AN ASSESMENT OF THE RECENT FREE TRADE AGREEMENTS BY INDIA

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ABSTRACT

A Free Trade Agreement is an agreement which happens either on bilateral or multilateral levels between countries in order to reduce trade barriers in transactions happening across borders. These agreements, by nature, generally deal with determination of the tariffs and duties imposed if imports, exchange rates and subsidies on certain goods, absence or relaxation of trade restrictions, trade protectionism and economic isolationism. This acts as a mutual agreement facilitating the countries involved by taking into account, the interest of all the parties. The Republic of India has viewed Free Trade Agreements as a vital tool to enhance important trade and investments and has entered into FTAs with a number of countries across the world. India stands as one of the leading countries in Asia in terms of pro posing, negotiating and signing FTAs. Leaving apart the FTAs which are being negotiated and deliberated upon, India has already signed 13 FTAs with the most recent ones being India-Mauritius Comprehensive Economic Co-operation and Partnership agreement, India-UAE Comprehensive Partnership Agreement and India-Australia Economic Cooperation and Trade Agreement. Our state has signed a few limited coverage Preferential Trade Agreements on both bilateral and multilateral levels. As per the Ministry of Commerce and Industries, which is assigned with the mammoth task of analysing the performance and success index of these FTAs, several economic impact assessments (both qualitative and quantitative) which were conducted till date on a periodic basis report that transaction in terms of import and export has significantly increased with almost all the FTA partners.

REVIEW OF LITERATURE

The article "From non-discriminatory liberalisation to FTAs" by Razeen Sally examines the political considerations involved in an FTA formulation and contrasts the nature of FTAs in an economy throughout the pre-liberalisation and post-liberalisation eras. The study "India's trade deficit with China: Will the FTA work for India?" uses a stochastic frontier gravity model to investigate how much trade deficit reduction is possible under fictitious full export potential scenarios due to various preferential trading arrangements. The empirical research demonstrates that when the impact of India's current "behind the border" barriers are removed, India's potential advantage is high.

India concentrated on signing comprehensive agreements that included provisions for both investment and merchandise and services trade because of the emphasis on service exports and investment requirements. India is now taking part in the ongoing RCEP (Regional Comprehensive Economic Partnership) talks, where ASEAN continues to be the focal point. With the use of a few trade indicators, "Is It Finally Time For India's FTAs: The ASEAN Present and the RCEP Future" assesses the Indo-ASEAN trade dynamics and trends over the past ten years and offers opinions on the RCEP's future. "Some Critical Issues in the EU-India FTA Negotiations" discusses many important topics in the discussions and the EU's response to them. A few suggestions in "Mapping India's Foreign Policy" are compatible with India's current FEP and provide a fair perspective. These might even increase the likelihood that the Indian Constitution's vision of justice would come to pass. With a wealth of study to make our job analytical enough to handle the majority of the problems, all these well-written research works assisted us in arriving at a practical answer.

RESEARCH METHOD

The primary aim of this research paper is to study and analyse recent free trade agreements signed by India. India has been pursuing free trade agreements (FTAs) with various countries and regions to boost its trade and investment. However, there have been debates about the benefits and drawbacks of such agreements. Some argue that FTAs can increase market access, promote competitiveness, and attract foreign investment. On the other hand, others criticize FTAs for undermining domestic industries, reducing employment opportunities, and exacerbating income inequality. Therefore, this research paper consolidates the data that we analysed and studied mainly from the primary and secondary sources. The data used in this research paper is mostly qualitative data and beside this we relied on interviews, blogs, speeches and news groups by foreign experts. The researchers have heavily relied on official records from government websites and other government documents and reports. For this purpose, we prepared a list of questions regarding the respective topics and then we approached the experts, we opted to do this in such a manner so as to minimise ambiguity in our questions. Later we complied and analysed their responses and came to prudent and conclusive end.

INTRODUCTION

Every country is dependent on other country to satisfy its demands through trade and commerce and to introduce innovation as no country is absolutely self-reliant in every aspect. Trade is a major source of revenue for counties through taxes and entry barriers.to make trade easier two or more countries or bloc enter into free trade agreement by eliminating or reducing custom tariff or non-tariff barriers on the substantial trade. FTAs typically cover a wide range of economic activities including trade in goods, services, intellectual property right, investment, competition policy and government procurement and other areas. This concept of free trade is opposite of trade protectionism or economic isolationism.

Free trade agreements are agreements between two or more countries to conduct trade relations in terms of the import and export of goods and services with the least amount of interference from government regulations governing the trade, such as the applicability of tariffs, quotas, trade-related subsidies, and prohibitions on the exchange of goods. Thus, free trade agreements support the total abolition of trade restrictions. If a country adopts a free trade policy, the government of that country does not need to work to promote the policy since it assumes its own form and structure once it is approved by the government. The purpose of the free trade agreement is to advance commerce and encourage initial participation in. Trade between and among countries grows simpler as trade prohibitions are less likely to be fully absent. Through a formal agreement between or among the countries conducting the commerce, free trade agreements function. Trade liberalisation or laissez-faire trade are other names for this type of trade arrangement. In his book On the Principles of Political Economy and Taxation, David Ricardo, a 17th-century economist, made the observation that although free trade is by its very nature diversified, the lowering of the price of export goods opens the door to the exploitation of domestic ideas, creation, and development. He might just have been true for the fact that although free trade agreements come with a lot of advantages for the countries involved in the agreement, the disadvantages associated with free trade cannot be overseen.

The issue with free trade agreements is that they conflict with other international trade treaties. Although the disagreement can be resolved, it is damaging to the free trade agreements as a whole. Additionally, the rules that currently control free trade agreements are essentially the clauses that interpret the idea of free trade agreements under a statute that was originally written to govern something else other than a free trade agreement. As a result, there are no particular laws that apply specifically to free trade agreements. Free trade also has a downside of allowing wealthy, stable economies to exploit less developed nations. When the major free-trade participants begin conducting trade in an unfair and dishonest manner, exploitation sets in. The nation, which is typically poor, finds it difficult to import these commodities because of the subsidies and tariffs attached to numerous products. Therefore, just like general trade agreements, it is necessary to determine the legitimacy of free-trade agreements in order to protect the nations from being exploited.

INDIA’S FTA POLICY

India has implemented free trade agreements (FTAs) with several countries and regions to increase trade and investment flows, and enhance economic cooperation. The policy aims to reduce or eliminate tariffs and non-tariff barriers on goods and services traded between the parties to the agreement. India's FTA policy focuses on strengthening economic ties with key trading partners, such as ASEAN, Japan, South Korea, and the European Union. The agreements cover a wide range of sectors, including agriculture, manufacturing, services, and intellectual property. India is currently negotiating several FTAs, including with the European Union, Australia, and the United Kingdom. The government is also reviewing its existing FTAs to assess their impact on the Indian economy and trade, and to identify areas where they can be further improved. In general, India's FTA policy includes provisions related to trade in goods, trade in services, investment, intellectual property, dispute settlement, and other areas. The policy also takes into account the interests of various stakeholders, including industry, farmers, consumers, and workers.

However, India's FTA policy has been the subject of some criticism, with some stakeholders expressing concerns that the agreements may harm domestic industries and lead to job losses. In response, the government has taken steps to address these concerns by negotiating safeguards and other measures to protect sensitive sectors.

NON-TARIFF MEASURES

With other nations, India has a number of Free Trade Agreements (FTAs), each of which has its own set of non-tariff and tariff restrictions. Tariff barriers make imported items more expensive than domestically produced goods by imposing import charges or taxes on them once they enter the domestic market. In general, India's FTAs seek to lower trade barriers for goods between signatory nations. Non-tariff measures are administrative tools used to control or limit imports and exports. India may put non-tariff restrictions on commodities traded under its FTAs, as follows:

Rules of Origin: The country of origin of a product is determined by rules of origin, which is crucial for evaluating whether or not a product qualifies for favourable tariffs under an FTA. The amount of processing or value added in the nation of origin of the product must meet specific requirements in order for it to be eligible for preferential treatment.

Technical trade restrictions: Regulations and standards that are employed to make sure that products fulfil specific quality, safety, and environmental criteria are referred to as technical trade barriers. These requirements may be applied as a non-tariff measure to control imports.

Regulations that are employed to safeguard the health of people, animals, and plants are known as sanitary. These actions can be taken as non-tariff measures to control imports.

Import Licencing: As a non-tariff mechanism to limit or regulate imports, India may issue import licences for specific items.

Overall, India's FTAs seek to harmonise regulatory frameworks, lower or eliminate tariff barriers, and ease trade between signatory nations. Non-tariff barriers may still be employed to control the trade in some goods, nevertheless.

INDIA AND IT'S FTAs WITH REGIONAL GROUPS AND ITS COMPONENTS

Through the signing of Free Trade Agreements (FTAs) with numerous nations and regional groups, India has been attempting to strengthen its position in global value chains and increase the size of its market. This is a component of their overall economic strategy to increase exports and draw in foreign capital. FTAs are agreements between two or more nations or regions with the goal of lowering or removing trade restrictions like tariffs and quotas in order to increase trade and investment. India wants to enhance its access to international markets, lower the price of imports, and draw in foreign capital through signing FTAs. India has already negotiated free trade agreements (FTAs) with a number of nations and regional groups, including ASEAN, South Korea, Japan, and Malaysia. FTAs are now being negotiated with other nations. India's experience with FTAs, nevertheless, has been uneven; although certain industries have benefited from more trade and investment, others have struggled as a result of more import competition. Concerns have also been raised about how FTAs may affect India's domestic economy and agriculture. India has been examining its current FTAs and carefully negotiating new ones in order to allay these worries. It has been working to find a balance between protecting indigenous businesses and agriculture and increasing exports. The success of FTAs would depend on careful negotiation and implementation, as well as efficient policies to assist domestic businesses and farmers. In general, FTAs are considered as a key tool for India to increase its participation in global value chains and grow its market. FTAs have traditionally prioritised lowering tariffs and fostering commerce in products. But as the nature of international commerce has changed, modern trade components like sustainability, adaptability, labour, gender, and digital trade have become crucial in determining India's Free commercial agreements. Sustainable development is a key component of India's FTAs. By incorporating environmental and social norms into its trade agreements, the nation has been encouraging sustainable trade. India has long promoted a sustainable development plan that takes into account environmental, social, and economic factors. As a result, provisions for sustainable forestry, fisheries, and wildlife preservation are now included in India's FTAs. India and Japan have also agreed to a joint statement on robust and sustainable supply chains, which emphasises the significance of sustainable business practises.

Another important component of India's FTAs is resilience. The COVID-19 epidemic has brought to light how crucial it is to strengthen supply networks' resilience and encourage commerce in necessities. In order to guarantee the uninterrupted flow of commodities, India has actively promoted commerce in necessities and inked agreements with a number of nations. Currently, provisions for disaster risk reduction, emergency response, and business continuity planning are included in India's FTAs. India has also started the Atmanirbhar Bharat initiative to support economic resilience and self-sufficiency. The FTAs with India must also take labour standards into consideration. In its trade agreements, the nation has pushed for social fairness and decent labour. In its trade agreements, India has pushed for the inclusion of labour standards like freedom of association, collective bargaining, and the prohibition of child labour. FTAs with India increasingly include clauses addressing social rights and labour standards. India and the European Union have recently signed a joint statement on labour rights that emphasises the significance of upholding labour standards in commerce.

Another crucial component of India's FTAs is gender. In its trade accords, the nation has pushed for gender equality and women's empowerment. To support women's economic development, India has pushed for the inclusion of gender-specific clauses in its trade agreements. The gender equality clauses in India's FTAs currently cover topics including encouraging women's participation in commerce and resolving gender-based discrimination. India has also begun to promote females' education and empowerment through the Beti Bachao Beti Padhao initiative. An emerging component of India's FTAs is digital trade. The nation has been pushing digital trade to foster economic development and progress. India has pushed for the inclusion of clauses pertaining to electronic trade in its trade agreements. The Free Trade Agreements with India have grown to encompass elements of contemporary trade including sustainability, resilience, labour, gender, and digital trade. These factors play a crucial role in determining India's trade policy and encouraging economic expansion and development. India's trade agreements and activities demonstrate its dedication to fostering equitable, resilient, and sustainable commerce. India's FTAs will continue to adapt to meet the changing needs of its economy and society as the global trade landscape changes.

Between the seven South Asian nations of India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan, and the Maldives, the SAPTA (South Asian Preferential Trade Agreement) was drafted and signed in 1993. The agreement's objectives were to advance regional commerce and lower barriers to trade among the participating nations. However, a number of factors, including non-tariff barriers, political unrest, and a lack of infrastructure, prevented it from producing the expected effects. The member nations decided to upgrade SAPTA to SAFTA (South Asian Free Trade Area) in 2004 to address these concerns and further advance regional trade. SAFTA aspires to gradually reduce tariffs on the majority of goods traded within the region. India, one of the primary participants in the SAFTA region, has been advocating for more economic ties between the South Asian nations. However, a number of factors, including non-tariff barriers, political unrest, and a lack of infrastructure, have slowed the implementation of SAFTA. In addition, several of the nations have been hesitant to open their markets to Indian exports due to worries about trade imbalances and competitiveness. India has also been pursuing FTAs with other nations and regions in an effort to further improve its trade links with other nations. An FTA is a trade pact between two or more nations that intends to lower or do away with tariffs, quotas, and other trade restrictions on the exchange of goods and services.

The FTA with EFTA is expected to provide several benefits to India, including increased market access for its goods and services, enhanced technology transfer, and greater cooperation in areas such as renewable energy and sustainable development. However, there have also been concerns over the impact of the FTA on certain sectors of the Indian economy, particularly the pharmaceutical industry. In conclusion, SAPTA and SAFTA have helped to promote regional trade among South Asian countries, but their progress has been slow due to various reasons. India has also been pursuing FTAs with various countries and regions to enhance its trade relations and attract foreign investment. These agreements have provided several benefits to India, but there have also been concerns over their impact on certain sectors of the Indian economy. With a number of nations and regions, including Singapore, Japan, South Korea, ASEAN (Association of Southeast Asian Nations), and the European Union, India has ratified free trade agreements (FTAs). These agreements have aided in raising India's exports and luring international capital to the nation. Concerns have also been raised about how these accords may affect key industries within the Indian economy, particularly agriculture. The European Free Trade Association (EFTA), which consists of four European nations (Switzerland, Norway, Iceland, and Liechtenstein), and India have been discussing an FTA in recent years. Both parties have made substantial progress in lowering tariffs and non-tariff obstacles since the negotiations began in 2008.

A preferential trade agreement (PTA) known as the Asia-Pacific Trade Agreement was concluded in 1975. It includes Bangladesh, China, India, Laos, South Korea, and Sri Lanka, six nations from the Asia-Pacific area. By lowering tariffs and non-tariff obstacles on particular products, the pact seeks to encourage intra-regional trade. As an APTA participant, India has negotiated preferential trade agreements with a number of nations, including Sri Lanka, Bangladesh, and South Korea. Reduced tariffs on specific products imported and exported between India and these countries are made possible by these agreements. India's trade with these nations has increased thanks to the APTA.

For instance, with the implementation of the India-Sri Lanka Free Trade Agreement (FTA) under the APTA, India's trade with Sri Lanka surged from $449 million in 2010–11 to $1.3 billion in 2019–20. Similar to this, with the introduction of the India-Bangladesh PTA under the APTA, India's trade with Bangladesh surged from $6.8 billion in 2010–11 to $10.2 billion in 2019–20. India has benefited in a number of ways from its preferential trade agreements with APTA nations. First of all, they have boosted trade between India and these nations. The economic prosperity in India and the other APTA nations has benefited from this. Second, because of the reduced tariffs on imported goods, consumers in India and the other APTA nations have paid less for commodities. The favourable tariff agreements India has with APTA nations have presented some difficulties as well. The problem of trade imbalances is one of the major obstacles. China and South Korea are two APTA nations that have substantial trade surpluses with India. In other words, India imports more products from these nations than it sends back. Due to competition from less expensive imports, this could result in job losses and income losses in India's indigenous sectors. Non-tariff barriers are still another obstacle. Despite the APTA's efforts to lower non-tariff barriers like technical rules and standards, these hurdles can still seriously impede trade. Finally, there are advantages and disadvantages to India's preferential trade accords with APTA nations. Increased commerce, lower consumer costs, and more competition are all results of these agreements. The trade imbalances and non-tariff barriers they have produced, however, can also be a hindrance to commerce. Overall, India's APTA membership has benefited the nation's economy, but it is crucial to keep addressing these issues to make sure that the accords' advantages are fully realise.

Foreign commerce is essential to a nation's economic development. Since the 1990s, India has pursued an open and liberal foreign trade strategy. In order to strengthen its trade and economic relations with the rest of the globe, India has recently concentrated on signing Free Trade Agreements (FTAs) with other nations and regions. India's FTA strategy, however, has generated discussion because of a number of problems with its execution and results. In this essay, we'll talk about the key concerns with India's foreign trade strategy in relation to FTAs. First off, the detrimental effect on indigenous industries is one of the key problems with India's FTA policy. India's domestic industries, particularly the small and medium-sized businesses (SMEs), have been up against fierce import competition, particularly from nations with which India has signed free trade agreements (FTAs). An surge of less expensive imports has resulted from the elimination or lowering of tariffs under FTAs, endangering native industry. Production and employment have decreased as a result of the Indian industry's inability to compete with global suppliers on price and quality. Second, concerns have been raised about the FTA discussions' lack of transparency and public engagement. The general public and stakeholders do not have easy access to information on the specifics and effects of FTAs. There are concerns regarding the results and ramifications of FTAs due to the government's lack of transparency during the negotiation process. Thirdly, India has been quite concerned about the issue of asymmetry in the benefits of FTAs. India hasn't always been able to take full advantage of the advantages of FTAs. For instance, since the 2009 signing of the India-ASEAN Free Trade Agreement, imports from ASEAN nations have increased, while India's exports to ASEAN have not increased considerably. Fourthly, India's FTA policy has struggled with the problem of non-tariff barriers (NTBs). NTBs, or non-tariff barriers, can obstruct trade. They include technical rules, standards, and other non-tariff measures. These constraints have made it challenging for India to export to some of its FTA partners. The use of NTBs by India to defend its own sector from imports has also been criticised, which has strained relations with its FTA partners. Fifthly, the rules of origin (RoO) controversy has presented a problem for India's FTA strategy. The terms "RoO" and "Origin of Origin" both refer to the same thing. The FTA has occasionally been abused by India's partners as a result of challenges the country has had implementing RoO. For instance, in the case of the India-ASEAN FTA, there have been instances of third-country imports being routed through ASEAN countries to take advantage of the tariff concessions. Sixthly, the issue of intellectual property rights (IPRs) has been a concern for India's FTA policy. India has been opposing some of the IPR provisions in the FTAs, especially those related to pharmaceuticals, as they can have a negative impact on access to affordable medicines. India's stance on IPRs has led to tensions with its FTA partners, particularly the US. In conclusion, India's FTA policy has been a subject of debate due to various issues related to its implementation and outcomes. The negative impact on domestic industries, lack of transparency and public consultation in the negotiation of FTAs, asymmetry in the benefits of FTAs, non-tariff barriers, rules of origin, and intellectual property rights. When India was renowned for its textiles, spices, and precious stones in antiquity, it had a long history of trading with other countries. However, over the years, particularly since gaining independence in 1947, India's international trade strategy has undergone major changes. The development of India's foreign trade strategy and the early years of Free Trade Agreements (FTAs) will be covered in this article.

EVOLUTION OF INDIA’S FOREIGN TRADE POLICY

Prior to gaining its independence, India was a British colony, and the British Empire benefited from the country's foreign trade strategy. The bulk of India's trade was made up of imports from Britain of finished commodities and exports of raw materials like cotton, jute, and tea. Due to the exploitative nature of this trading relationship, India's economy suffered from deindustrialization and underdevelopment.

India implemented a protectionist trade strategy in 1947 to support home grown businesses and lessen its reliance on imports. The government sought import substitution industrialization (ISI), set stringent restrictions on foreign investment, and levied high tariffs and quotas on imports. The ISI policy sought to promote the development of indigenous industry by shielding them from foreign competition. This strategy led to the development of several public sector businesses that received preferential treatment in the form of financial aid, tax cuts, and government contracts. But the ISI had a number of drawbacks, such as a lack of competitiveness, inefficiency, and corruption.

India's economy experienced a balance of payments problem, high inflation, and slow development in the late 1980s and early 1990s. Under the direction of the World Bank and the International Monetary Fund (IMF), the government was compelled to implement economic reforms. These changes included deregulation of industries, liberalisation of trade regulations, and opening the economy to foreign investment. India's trade policy was liberalised by lowering tariffs, abolishing quotas, and streamlining import and export procedures. The licencing system, which had previously prevented the entry of new companies into the market, was likewise eliminated by the government. These changes led to a significant increase in India's foreign commerce and a deeper integration of the nation into the world economy.

The goal of India's foreign trade strategy is to increase the nation's involvement in international trade in order to foster economic growth and development. The government has recently taken a number of steps to liberalise international trade policy and make it more conductive to investment and commerce. Increasing exports, especially in high-value-added industries like manufacturing and services, is one of India's main goals in terms of international trade. The government has taken a number of steps to accomplish this goal, including streamlining export procedures, offering financial incentives to exporters, and encouraging the growth of export-oriented enterprises. Bringing in foreign investment is one of India's main goals in its international commercial relations. The administration has implemented a number of initiatives to enhance the business environment in the nation, including easing restrictions on foreign investment and offering incentives to international companies. In addition, establishing regional and multilateral trade agreements is a key component of Indian foreign trade policy. Numerous bilateral and regional trade agreements have been struck by the nation, including the Free Trade Agreement (FTA) with ASEAN and the Comprehensive Economic Cooperation Agreement (CECA) with Singapore. India participates actively in the World Trade Organization's (WTO) negotiations as a member as well.

India has introduced a number of trade facilitation measures to make it easier for businesses to conduct trade, including a single-window system for imports and exports, streamlined customs processes, and updated port facilities. To increase the effectiveness and transparency of commercial transactions, the government has also put into place a number of digital initiatives, including the Electronic Data Interchange (EDI) system. The government has recently concentrated on fostering the export of agriculture and related goods. The Agricultural and Processed Food Products Export Development Authority (APEDA) was created to promote the export of agricultural goods, and many financial incentives are offered to attract investment in the industry. The main objectives of India's foreign trade strategy are to increase the nation's competitiveness in the international market, encourage exports and foreign investment, and support regional and multilateral trade agreements. To facilitate trade, enhance the environment for investment, and encourage the growth of industries focused on exports, the government has put in place a number of initiatives. India actively participates in a number of regional trade alliances and has been working to strengthen its economic connections with its neighbours. Let's look at India's participation in some of the important regional trade blocs and its examination of intra-regional trade.

The SAARC (South Asian Association for Regional Cooperation): India was one of the original members of SAARC when it was founded in 1985. The South Asian Association for Regional Cooperation (SAARC), whose members include Bangladesh, Afghanistan, India, Pakistan, Sri Lanka, Nepal, and the Maldives, seeks to foster economic and cultural cooperation among its members. Due to a number of problems, including trade restrictions and political unrest, intra-regional trade between SAARC nations has remained low. However, there have been initiatives to improve regional trade and connectivity, such as the creation of the SAPTA.

India is a participant in BIMSTEC, an organisation that was founded in 1997 and is part of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation. India, Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka, and Thailand make up the seven member states of the sub regional bloc known as BIMSTEC. Promoting economic cooperation and strengthening regional integration are two of BIMSTEC's main objectives. Even though it is still at a low level, intra-regional commerce among the BIMSTEC nations has been growing recently.

Association of Southeast Asian Nations (ASEAN): Since the 1990s, India has maintained relations with ASEAN, a regional grouping made up of 10 Southeast Asian nations. India and ASEAN have continuously improved their economic and trade connections, and in 2009 they agreed to a free trade agreement (FTA) for goods. There has been an increase in intra-regional commerce among ASEAN nations, and this trend is anticipated to continue.

The Regional Comprehensive Economic Partnership (RCEP), a trade pact involving 15 nations in the Asia-Pacific region, including ASEAN, China, Japan, South Korea, Australia, and New Zealand, was first discussed at talks in which India participated. India left the negotiations in 2019, meanwhile, citing worries about how the deal would affect its own sector.

India's trade with its neighbours has been expanding in terms of intra-regional trade, although it is still relatively modest when compared to trade with other areas. According to World Bank data, South Asia's intra-regional commerce was about 5.5% of all trade in 2019, compared to about 59% for the European Union and about 68% for ASEAN. Efforts to improve regional connectivity and commerce, such as the construction of transport facilities and the removal of trade restrictions, may aid India and its neighbours in increasing intra-regional trade. India's foreign trade strategy aims to increase exports, encourage foreign investment, and ease imports of necessities in order to boost the nation's economic growth. To accomplish these objectives, the Indian government has taken a number of actions. The Indian foreign trade policy will be thoroughly covered in this critical examination, with emphasis on both its advantages and disadvantages.

CHALLENGES AND THE ROAD AHEAD

Over the years, India's international trade strategy has changed significantly. Prior to independence, India imported finished commodities from Britain and exported raw materials like cotton and jute. Following independence, the government adopted an import substitution strategy, imposing high import duties and quotas to safeguard native industry. However, this strategy produced inefficiencies and cut off India from the world economy. India started its economic liberalisation process in 1991 by removing trade barriers, lowering tariffs, and allowing more imports and exports. In order to further integrate India into the global economy and increase its competitiveness, the government unveiled the New Economic Policy. This change in strategy signalled a turning point in India's international trade strategy.

India has made significant progress since 1991 as a result of numerous adjustments to its international trade strategy. These consist of:

- Exports have increased dramatically since 1991, rising from $18 billion in 1990–1991 to $330 billion in 2020–21. The expansion of the services sector, which includes software and IT-enabled services, as well as the rise of manufacturing exports, which includes pharmaceuticals and engineering goods, have been the main drivers of this boom.
- Export Basket Diversification: India's export portfolio has changed from traditional goods like textiles and leather to high-value goods like engineering products, chemicals, and electronics. India's reliance on a small number of goods and markets has decreased as a result, making it less susceptible to outside shocks.
- Foreign Investment Attraction: Since liberalisation, India has attracted a sizable amount of FDI. India was the fifth-largest beneficiary of FDI internationally in 2020–2021 after receiving $64 billion in FDI. The Goods and Services Tax (GST) and labour law reform are two more initiatives the government has put into place to make it easier for businesses to operate.
- Integration with the Global Value Chain: India has integrated itself into the global value chain in a number of industries, including medicines, electronics, and autos. Indian businesses can now access new markets and technology, increasing their competitiveness.

Despite these achievements, there are still a number of issues with India's foreign trade strategy that need to be resolved. These consist of:

- High Tariffs and Non-Tariff Barriers: India continues to impose high tariffs and non-tariff barriers on a variety of products, including textiles, autos, and agricultural goods. Due to this, Indian products are less competitive on the international market, which reduces their ability to export.
- Infrastructure bottlenecks: India's transport network, including its ports, highways, and trains, is underdeveloped and insufficient. This slows down the flow of commodities, raises transaction costs, and makes India less competitive.
- India has limited access to international markets due to a number of factors, including high tariffs, technical obstacles, and anti-dumping laws. This diminishes India's ability to export and restricts its access to these markets.
- Developing skills: India struggles with a lack of competent workers in a number of industries, including manufacturing and services. Due of this, Indian businesses are less competitive and are less able to integrate into the global value chain.

THE 2015-20 FREE TRADE POLICY

The 2015 Free Trade Policy of India, sometimes referred to as the Foreign Trade Policy, is a thorough policy framework that establishes rules for the export and import of products and services within the nation. The policy is in effect until March 31, 2020, having been issued on April 1, 2015. The primary goals of India's 2015 Free Trade Policy to increase exports from India and close the trade gap, to support the Make in India programme and homegrown manufacturing, to encourage ease of doing business and lessen the burden of regulatory compliance, to increase Indian companies' ability to compete on the world market, to increase the number of work options in the nation.

The following are some of the key characteristics of India's 2015 Free Trade Policy:

- The MEIS (Merchandise Exports from India Scheme) offers incentives to exporters of specific items at rates that, with some exceptions, range from 2% to 5% of the FOB value of exports.
- The SEIS (Services Exports from India Scheme) offers incentives to service exporters at rates between 3% and 7% of net foreign exchange earned.
- Duty Exemption and Remission Scheme (DEEC): Under this programme, importers of inputs utilised in the creation of goods for export are exempt from paying duty or receiving a refund.
- The Export Promotion Capital items (EPCG) Scheme permits the importation of capital equipment at reduced customs tax rates in order to produce items for export.
- Special Economic Zones (SEZs): SEZs are enclaves that are designated as duty-free and were created to encourage exports.6. Export Oriented Units (EOUs): EOUs are production facilities set up to create commodities for export.
- Trade Facilitation Measures: The policy contains a number of trade facilitation measures, such as streamlined export and import procedures, electronic document submission, and a single-window clearance system.
- Make in India Initiative: The Make in India initiative is a strategy that tries to stimulate local manufacturing by offering a number of incentives and schemes.
- Digital India Initiative: By offering incentives and fostering a supportive environment, the strategy seeks to boost e-commerce and digital exports.
- Ease of Doing Business: The policy includes steps to streamline processes, lessen compliance burden, and enhance the business climate.

The 2015 Free commerce Policy of India has benefited India's international commerce and overall economic growth. India's exports have increased as a result of the programme, and the trade imbalance has decreased. The Make in India programme and domestic manufacturing have both benefited from it. The programme has increased employment prospects in the nation and raised Indian companies' competitiveness on the international market. To increase India's exports, promote domestic manufacturing, and enhance the general business climate, a comprehensive policy framework known as the Free Trade Policy of India, 2015, was developed. The goal-achieving nature of the programme has had a favourable effect on India's overall economic growth and foreign trade. For the policy to remain relevant in the ever-evolving context of the world economy, it must be evaluated and revised frequently.

FTA BENEFITS IN INDIA UNDER CAROTAR

Rule of Origin

The foundation of an FTA is its Rules of Origin. Rules of Origin are the criteria needed to determine the country of origin of a product for the purpose of international trade. Its importance can be derived from the fact that duties and restrictions in several cases depend upon the source of imports.

There is wide variation in the in the practice of governments with regard to the rules of origin. While the requirement of substantial transformation is universally recognized, some governments apply the criterion of change of tariff classification, others the ad valorem percentage criterion and yet others the criterion of manufacturing or processing operation. In a globalizing world it has become even more important that a degree of harmonization is achieved in these practices of Members in implementing such a requirement.

The criteria in the rules of origin sets out specific and detailed conditions on the level of processing that an imported item from a non FTA partner country must undergo in the FTA partner country before being eligible to be called an originating product of a FTA partner country. Some of the common criteria used are:

- change in tariff classification
- regional value addition
- substantial manufacturing or processing by excluding some minimal operations.

It is important to assess the rules of origin for the applicability of preferential tariff under an FTA as the non-members to the FTA are not provided with the benefit of the preferential tariffs that are agreed between the FTA partners. The rules of origin are enforced through a certificate of origin that is issued by authorised agencies of the trading partner.

CAROTAR

CAROTAR (Customs Administration of Rules of Origin under Trade Agreements) Rules, 2020 are a set of rules introduced by the Indian government to simplify and streamline the process of determining the origin of goods imported under various trade agreements. These rules were introduced to ensure compliance with the rules of origin requirements under various free trade agreements (FTAs), preferential trade agreements (PTAs), and other bilateral and multilateral agreements signed by India.

The CAROTAR rules provide guidelines for the verification and certification of the origin of goods and establish procedures for resolving disputes related to the origin of goods. The rules also specify the documentation and record-keeping requirements for importers and exporters.

The CAROTAR rules require importers to provide a certificate of origin (COO) at the time of importation to claim preferential tariff treatment under a trade agreement. The rules also establish a system for the verification of the COO, which may include on-site inspections, product testing, and other measures to ensure compliance with the rules of origin requirements.

The implementation of the CAROTAR rules is expected to increase the efficiency and transparency of the customs clearance process and reduce the risk of non-compliance with the rules of origin requirements under various trade agreements.

LIST OF FTA BY INDIA IN THE RECENT YEARS

The first of many FTAs are with ASEAN nations, the Republic of Korea, and Japan. These agreements were signed with the intention that Indian enterprises would strengthen their presence in the markets of their partners and boost their involvement in the production networks emerging in India's eastern neighbouring countries. This section would assess the outcomes of various FTAs. The second section examines India's participation in the discussions for the adoption of the RECP as well as the factors that contributed to its departure. The final section examines the trade liberalisation steps conducted in the FTAs with the UAE and Australia, as well as the anticipated effects.

By the second half of 2021, the government had abandoned its misgivings about FTAs, kicking up the third phase of India's FTA negotiations. The Commerce Minister stated that there is a "very positive momentum in terms of FTAs, with the United Kingdom (UK), EU, Australia, Canada, United Arab Emirates (UAE), Israel, and the Gulf Cooperation Countries (GCC) countries" and that "Early Harvest Agreements with the UK and Australia" would be signed (Ministry of Commerce 2021a). By the end of 2021, the Indian government announced that it was negotiating FTAs with seven countries/groupings: the UAE, Israel, the United Kingdom, the European Union, Canada, Australia, and the Eurasian Economic Union, which includes the Russian Federation, Armenia, Belarus, Kazakhstan, and Kyrgyzstan (Ministry of Commerce 2021b). The India-UAE CEPA was finished in the first half of 2022, as did the Australia-India Economic Cooperation and Trade Agreement (ECTA), which is the first phase of the Australia-India CEPA.

The second phase of India's global economic integration through FTAs overlaps the first and begins in 2010 with the start of trade discussions with Canada and New Zealand, followed by Australia. The most important decision made during this period was to enter the discussions for the Regional Comprehensive Economic Partnership (RCEP), a grouping of ASEAN and its six FTA partners. However, India's participation in RCEP came to an abrupt stop in 2019 when Prime Minister Modi declared India's intention to withdraw from discussions. By withdrawing from RCEP, the government made it clear that India was withdrawing from bilateral trade and investment treaties. The Atmanirbhar Bharat Abhiyan, unveiled in 2020, seems to reinforce India's aversion to FTAs.

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PRESENT FTA'S WITH ASEAN COUNTRIES-

India ASEAN Comprehensive Economic Cooperation Agreement (CECA)-

Because trade and investment are major areas of economic cooperation between ASEAN and India, the ASEAN-India Trade in Goods Agreement (AITIGA), which went into effect in January 2010, has remained at the forefront of engagement. ASEAN Member States and India have committed to open their respective markets by gradually decreasing and removing customs on 76.4 percent of commodities and liberalising tariffs on more than 90 percent of items, in line with the Agreement. Since the implementation of AITIGA, merchandise trade between ASEAN and India has risen dramatically, with an increase in exports of 23% and imports of 55% during the last decade. Imports from Cambodia, Singapore, and Vietnam have surged. Discussions are continuing to guarantee the balance of commerce between the areas.

India Singapore Comprehensive Economic Cooperation Agreement (CECA)-

Since the signing of the free trade agreement with Singapore in 2005, India has seen a significant boost in bilateral commerce. To guarantee balanced trade, the two nations also agreed to increase tariff reductions for an additional 30 items, liberalise the rule of origin for exports, rationalise Product Specific Rules, and include Certificate of Origin requirements.

India Malaysia Comprehensive Economic Cooperation Agreement (MICECA)-

In 2011, India and Malaysia signed the MICECA. The agreement contains tariff discounts and reductions for specific commodities, services, investments, and natural person mobility. Malaysia and India maintained strong bilateral commercial links despite the COVID-19 epidemic. In fact, total commerce is expected to grow by 26% in 2021. India's imports from Malaysia climbed by $ 5.9 billion, while exports increased by $3.12 billion. Malaysian enterprises dealing with palm oil and palm oil derivatives have benefited greatly from the bilateral trade agreement due to lower import taxes.

India Thailand FTA - Early Harvest Scheme (EHS)-

In 2006, India and Thailand developed the Early Harvest Scheme (EHS) to select certain crops for tariff reduction during the ongoing Free Trade Agreement discussions. This is considered the first phase of the planned comprehensive FTA and serves primarily as a mechanism to develop trust between the two countries. Tariff reductions have been proposed for 82 products under the Early Harvest Programme, including fruits, processed foods, gems and jewellery, iron and steel, auto components, and electronic goods. The nations have been discussing agreements with measures to strengthen the advantages of the ASEAN-India Free Trade Agreement.

India’s renewed engagements with bilateral FTAs-

Since the decision to withdraw from the RCEP in the fourth quarter of 2021, India's foreign sector interactions have looked quite different. As the Indian economy recovered from the slump, the government's position on FTAs shifted substantially. The administration was negotiating 7 economic partnership agreements, including the long-stalled discussions with the European Union (EU), Australia, Canada, and Israel, thus pessimism about bilateral economic partnership agreements was almost obsolete. India has begun talks with the United Arab Emirates (UAE), the United Kingdom (UK), and the Eurasian Economic Union. In addition, India has restarted talks for a preferential trade deal with the Southern African Customs Union (Ministry of Commerce 2021).

- **India-UAE CEPA-**

India has given substantial market access prospects for UAE-imported goods. When the CEPA went into effect on May 1, India cut tariffs on about 65% of its tariff lines (Ministry of Commerce and Industry 2022c). Another 20% of India's tariff lines will be duty-free during the next decade. Furthermore, charges will be reduced on more than 5.5% of tariff lines. Thus, within a decade, import tariffs will be either nil or lower than they are now on more than 90% of India's tariff lines. Unlike in the other accords, India is decreasing tariffs significantly in agricultural and related industries, with just 17% of tariff lines excepted from tariff reduction. Similarly, just 6% of tariff lines in electrical and non-electrical machines are excluded. In contrast, over 50% of tariff lines in plastics and autos are exempt from tariff reductions. The Indian government is optimistic about India's chances for market access in the UAE (Ministry of Commerce and Industry 2022b). This is due to the UAE eliminating duties on over 97% of its tariff lines, which corresponded to 90% of India's exports in value terms on the day the Agreement went into force. Within the next 5-10 years, 99% of India's exports will be duty-free in the UAE.

- **India-Australia Economic Cooperation and Trade Agreement (ECTA)-**

Despite the fact that India's tariff offers appear cautious, it has committed to grant extensive market access by committing to reduce tariffs on 85 percent of its imports from Australia immediately. This is crucial for

Australia since its exports to India will exceed $15 billion in 2021. This figure will rise as India commits to eliminating tariffs on a variety of products of export interest to Australia, including sheep meat, wool, fresh rock lobsters, metallic ores such as manganese, copper, and zirconium, as well as coal, alumina, titanium dioxide, certain critical minerals, and certain non-ferrous metals. Imports of barley, oats, hides and skins, and LNG will continue to be duty-free as before. India would grant duty-free quotas for cotton imports immediately and has agreed to lower duties on lentils, almonds, oranges, mandarins, and pears. Despite these pledges, India's current set of market access agreements has failed to meet the expectations of several of Australia's largest export industries, as highlighted frequently by Dairy Australia and Grain Trade Australia.

PRESENT AND FUTURE FOR INDIA'S FTA-

Over the last two years, India has been negotiating free trade agreements (FTAs) with a number of partners, both bilateral and regional, in order to stimulate export-oriented local manufacturing. New Delhi has set an ambitious aim of US$450-$500 billion in export cargo by FY23, up from US$291 billion in FY21. The stakes have now been upped, with targets set for the next 25 years. On October 16, Commerce Minister Piyush Goyal stated at the Exporters Conclave that India will endeavour to attain a US$2 trillion export of products and services by 2030. Furthermore, by 2047, India intends to have a $30 trillion economy with a 25% share of global exports.

Meanwhile, from April to September 2022, India's merchandise exports increased 15.5 percent to US$229 billion, while imports increased 37.9 percent to US$378.5 billion, resulting in a trade imbalance of US$149.5 billion. Securing early harvest arrangements and free trade agreements has thus taken on new significance for an otherwise trade cautious India. A increasing number of nations and regional blocs are now discussing trade arrangements with New Delhi. These countries include the United Kingdom, Canada, the Gulf Cooperation Council, Bangladesh, Israel, the European Union, and the Southern African Customs Union. Trade agreements have already been signed with the UAE and Australia.

Tariffs on certain 'sensitive sectors' items, including as dairy products, wheat, rice, chickpeas, cattle, sugar, apples, toys, and iron ore, will not be reduced. The ECTA has tight origin requirements to prevent items from being routed via other countries, as well as a safeguard system to manage any unexpected increase in product imports.

Addressing double taxation is a major challenge for India's IT industry.

Australia has decided to change its own legislation to prohibit the taxation of Indian enterprises that offer technical services to Australia. This would provide major relief to companies such as Infosys Ltd, Wipro Ltd, Tata Consultancy Services Ltd, HCL Technologies Ltd, and others. Resolving the tax problem would also encourage Indian IT businesses to expand their operations in Australia.

Plans for comprehensive CECA negotiations will begin soon.

Within 75 days, an India-Australia negotiation subcommittee will begin work to turn this interim trade treaty into a full CECA. The comprehensive trade agreement would include chapters on government procurement, digital commerce, product-specific norms, and so on.

Over the past two decades, India has been actively engaged in formalising FTAs, including with some of its major partners in the East Asian region, the European Union and, more recently, with the United Kingdom. While negotiations with its European partners are still ongoing, India has fully implemented its FTAs with the ASEAN, the Republic of Korea (RoK), and Japan. These FTAs are bound by a common set of aspirations of strengthening mutual economic relations through enhanced trade and investment. Much is expected from opening of markets through lowering/eliminating tariffs, especially through larger participation in production networks, paving the way enhancing the competitiveness of the participating countries' enterprises. These objectives should be realised through larger two-way trade flows and improved trade in technologically sophisticated products.

CONCLUSION

Over the last two decades, India has been actively involved in the formalisation of FTAs, particularly with several of its main East Asian allies, the European Union, and, more recently, the United Kingdom. While discussions with its European partners continue, India has completed the implementation of its FTAs with ASEAN, the Republic of Korea (RoK), and Japan. These FTAs are united by a shared goal of enhancing mutual economic connections through increased trade and investment. Much is expected from market openness through tariff reductions/elimination, particularly through increased involvement in production networks, paving the path for enhanced competitiveness of participating nations' firms. These goals should be achieved by increased two-way trade flows and enhanced commerce in technologically advanced items. India should look at other regions that are fully ready for a trade deal with India, since there is significant potential to expand India's market access to Africa, Central and Southeast Asia. To extend the free trade policy, geopolitical difficulties must be overcome, and the process of selecting trading partners must be modernised. It is also critical to analyse and renegotiate current trade treaties that are not providing the desired objectives. It is also said that India's low export competitiveness has prevented it from fully using the FTAs' potential, hence, India should take steps to increase its export potential and competitiveness. According to some, India's failure to gain from FTAs is due to its inability to build an industrial policy to enhance its manufacturing sector and the absence of a comprehensive policy framework to make the agriculture sector more competitive. Previous FTAs have not delivered, and there is little chance that any future FTAs will.

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