country's GSP.

Adeclaration given to the director of customs at the port of entrance or departure, disclosing all relevant information about the shipment, such as the kind of goods and the exporting or destination nation. Its main function is the compilation of trade data. a document published by an appropriate government agency allowing the import and export of certain regulated items. a declaration made by the destination country's government confirming that the strategically important imports would be disposed of there. It is exclusively issued in Hong Kong in order to satisfy an exporting nation's requirements. a declaration made by the destination country's government confirming the arrival of a particular strategic good in the chosen nation. It is exclusively issued in Hong Kong in order to satisfy an exporting nation's requirements. Acertificate that a certain product has arrived at the specified country, issued by the government of the destination country. It is distributed in Hong Kong by the Census and Statistics Department. The application must be submitted together with a letter explaining the request, an import declaration and receipt, a bill of lading, a marine waybill, a land manifest, a supplier's invoice, and a packing list. A document that specifies the selling price, freight charges, insurance costs, packaging costs, payment conditions, etc. in order to calculate the customs value. It is provided by the customs authorities of the importing nations.

III. DISCUSSION

Export-Import policy, or EXIM Policy, is another name for foreign trade policy. Any nation adopts the EXIM policies when it comes to trading products and services with other nations throughout the globe. There are two different kinds of trade policies: free trade policies and protectionist trade policies. There are no constraints at all on international commerce in goods and services under a free trade system. Additionally, there are no tariffs, quotas, taxes, or subsidies on production, the use of inputs, or consumption. Theoretically, free trade provides many benefits for largely established nations, but when it comes to emerging nations, it hasn't shown to be very beneficial or beneficial at all. Similar to before, India has a closed economy and did not have open commerce until the 1980s. from 1990, new industrial policies brought Indian commerce into touch with other nations, and from 1991, it joined the liberalised or globalised economies the justifications for developing economies' trade policies. As it has been determined that the free trade policy is not beneficial for developing nations, there is still a severe need for a dynamic trade strategy to support the growth of emerging economies for a variety of reasons. It is certain that these nations would see a persistent negative impact on their trade balances as a result of their increasing development-related spending. In order to promote growth, emerging nations are need to acquire more capital goods, raw materials, and technology, but this cannot be accomplished by increasing exports. These sorts of economies are definitely susceptible to being negatively impacted by the persistently recurring deficits in the trade balance.

On the other hand, if rich nations cut down on their development spending, the developing world would face long-term development issues. Numerous studies that examined developing nations' chronic trade balance deficits on an empirical basis have been done. Agogo Mawuli, whose research sampled seventeen emerging nations, found that the trade balance imbalance was brought on only by the hasty accumulation of capital. On the other side, M.M. Metwelly and Rick Tamaschke also looked at six emerging nations and discovered the same issue with developing nations' growing expenditures on development. The study suggests that these nations are unable to balance their imports and exports, and as a consequence, the terms of trade are becoming worse every day and their situation is progressively worsening. India's exports were either insufficient or out of control, which resulted in a growing trade imbalance and high foreign debt for the nation. The foreign debt owed by India was projected to be 28.90% of its GDP in 1995–1996 in 1996. India is now still dealing with a large burden in the form of foreign debt. The foreign debt owed by India in 2012–13 was $390.00 million. As a consequence, a significant portion of our export revenues are devoured by this external cost, and the economy was unable to eliminate its trade imbalance.

Options for Trade Policy, Strategic

Free-Trade Agreements

A free trade policy is one that does not place any limitations on international commerce in goods and services. The total elimination of tariffs, quotas, exchange controls, levies, and subsidies on production, factor use, and consumption is the hallmark of a free trade policy.

Safeguarding Trade Policy

The goal of a country's protective trade policy is to maintain a system of trade restrictions in order to shield its own economy from foreign goods' competition.

Internalised Trade Policy

An inward-looking trade strategy places limitations on the flow of products, services, and people into and out of the country and emphasises the necessity for a nation to establish its own style of growth and be the master of its own destiny. An inward-looking trade strategy promotes the creation of domestic technologies that are compatible with a nation's resource base.

International Trade Policy

A trade strategy that is outward-looking promotes not just free trade but also the free movement of money, people, goods, services, and students, as well as a warm welcome for multinational corporations and an open communications system.

Indian Foreign Policy Principles

Non-Alignment

The most significant contribution India has made to the international world is its non-alignment policy. The former friends and allies experienced fresh and unheard-of hostility as soon as the Second World War's hostilities came to an end. Cold War is the name given to the intense level of tension. The cold war was brought on by the split of the globe into two groups, each commanded by the former Soviet Union and the United States. India decided without affiliating with any of the power blocs.

Coexistence In Peace and Panchsheel

An essential tenet of our foreign policy is the peaceful coexistence of states with various philosophies and interests. In practise, this implies that the countries inhabited by people of various faiths and with diverse social systems may co-exist, live together in peace, although each follows its own system. This is because the Indian philosophy of vasudhaiva Kutumbkam encourages the sense of one world. The following five guiding concepts are included in the agreement's personable:

1. Mutual respect for one another's sovereignty and geographical integrity.
2. Mutual lack of hostility.
3. Mutual non-interference in one another's private matters.
4. Equal opportunity and mutual gain.
5. Coexistence in peace.

Liberation of Dependent Peoples: Resistance to Imperialism

It has always been a matter of faith for Indian foreign policy decision-makers to oppose colonialism and imperialism. India separated to combat all types of colonialism and imperialism after being a long-time victim of British imperialism.

Resistance to Racial Propagandising

India now firmly believes in the equality of all people. The goal of the policy is to eliminate all social prejudice. Economic aid from outside and India's independent foreign policy. India was certain that a nation's economic growth was a pressing imperative. India focused its resources on a planned and quick all-around growth shortly after gaining its independence. The United Nations and many other international organisations and organisations count India as one of their founding members. Nations will always have disagreements, and there are only two ways to resolve them: by war or through diplomatic means. Since ancient times, the most common means of resolving conflicts has been via war.

Foreign Trade Policy of India

Up until 1991, the Indian economy was subject to high tariffs of more than 200 percent, broad quantitative limitations, and complete protection for foreign investment in India. The Indian economy was liberalised in 1991, and since then, practically all sectors have been free of restrictive measures, save in the most dire circumstances. Since then, trade has contributed significantly to India's GDP, which has climbed from 15 percent in 1991 to 43 percent in 2012–13. In 2005, trade contributed 35 percent of the country's overall GDP. India has recently been pursuing trade policies that are advantageous to both consumers and producers, as well as to the whole economy. India has been more sensitive in its trade policy throughout time, which is reflected in more recent trade policies. It was established in the trade policies of 2004–09 and 2009–14 that India needs to make it easier for such imports that are necessary to boost

1997–2002 EXIM Policy

The 1997–2002 strategy introduced a new idea to Indian trade policies and gave the country's economy a path towards modernisation and liberalisation, which would enable it to merge with other developed economies across the globe. The policy has a lot of important components. 542 items from the restricted list have been moved to the special import licence and freely import list, ending the most contentious value-based licence regime. Additionally, the new Entitlement passbook system was unveiled.

Goal of the EXIM Policy from 1997 to 2002

The following are the main goals of the Export Import Policy from 1997 to 2002:

1. By promoting a dynamic, internationally oriented economy and maximising the advantages from growing global market possibilities, it will be possible to propel the economy from a low level of economic activity to a high level of activity.
2. to promote the achievement of globally recognised quality standards and new job possibilities.
3. to provide consumers with high-quality goods at reasonable costs.

EXIM Policy highlights from 1997 to 2002

1. EXIM Policy Validity. Unlike past policies, which had a three-year validity period, this policy is in effect for five years. It is in effect from April 1, 1937, until March 31, 2019.
2. Liberalisation. The policy's liberalisation is a key component. Licencing requirements, quantity limitations, and other regulatory and arbitrary constraints have all been greatly reduced. All commodities may be freely imported or exported, with the exception of those on the negative list.
3. 150 products from the 543 items on the restricted list were allowed for import.
4. the remaining 392 items have been moved to the open General Licence list, and have been moved to the special import licence list.
5. Export Promotion Capital Goods Programme. The tax on imported capital goods under the EPCG programme has been lowered from 15% to 10%. The threshold limit has been lowered for the agricultural and related industries under the zero duty EPCG programme from Rs. 20 crores to Rs. 5 crores.
6. Advance Licence Programme. Under the advance Licence programme, the export requirement term has been increased from 12 to 18 months. Upon payment of 1% of the value of the unmet exports, a further extension of the first six-month period may be granted.
7. Scheme for Duty Entitlement Passes. Under the DEFB, an exporter may seek for credit as a certain proportion of the FOB value of an export produced in freely convertible currency. The import of raw materials, intermediates, components, parts, packaging materials, etc., may be covered by such credit. in order to export.

EXIM Policy Effects, 1997–2002

The EXIM Policy 1997-2002 was put out with the intention of creating a framework for the Indian economy's globalisation. The policy's very clear purpose, it says, makes this clear. By promoting a lively, worldwide market-oriented economy, it will be possible to raise the level of economic activity quickly and maximise the advantages of growing global market possibilities.

Impact on Agriculture: The EXIM Policy 1997-2002 took several positive measures to support India's agricultural industry. These efforts include offering an extra SIL of 1% for the export of agricultural goods and enabling agricultural EOUs and other units in EPZs to produce 50% of their output inside the domestic tariff zone upon payment of duty.

Impact On Foreign Investment: The EXIM Policy 1997-2002 allowed 100% foreign equity participation in case of 100% EOU's and units set up in EPZs, in order to promote foreign investment in India.

Export-Import Regulation

On March 31, 2002, Union Minister of Commerce and Industry Mr. Murasoli Maran unveiled the EXIM strategy for the next year. The major goal of the strategy was to aggressively promote India's exports by implementing a number of initiatives meant to increase exports of agriculture commodities, small-scale industry products, textile, gems and jewellery, electronic gear, etc.

Zones Special Economic

In special economic zones, Indian banks were permitted to establish offshore banking facilities. These assets would draw foreign direct investment like a magnet. These offshore banking facilities would essentially be Indian branches of international banks. OBUs would be free from the cash reserve requirement and the statutory liquidity criteria, and they would have access to foreign financing at market rates for SEZ developers. This action was taken to increase the competitiveness of special economic zones abroad.

IV. CONCLUSION

In conclusion, the trade climate and economic development of India are significantly shaped by the country's international trade policy. To optimise their trade processes and seize market possibilities, companies doing business with India must comprehend and negotiate these rules. Businesses have both possibilities and problems as a result of the government's emphasis on export promotion, import control, trade agreements, and investment facilitation. Businesses may improve their competitiveness and flourish in the Indian market by remaining educated about the changing trade policies, taking advantage of existing incentives and agreements, and adjusting to regulatory requirements. The international trade policies of India provide business possibilities but also bring difficulties. The ease of doing business may be impacted and trade costs might rise as a result of tariff barriers, complicated regulatory processes, and non-tariff measures. Businesses must be aware of these difficulties and create plans to overcome them.

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