



India First in Trade Policy

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**Government of India
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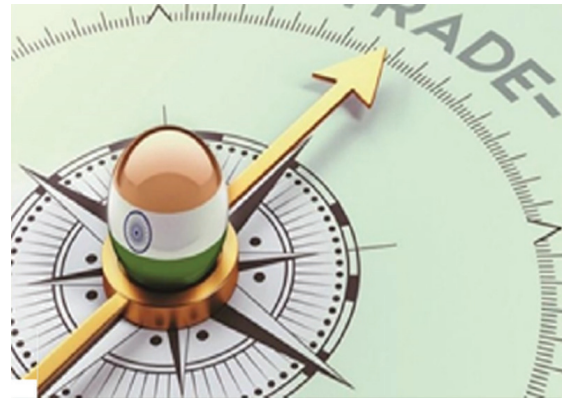
INDIA FIRST IN TRADE POLICY

Trade is a vital aspect of India's development strategy and an enabler of the country's economic competitiveness. The Government has accordingly taken several measures to promote its cause and ease the trading environment by facilitating various infrastructural and functional simplifications for businesses.

"Make in India" initiative was launched on September 25, 2014, to facilitate investment, foster innovation, building best in class infrastructure, and making India a hub for manufacturing, design, and innovation.

The development of a robust manufacturing sector continues to be a key priority of the Indian Government.

It was one of the first 'Vocal for Local' initiatives that exposed India's manufacturing domain to the world. It has the potential to not only take economic growth to a higher trajectory but also to provide employment to a large pool of India's young labour force. Since its launch, "Make in India" has made significant achievements.



01 Hon'ble PM, Shri Narendra Modi's vision of Atmanirbhar Bharat in the context of Trade Policy



"The objective is making India a bigger and more important part of the global economy, pursuing policies that are efficient, competitive and resilient, and being self-sustaining and self-generating".

- India first in Trade Policy doesn't mean "self-containment", "isolating away from the world" or being "protectionist". "When India speaks of becoming self-reliant, it doesn't advocate a self-centred system. In India's self-reliance; there is a concern for the whole world's happiness, cooperation and peace".

02 India's response to COVID-19 reinforced its credibility as a reliable and empathetic partner working for the common good

- The exemplary role played by India in the global fight against COVID-19 has been recognized and appreciated widely. India has faced the COVID-19 situation with fortitude and a spirit of self-reliance. It enhanced production capacities of essential drugs and other materials to support the healthcare systems around the world.
- India has also demonstrated how it rises up to challenges and uncovers opportunities therein. The PPE production capacity was thus revamped to half million kits everyday from virtually nil earlier and India unconditionally facilitated assistance requests of many countries for exports of critical drugs, medicines & other essential medical materials. These measures reinforced India's credibility as a reliable, trustworthy and empathetic partner working for the common good.

- The clarion call given by the Hon'ble Prime Minister to use these trying times to become "Atmanirbhar" (self-reliant) has been very well received to enable the resurgence of the Indian economy. Global leaders have lauded India's leadership in scientific innovation and decisive action to combat the COVID-19 pandemic, as the country gets set to begin the world's largest vaccination drive against the novel coronavirus.

03 Reducing Non-essential imports and promoting domestic manufacturing

Broad strategies being followed in a co-ordinated manner by the concerned Ministries/ Departments for reducing non-essential imports include Addressing Domestic Supply Rigidities; Timely Use of appropriate Trade Remedy Options; Adoption of Mandatory Technical Standards; Strictly Enforcing FTA Rules of Origin (RoO).

- Customs duties increased for 4000 of 11524 National tariff lines since 2014 which covered textiles, base metals, machinery, electronics, auto-parts, mobile phones, furniture.
- A significant jump in the number of anti-dumping / CVD cases in 2019-20 and 2020-21 to safeguard domestic industries from unfair trade practices of the trading partners. Items like nylon filament yarn, electronic calculators, flexible slab stock polyol are covered.
- Apart from global safeguard measures, for the first time, bilateral safeguard measures were invoked in 2020-21.
- A number of trade corrective measures taken since April 2019 such as Prohibitions on Chinese milk products, e-cigarettes etc; Restrictions on aggarbatti, refined palm oil, TVs, Tyres, ACs, Rotary tillers; Compulsory Registration Order for electronic goods; MIP for cashew kernels, desiccated coconut; Quota, MIP & port restriction: tur, mung, urad, yellow / other peas etc.
- Import Monitoring System brought in for Steel in Sept. 2019 for advance information and to have effective policy interventions as and when required.
- Strict enforcement of Rules of Origin on preferential imports through CAROTAR, 2020 & review of FTAs initiated to correct the imbalances.
- Mandatory technical standards brought in to regulate sub-standard imports.
- Production linked Incentive (PLI) scheme for certain specified sectors were launched recently to enhance India's Manufacturing Capabilities, enable the setting up of a widespread supplier base for the global champions established under the scheme and to bring scale and size in key sectors and create as well as nurture global champions.
- RoDTEP scheme announced on 14 September 2019 to boost exports by allowing reimbursement of certain unrebated taxes and duties on a large number of products for the first time.

04 Promoting Agriculture exports and doubling farmers' Income

- The Agriculture Export Policy was introduced for the first time in December 2018 with the aim to double agricultural exports to USD 60 Billion by 2022. It has been aligned with the vision of doubling of farmers' income by providing export opportunities to farmers' through stable trade policy regime.

- This policy is being vigorously implemented with greater involvement and support of the State Governments in a decentralized cluster based focus, while tying up all linkages from farm to the port. A number of unique product-district clusters have been identified for export promotion.
- Some of the key initiatives include finalization of State specific action plans, designation of nodal agencies in States and UTs, formation of cluster level committees, registration of FPOs in the Farmer Connect Portal, State Specific action plans, organising buyer seller meets of exporters and Farmer Producer Organisations at cluster level in every State etc.

05 Developing Districts as Export Hubs

DoC is constantly working with State Governments to implement Hon'ble PM's vision of "Districts as export hubs". Some of the initiatives taken for the first time include:

- District Export Promotion Committees (DEPC) being formed to assess current export activities, potential and gaps, and prepare / implement action plans to systematically promote exports through stakeholders.
- Linking with State / Agriculture Export Strategy; GI / e-commerce opportunities.
- There has been significant progress in its implementation which interalia includes, constitution and activation of DEPCs, district level identification of products with export potential, preparation of State Export Strategy as well as Draft Export Action Plans at district level, capturing the District and State of origin of goods exported w.e.f 15-02-2020, undertaking several outreach meetings, prioritizing identified high potential districts, led by DGFT Regional Authorities etc.

06 Champion Service Sector Initiative for promoting & diversifying Services Sector



The share of services sector in India's exports is 41%. With the aim of diversifying exports in the services sector, which is predominantly dominated by software services (about 40% share in total services exports), the Government approved the inclusion of twelve services sectors under the Champion Services Sector initiative.

These include Information Technology & Information Technology enabled Services (IT & ITeS); Tourism and Hospitality Services, Medical Value Travel, Transport and Logistics Services, Accounting and Finance Services, Audio

Visual Services, Legal Services, Communication Services, Construction and Related Engineering Services, Environmental Services, Financial Services and Education services.

07 SEZ Reform to attract investment and promote exports

SEZ (Amendment) Bill 2019 will enable any entity to set up a unit in SEZs, including Trusts. With this initiative, SEZ will function in its new Avatar. This would help boost investments and create new export and job opportunities. Investments proposed of USD 1.1 billion since ordinance was promulgated earlier in 2020.

08 Promoting Quality through Standards / Rewgulations

- DoC is facilitating strengthening of robust quality ecosystem with an underlying objective of safeguarding public health, safety, and environment and consumer protection.
- The Indian National Standards Strategy (INSS) with the four pillars of Standards Development, Conformity Assessment, Technical Regulations and Awareness generation was launched in 2018.
- Work continuing to adopt technical regulations for 371 focus product categories (>120 billion USD imports) to enhance competitiveness and product quality; address sub-standard imports. In addition, Omnibus Technical Regulations for Chemicals and Machinery are under preparation. DoC will also pursue Mutual Recognition Agreements (MRA) with partner countries as a part of FTA negotiations.

09 Review of India's Free Trade Agreements

- DoC has launched review of several of its existing FTAs with a view to achieving balanced outcomes aimed at pursuing greater market access for Indian exporters while addressing domestic sensitivities. It would make them more useful to Indian industry and businesses.
- India chose not to join the Regional Comprehensive Economic Partnership (RCEP) Agreement, as in its current form as RCEP did not meet India's aspirations.

10 Calibrated approach for future FTAs

- In terms of new trade agreements, the approach would be to look at strategic partners beginning with possibility of adequate safeguards through robust rules of origin and trade remedial measures.
- India is currently negotiating number of trade agreements with its trading partners such as EU, Canada and Australia in a constructive manner with a view to achieving balanced outcomes aimed at pursuing greater market access for Indian exporters while addressing domestic sensitivities.
- India also plans to enter into negotiations with other promising partners such as the USA and the UK.

11 Reducing Compliance Burden

Some of the key initiatives undertaken by DoC during last few years to reduce compliance burden on EXIM operators:

- PAN based Importer Exporter Code (IEC) w.e.f. 12.06.2017; 24x7 auto-generation of IEC, with automatic validation from CBDT, MCA and PFMS system.
- Export promotion MEIS scrips through faceless, system driven, auto-approval processes in real-time, with online e-transfer of scrips between firms implemented.

- Advance authorisation, EPCG authorisation and other export promotion schemes made paperless in online mode with digitally encrypted auto-transmission of data to Customs.
- Electronic platform for preferential rules of origin certificate launched to address COVID. As a result, more than 2 lakh certificates issued successfully.

12 Promoting trade through reduction in Logistics costs

The National Logistics Policy seeks to reduce logistics cost from present 14% to 10%. The National Logistics Policy under formulation focusses on:

- Integrated multi-modal logistics infrastructure, services and operational framework;
- Logistics needs of core sectors;
- Logistics for international competitiveness; and
- Logistics for emergencies.

Logistics Master plan is under preparation with focus on multi-modality, first / last mile connectivity, key logistics corridors, optimal use of logistics assets, coordinated infra investment decisions. Expected to be ready by December 2021.

Coordinated Action

Synergetic government effort



To complement Multiple stakeholders

Co-ordinated
Government Effort

“Whole of System”
Approach

Need for a ‘Mission’ Approach

13 Energizing our Missions abroad towards promoting our Trade, Tourism, Technology & Investment goals

Exports and imports activities need a co-ordinated effort of all the elements in the EXIM eco-system. To this end, for the first time, the Government has endeavored to leverage the support of all stakeholders in this effort.

- DoC has energized Indian missions abroad towards promoting India's Trade, Tourism, Technology & Investment goals.
- Systematic outreach is being undertaken with our missions across the globe to reach out to overseas stakeholders and establish tie-ups with domestic businesses. This will generate many new opportunities for Indian businessmen.



14 India in the WTO

- India has strongly advocated that there is a need to preserve the basic principles and rules of the WTO including non-discrimination, consensus-based decision making and special and differential treatment to developing countries including the LDCs.
- Some of the major initiatives taken by India in recent times are:
 - India and South Africa proposed TRIPS waiver to address the challenges that countries with limited manufacturing capacity will face, in accessing medical supplies such as new diagnostics, therapeutics and vaccines for COVID-19 and to ensure timely and equitable availability of such items, in sufficient quantities and affordable prices.
 - Covid-19 pandemic has heightened the challenges of food and livelihood security. India is constantly pursuing for an effective outcome on the mandated issue of a permanent solution for Public Stockholding for food security purposes at the Ministerial Conference 12 (MC12).
 - A multilateral initiative that provides for easier access to medical services is being pursued by India for easier cross-border movement of health care professionals.
 - In the ongoing fisheries subsidy negotiations, India is strongly advocating the 'Polluter Pays' principle, while safeguarding the policy space for developing countries.

15 Use of Public Procurement to Promote Domestic Value Addition/ Manufacturing

- Both Central and State Governments procurement from open market accounts for around 22% share of GDP.
- Focus is on leveraging public procurement policy captured in PPP-MII (Preference to "Make in India") Order, 2017 to encourage public procurement from domestic manufacturers. Invoking reciprocity clause 10(d) of the PPP-MII order against countries which discriminate / restrict Indian companies' participation in their procurement process and significantly enlarging the threshold for global tenders in government procurement are completely new initiatives in this direction.
- Amendment in GFR/PPP-MII to keep check on entities operating from countries sharing land border with India from participating in Government Procurement.
