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Seventy Five Years of India's Trade Policies With Special Reference to Agricultural Sector: An Overview

V. Loganathan
Assistant Professor, Department of Economics, DDE
Madurai Kamaraj University, Madurai, Tamil Nadu, India
https://orcid.org/0000-0003-2802-6723

Abstract
After seventy-five years of independence, trade policies play an important role in promoting commerce and integrating India with other countries. At the time of independence, India's commerce was limited to the British and Commonwealth members. Imports from the United Kingdom accounted for 31% of overall Indian imports. The true impetus for the process of import and export liberalisation came from the 1980s onwards, when export and import policies were developed for three years at a time.The Alexander Committee's (1978) and Tandon Committee's (1980) suggestions were included into the succeeding long-term export and import policies from 1985-86 to 1990-91. A policymaker's topics for framing trade policies were export stimulation on the one hand and import relations on the other. Major economic changes in India in 1991, the foundation of the World Trade Organisation (WTO), and the Agreement on Agriculture (AoA) all played critical roles in the further liberalisation of trade policy in India. Signatory nations to the Agreement on farm, in particular, must drastically cut their tariff rates in order to enhance farm commerce by eliminating trade distortion. This agreement, however, sets the path for both developed and developing nations to apply Non-tariff Measures (NTM) as a trade restriction instrument. In this framework, the current research attempts to explore India's trade policy during the last seventy-five years, with a focus on the agricultural sector.
Keywords: Foreign Trade Policies (FTP), Non-tariff Measure (NTM), World Trade Organisation (WTO)

Introduction

In The Discovery of India (1946, P.403), India's first Prime Minister, Nehru, gives the following comments on trade policy: "The goal for the country as a whole was to achieve as far as possible national self-sufficiency." International commerce was not excluded, but we were wary of being sucked into the whirlwind of economic imperialism."India's export-import policy are governed by the Foreign Trade Development and Regulation Act of 1992. The international commerce Development and Regulation Act of India governs and encourages international commerce. The 1947 Imports and Exports Act was superseded with a new Foreign Trade Act, and the DGFT is the principal regulating body for Exim Policy. Foreign commerce Policies (FTP) are critical to India's external commerce. The Foreign Trade Policy (FTP) is a collection of rules and directives created by the Director General of Foreign Trade in topics concerning the import and export of products in India. Every five years, the Government of India's Ministry of Commerce and Industry unveils its Export Import Policy. The next FTP (2023) was announced on March 31st, 2023. Every year on March 31st, the Export Import Policy (EXIM Policy) is modified, and the revisions, enhancements, and new schemes become effective on April 1st. The current article offers a synopsis of India's post-independence international trade policy. For the purposes of debate, the seventy-five years have been separated into pre-reform and reform periods, denoted by the letters A and B.

Objectives

1. To provide an overview of trade policy prior to change.
2. To summarise the Foreign Trade Policies implemented during the reform eras.

India's Trade Policies During Pre-reform and Reform Periods

This section has covered trade policy during the pre-reform and reform periods.

Section A: Trade Policies During Pre-reform Period

During the 1930s, the British government devised trade policies to exploit our country by encouraging the export of foodstuffs, raw resources, and industrial items. At the time of independence, India's commerce was limited to the British and Commonwealth members. Imports from the United Kingdom accounted for 31% of overall Indian imports. Until the 1990s, India's trade policies were extremely restrictive, with most agricultural commodities subject to quantitative limits, canalization, quotas, and high tariffs. Agricultural trade policy encompasses both export and import policies. farm export policies were designed to increase export revenues, while farm import policies were designed to minimise import spending and volume. So that the unfavourable trade balance in agriculture can be corrected.

During the first plan era, from 1951 to 1956, Indian planners prioritised agriculture, resulting in India's comfortable position in food grain production. However, it pursued a liberalised policy in capital goods imports, which resulted in a balance of payment crisis in 1956-57. Finally, India imposed many quotas on imports of both non-essential and essential items. Imports were divided into three categories: prohibited items, limited canalised products, and things subject to the Open General Licence (OGL). During the third plan period, export and import liberalisation were achieved through devalued rupees and the Green Revolution, while the first leads to the liberalisation of 59 key industries, including capital industries and other common industries. Later, imports of fertiliser, seeds, and pesticides are required to implement the new approach.

The year 1977-78 marked the beginning of a new period of import liberalisation in India, which continued until the 1980s. The true impetus for the process of import and export liberalisation came in the 1980s, when export and import policies were developed for three years at a time. The first three years of EXIM policy were from 1985 to 1988. The second covered the years 1988-1991. The third policy spanned the years 1990-1993. This was disclosed early due to unforeseen circumstances.

The Alexander Committee's (1978) and Tandon Committee's (1980) suggestions were included into the succeeding long-term export and import policies from 1985-86 to 1990-91. A policymaker's topics for framing trade policies were export stimulation on the one hand and import relations on the other. During this time, short-term trade policy was transformed into long-term trade policy. Many initiatives were taken to stimulate exports, including lower input costs, goods credit for working capital, direct financial support to exporters, and exempting export units from paying indirect taxes. Apart from this, many direct and indirect actions have been implemented, such as exemption from MRTP, rupee depreciation, and decrease in import cash margins. EXIM scripts are being introduced, and export controls are being relaxed.

Section-B: Trade Policies During the Reform Period

Agricultural trade practises during the reform period are addressed below:

Agriculture in EXIM Policy (1997-2002)

EXIM Policy is the government's export-import policy, which is issued every five years. It is sometimes referred to as Foreign Trade Policy. This policy includes basic provisions for exports and imports, as well as promotional measures, duty exemption schemes, export promotion schemes, special economic zone programmes, and other specifics for certain industries. Every year, the government issues a policy supplement. This EXIM strategy emphasised the significance of agricultural exports and highlighted steps such as the establishment of Agri export zones, the reduction of procedural barriers, and marketing cost help. The most significant innovation of this programme is

Agri Export Zones (AEZ). The Agriculture Export Zone, which was defined by the state government for certain goods, was established under the EXIM policy 2001 to provide significance to the agriculture industry.

National Agriculture Policy 2000

The following were the key goals to be achieved in the first National Agriculture Policy, which was unveiled in July 2000:

1. An annual growth rate of more than 4% in the agricultural industry.
2. Growth based on resource efficiency and conservation of soil, water, and biodiversity.
3. Equitable and broad growth among areas and farmers.
4. Demand-driven growth that caters to domestic markets while maximising gains from agricultural product exports in the face of economic liberalisation and globalisation challenges.
5. Technologically, ecologically, and economically sustainable growth.

A variety of programmes were established to achieve this goal, including Bharat Nirman, credit to floriculture, micro-irrigation, and agricultural market reforms.

Agriculture in EXIM Policy (2003-2004)

- Corporate sponsors were urged to support the Agri-Export zone.
- These corporations would be provided the right incentive to allow AEZ investment in infrastructure, processing, packing, storage, R&D, and other facilities in designated AEZs.
- Through the Duty Entailment Pass Book (DEPS), it directed farmers to employ regular inputs to increase production and quality. This will guarantee that Indian farmers employ the necessary inputs in a systematic manner in order to increase output and quality.
- The restriction on the import of 69 products has been lifted. Animal products, vegetables and spices, antibiotics, and films are all included.
- Five products were removed from the restricted list. Paddy (excluding basmati), cotton linters, rare earth products, and silk cocoons are among the items included.
- Agriculture/horticulture processing plants are permitted to offer inputs and necessary equipment to boost output in accordance with the needs of importing nations.

Agriculture in EXIM Policy (2004-09)

This agriculture policy introduced a new scheme/incentive to enhance agricultural commodity exports.

- This strategy established the Vishesh Krishi Upaj Yojana (Special Agriculture goods Scheme) to encourage the export of fruits, vegetables, flowers, minor forest goods, and value-added items. New export excellence towns with a threshold limit of Rs.250 crores are to be announced.
- It declared a duty-free entitlement of 5% of the Free On Board (FOB) value of agricultural exports.
- It authorised the use of funding from the Assistance to States for Developing Export Infrastructure and Related Activities (ASIDE) to establish Agri-Export Zones.
- The import of seeds, bulbs, tubers, and planting materials was liberalised to improve yield, and the export of plant sections, derivatives, and extracts was liberalised to boost the export of medical plants and herbal goods.
- With effect from 2005, the export cess on all agricultural and plantation goods charged under different commodity board legislation has been removed.
- To enhance international commerce, interstate trade councils, including agriculture, are being established.
- The Vishesh Krishi Upaj Yojana plan will include exports of chicken and dairy products, as well as other items to help rural communities, in addition to exports of flowers, fruits, vegetables, minor forest produce, and value-added products.
- The Shellac Export Promotion Council was established to encourage the export of "Minor Forest Products."
- The "Focus Product" and "Focus Market" schemes have been developed to give extra incentive to boost export of items with high employment potential and penetration of important markets with Indian products, particularly regions where India's exports are low.

Agriculture in EXIM Policy (2009-14)

- Capital items imported under EPCG may be installed anywhere inside the AEZ.
- Advance Authorisation for agricultural exports allows for the import of inputs.
- New export excellence towns with a threshold ceiling of Rs.150 crore will be notified.
- In addition to the standard advantage under VKGUY, some designated flowers, fruits, and vegetables are eligible for special duty credit scrip.

Agriculture in EXIM Policy (2015-20)

- The concepts of 'Make in India' and 'Digital India' will be included into this Foreign Trade Policy.
- MEIS will support agricultural and village industry goods globally at rates of 3% and 5%, respectively. MEIS will give a higher degree of assistance to processed and packaged agriculture and food commodities.
- Towns of Export Excellence (TEE) will get priority financial assistance under the MAI plan for export promotion initiatives involving marketing, capacity building, and technology services.
- Authorization under the EPCG programme will be granted to Common Service Providers in TEE regions.
- An Export Unit (EOU) involved in agriculture, animal husbandry, aquaculture, floriculture, horticulture, pisciculture, viticulture, poultry, or sericulture may be allowed to remove designated items for use beyond the unit's facilities.
- Only projects with a minimum investment of Rs.1 Crore in plant and machinery will be considered for EOU formation. However, current EOUs in the Handicrafts/Agriculture/Floriculture/Aquaculture/Animal Husbandry/Information Technology, Services, Brass Hardware, and Handmade Jewellery sectors are exempt. BOA may permit the formation of EOUs with reduced investment requirements.

Agricultural Export Policy 2017-18

The Agriculture Export Policy 2017-18 envisions the following:

- To double agricultural exports from US$ 30+ billion to US$ 60+ billion by 2022, and then to US$ 100 billion in the following years, with a stable trade policy environment.
- Diversifying our export basket and destinations, as well as increasing high-value and value-added agricultural exports, with a concentration on perishables.
- To encourage the export of new, indigenous, organic, ethnic, traditional, and non-traditional agricultural goods.
- To provide an institutional framework for seeking market access, overcoming impediments, and dealing with sanitary and phytosanitary challenges.
- To seek to double India's share in global agricultural exports as soon as possible by integrating with the global value chain.
- Allow farmers to benefit from export prospects in the international market.

Foreign Trade Policy 2023

The policy's Key Approach is built on four pillars: (i) Incentive to Remission, (ii) Export Promotion through Collaboration - Exporters, States, Districts, Indian Missions, (iii) Ease of Doing Business, Transaction Cost Reduction, and E-Initiatives, and (iv) Emerging Areas - E-Commerce. Creating Export Hub Districts and simplifying SCOMET policies.

- Process Re-Engineering and Automation: The strategy emphasises export promotion and development, shifting from an incentive regime to a supportive regime based on technological interface and collaborative principles. FTP 2023 codifies implementation techniques in a paperless, online environment, expanding on previous "ease of doing business" initiatives.
- Duty exemption programmes for export manufacturing will now be executed via Regional Offices in a rule-based IT system environment, removing the requirement for manual interface. Cases identified under the risk management framework will be carefully reviewed, while the bulk of applicants are likely to be initially covered through the 'automatic' method.
- Towns of Export Excellence: In addition to the existing 39 towns, four additional towns,

Faridabad, Mirzapur, Moradabad, and Varanasi, have been declared as Towns of Export Excellence (TEE). This inclusion is likely to promote handloom, handicraft, and carpet exports.

- Exporter Recognition: Exporter enterprises recognised with 'status' based on export success will now be partners in capacity-building programmes encouraged to deliver trade-related training to interested persons based on a model curriculum. This would assist India in developing a trained labour pool capable of serving a $5 trillion economy by 2030.
- Promoting export from the districts: The FTP intends to form relationships with state governments and advance the Districts as Export Hubs (DEH) programme, which aims to encourage exports at the district level and expedite the establishment of a grassroots trade ecosystem.
- Streamlining SCOMET Policy, there is a greater awareness and knowledge of SCOMET (Special Chemicals, Organisms, Materials, Equipment, and Technologies) among stakeholders, and the policy regime is being strengthened to better execute India's international treaties and accords.
- Facilitating E-Commerce Exports, E-commerce exports are a potential sector that needs governmental interventions that differ from traditional offline trade. Various estimates place e-commerce export potential between $200 and $300 billion by 2030. FTP 2023 describes the goal and strategy for developing e-commerce centres, as well as associated features including payment reconciliation, bookkeeping, returns policy, and export rights. As a starting point, the FTP 2023 increased the consignment-wise ceiling on E-Commerce exports via courier from 5 lakh to 10 lakh. Extensive outreach and training initiatives will be undertaken to strengthen the ability of craftsmen, weavers, garment makers, gems and jewellery designers in order to onboard them on E-Commerce platforms and promote increased exports.
- The Export Promotion of Capital Goods (EPCG) Scheme, which enables the import of capital goods at zero Customs tax for export manufacturing, is being rationalised further. Among the significant modifications are:The Prime Minister Mega Integrated Textile Region and Apparel Parks (PM MITRA) scheme has been added as an additional scheme eligible to claim benefits under the CSP (Common Service Provider) Scheme of the Export Promotion Capital Goods Scheme (EPCG), Dairy sector to be exempted from maintaining Average Export Obligation - to assist the dairy sector in upgrading technology, Battery Electric Vehicles (BEV) of all types, Vertical Farming equipment, Wastewater Treatment and Recycling.
- Amnesty Programme, Finally, the government is dedicated to eliminating litigation and developing trust-based partnerships to assist exporters overcome challenges. Under the FTP 2023, the government is implementing a unique one-time Amnesty Scheme to resolve default on Export Obligations. This plan is designed to help exporters who have been unable to satisfy their commitments under EPCG and Advance Authorizations and are burdened by excessive duty and interest charges connected with pending cases. It is intended that this amnesty will provide these exporters with a fresh start and an opportunity to comply.

Conclusion

India has developed an effective Foreign Trade Policy to encourage domestic exporters. In its strategy, the government has attempted to enhance exports of items with a solid domestic market base. India is also attempting to boost exports in other industries. Based on the preceding debate, I'd like to make a few observations. First, these foreign trade policies are inextricably linked with the development of international organisations such as the WTO, FAO, and IMF, among others. Second, prior to reform, India began to liberalise its international commerce with the exception of agriculture. Third, the founding of the WTO in 1991 resulted in increased liberalisation of the agriculture sector. Fourth, as a result of the digital revolution and climate change adaptation, contemporary trade regulations have placed a greater focus on e-commerce and environmental concern trade. Though international commerce has played an important role in meeting consumer requirements, it is equally critical to defend the welfare of domestic producers. Nowadays, the government is developing policies with the goal of lowering reliance on foreign products such as palm oil, pulses, defence items, capital goods, and gold, among others. Furthermore, the government has launched various new initiatives to meet the aforementioned aims, including Make in India and the Product Linked Incentive Scheme.

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Author Details

V. Loganathan V, *Assistant Professor, Department of Economics, DDE, Madurai Kamaraj University, Madurai, Tamil Nadu, India.* **Email Id :** *loganathan.ias8@gmail.com.*