



Charting Global Trade Path for India: Striking a Balance Between Protectionism and Growth

Prof. Dr Ram Singh,
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“India's Trade Strategy Should be Prioritizing National Interest and Inclusive Growth”

Intro: Amidst rising protectionism and geopolitical tensions, the country's trade policies play a pivotal role in shaping its position on the world stage. In a recent interview with **Prof. Dr Ram Singh Professor & Head (Trainings/ MDPs) at Indian Institute of Foreign Trade, Indiastats** dives into India's role in the ever-changing global trade landscape, highlighting its proactive approach amidst challenges. In an exclusive interaction with senior journalist **Mahima Sharma**, this week **Socio-economic Voices** brings you Dr Singh's vision that asserts that India's policymakers should think of producer welfare, instead of being obsessed with consumer-welfare and in some cases with trader's welfare. Read for more...

MS: How do you perceive India's role in the current global trade landscape, especially amidst rising protectionism and trade tensions between major economies?

Prof Singh: With its large population, growing economy, expanding middle class, neutral and nonaligned geo-political stance, India has attracted international attention as an attractive market for international trade and investment. India's policy makers are effectively converting all emerging challenges into opportunities arising out of protectionism, supply-chain disruptions and realignment, tariff and tech war, threat of export controls etc. **On the one hand, India is best used by countries such as Russia, Guyana, Venezuela for its energy, gas, fertilizers, and food supplies and simultaneously it is expanding its trade ties with the USA, Australia, Japan, South Korea etc. India is looking at western markets for trade expansion and accordingly has India-EFTA trade pact and is negotiating with the UK and the EU.**

India is pursuing its economic and trade policies driven by its national interest and concurrently balancing its international geo-political, geo-economic and geo-strategic relations. India is for a fair, transparent, and inclusive trade regime with a special and differential treatment towards developed and developing countries arguing **"trade that benefits all"** and should be leveraged as an instrument for transforming economies and social life all over the world.

MS: Pakistan in March 2024 has indicated that it wishes to resume trade ties with India. Should India agree, if yes why, if no why? And if yes, what should be our sectors of choice plus why? What serious terms and conditions India should lay if at all we look into a YES on the subject matter?

Prof Singh: Principally, India has never stopped trade with Pakistan hence it is for them 'when to blink'. However, while doing so, it is important now that they must unconditionally and unwaveringly shed the agenda/ propaganda

they have used to stop trade ties with India. Moreover, India must demand 'MFN' status, unrestricted transit rights for transport to neighboring landlocked countries as per UN mandate, stopping of anti-India rhetoric domestically and internationally and accepting that differences/disputes between the countries will be resolved bilaterally in a peaceful manner and with a spirit of trust and mutual respect.

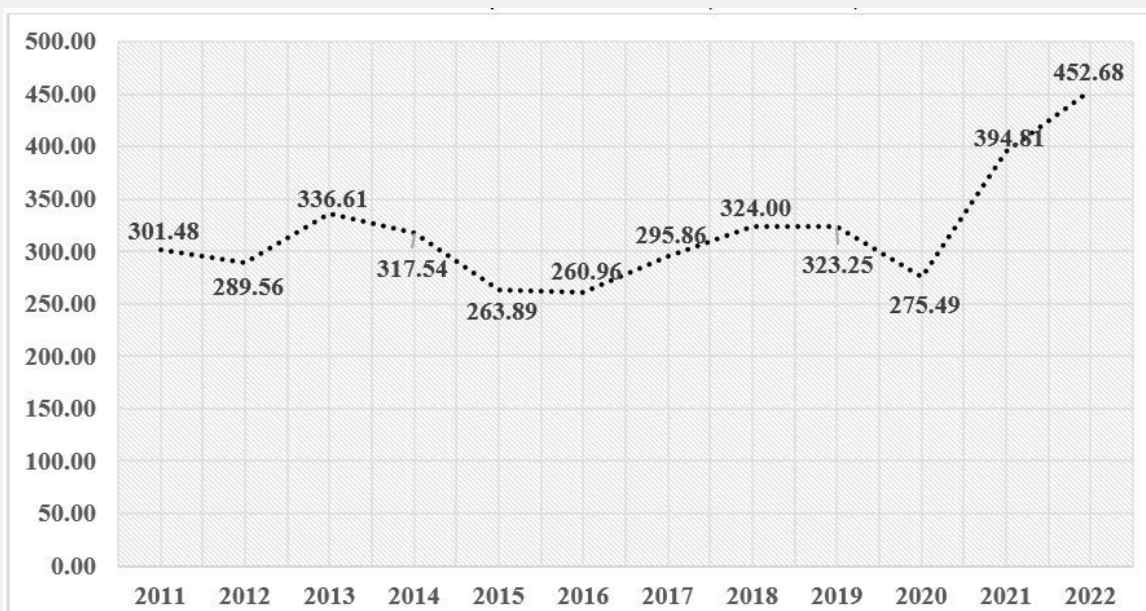
If Pakistan agrees to such terms and conditions, we should be open to trade across the sectors mutually benefiting the people and businesses of both the countries. India's sectors of choice are its core strengths of agricultural goods, pharmaceuticals, chemicals, engineering and electronics, automobiles, iron and steel and other value-added products from classical industries. We can also open-up some sensitive sectors such as sport goods, textile and apparels, handloom, hosiery, garments, handicrafts as reciprocity in trade relations is vital, provided Pakistan must mend its way as reliable and trust-worthy trade partners for India and the region.

MS: Though this quarter looks promising, but foreign trade was a drag on GDP for three quarters in a row. What's your take on the same? Where all, should India focus more to enhance the trade and why?

Prof Singh: In fact, foreign trade has been a drag on India's GDP since 2012. Let us understand it with data, India's exports remained stuck in a bracket of US\$ 300 billion (figure 1), only to surpass for the first time in 2022 largely driven by supply chain disruptions caused by the Russia-Ukraine war. India's petroleum products exports jumped to the western countries largely due to sanctions/price capping imposed on Russia's energy supplies. There are structural problems both domestically and in market access issues internationally. Resultantly, the trade performance remained suboptimal, not leveraging its catalyzing effects to other 3 sectors of the Indian economy.

Figure 1:

India's Export Since 2011 (US\$ billion)



Source: UN Comtrade, accessed at Trademap

Given this context, our policymakers have endeavored to enhance domestic manufacturing capabilities, capacities and competence through a volley of schemes such as 'Assemble in India', Make in India, Production linked incentives, MOOWR scheme, etc. We are also focusing on signing FTAs with a focus on economies which are consumption

oriented (EFTA, the UK, the EU etc) unlike the previous FTA we had signed with production-rich countries (Japan, South Korea, ASEAN).

Moreover, we are **soliciting investment** and linking it as an integral mandate (non-binding) in our future FTAs. Lastly, we are also **securing access to critical raw materials** (Mineral Resource Alliance), technology (Supply Chain Initiative) and infrastructure (IMEC, North-South Corridor, Japan-India-Africa Corridor, North Sea Routes). We are also **exploring new and untapped sectors** such as **defence, digital economy and blue economy** initiatives to tap enhanced trade opportunities.

MS: India has been actively pursuing regional trade agreements like the Regional Comprehensive Economic Partnership (RCEP). What are the potential benefits and challenges of such agreements for the Indian economy, considering its diverse economic structure?

Prof Singh: India was categorical to say ‘no’ to RCEP negotiations after almost a decade of talk spanning over 13 rounds of negotiations. India has realized that it is not getting a deal it deserves as some countries followed more of a mercantilist approach in the sectors of concerns to the Indian economy. India’s primary concerns in the RCEP were with non-FTA partner countries such as China, Australia, and New Zealand, as it had already liberalized 80 percent of tariff lines under the existing FTA with ASEAN, Japan, Singapore Malaysia, and South Korea. Accordingly, India followed the following strategy to protect its domestic concerns.

Table 1: India’s Trade Policy Preferences in the RCEP

Sector	Protectionist Position	Liberal Position
Manufacturing & Agriculture Services	Minimal reduction in import tariffs for non-FTA partners such as Australia, China, and New Zealand. Presented auto-trigger mechanism to restrict influx the import of goods	Greater degree of liberalization in Mode 1 (cross-border supply) and Mode 3 (commercial presence) 4 (movement of natural people)

Source: Surendar Singh, Ram Singh, Journal of World Trade (2020)

Specifically, the industry, agriculture and even civil society groups adopted a protectionist stance towards the RCEP. Table 2 as under illustrates the stance of various groups towards India signing the RCEP.

Table 2: Key Interest Groups Negotiating Position in India in the RCEP

Powerful Interest Groups	Focus	Interest Groups Position	Capacity to Influence Negotiating Position
Confederation of Indian Industry	Goods	Protectionist	High
Federation of Chamber of Commerce and Industry	Goods	Protectionist	High
PHD Chamber of Commerce	Goods	Protectionist	Moderate
Associated Chambers of Commerce of India	Goods	Protectionist	Moderate
Export Promotion Councils*	Goods	Protectionist	Moderate

Commodity Boards	Goods	Protectionist	Low
Trade Associations**	Goods	Protectionist	Low
Indian Steel Association	Goods	Protectionist	High
All India Steel Rerollers Association	Goods	Protectionist	Moderate
Indian Stainless Steel Development Association	Goods	Protectionist	Moderate
The Indian Ferro Alloy Producers' Association	Goods	Protectionist	Moderate
Pharmaceutical Export Promotion Council	Goods	Liberal	Low
National Association of Software and Services Companies	Services	Liberal	High
Manufactures Association of Software and Services Companies	Services	Liberal	Low
Service Export Promotion Councils	Services	Liberal	Moderate
Confederation of Indian Farmer Associations	Agriculture	Protectionist	High
All India Kisan Sabha	Agriculture	Protectionist	High
All India Coordination Committee for Farmers' Movements	Agriculture	Protectionist	Moderate
National Dairy Development Board	Dairy	Protectionist	High
National Seed Association of India	Seed	Protectionist	Low
Civil Society Organizations, Think Tanks, and Universities	National	Fragmented	High
Swadeshi Jagran Manch	National	Protectionist	High
Source: Surendar Singh, Ram Singh, Journal of World Trade (2020)			

Correspondingly, India decided to withdraw from the RCEP. The participants can read our research paper published in **2020 in the Journal of World Trade** for sector specific socio-economic concerns and consequences.

MS: India's agricultural sector plays a crucial role in its economy, yet it faces numerous challenges. How can India leverage agricultural trade to not only boost rural prosperity but also enhance its global trade footprint? What should be the future roadmap for the next decade?

Prof Singh: Agriculture remains the backbone of the Indian economy and is highly stressed as the focus of economic policies has shifted towards manufacturing with supply-driven incentives instead of demand-driven incentives.

Consequently, rural income, employment, and savings all are adversely impacted. **Agriculture trade also remained largely restricted in the context of global supply chain disruptions and associated speculative commodity trading.**

Having said so, I remain optimistic of Indian agriculture as there is a palpable structural shift in farming and it is undergoing a process of shift. The focus on ethanol is transforming the ground reality with the sugarcane industry becoming sustainable economically, (not environmentally) with fair and remunerative prices.

Similarly, Maize is being promoted in North India which will address two problems: first shift the farmers from rice to Maize production and ensure commercially viable prices through biofuel production. Moreover, the focus on edible oil (Edible Oil Mission (Palm/ Mustard) is also contributing to higher income although for a very small section of farmers.

Furthermore, the policy thrust on biogas is creating newer and untapped sources of revenue to Indian farmers. With rising income and more demand for quality food along with the government of India's focus on building agricultural infrastructure and thrust on biofuel will indeed bring improved results in Indian agriculture in due course.

On trade fronts, I remain cautious given the dichotomy that exists in India's agricultural export policy, promoting exports and simultaneously unleashing a web of trade policy instruments to restrict it. **India's policymakers should think of producer welfare, instead of being obsessed with consumer-welfare and in some cases with trader's welfare.**

MS: "Fragile global economy unsettles India's foreign trade in 2023." This was the common assessment of the news media last year. What should be the steps ahead India can take to minimise the impact?

Prof Singh: Global economy remains stressed, especially Europe and North America as recessionary economic activities in these two regions have stressed the trade supply chain all over the world. Given this context, **India should focus on specific sectors of demand and explore the unexplored markets in Latin America and developing Asia.** It is important to identify what the world imports, electronics, electricals, automobiles, iron and steel, defense products, textiles, pharmaceuticals etc. Accordingly, we should continue to build state-of-the-art manufacturing capabilities in these sectors.

Furthermore, as trade is increasingly going digital, we should evolve our domestic firms including business ecosystem therein to compete globally. India should actively explore untapped business opportunities in services trade and pursue import substitution in sectors such as shipping and transport where its services import has already crossed US\$ 100 billion.

MS: The issue of intellectual property rights (IPR) protection is often contentious in international trade negotiations. How can India strike a balance between protecting domestic interests and complying with international IPR standards to foster innovation and creativity?

Prof Singh: Intellectual property has been a gray area of discussion in global trade, often igniting debate. **India, per se, is both a beneficiary and victim of intellectual property disputes.** A most recent case is that India's ICAR patented rice is being marketed and exported with a different name by Pakistan. Pakistan violates intellectual property rights by illegally cultivating and selling Pusa Basmati-1121 as 'PK 1121 Aromatic' and '1121 Kainat' basmati. **Despite originating from India in 2003, PB-1121 is registered and marketed in Pakistan without authorization,** undermining the rightful owners' rights and discouraging further innovation.

Simultaneously, let us not forget how India's pharma industry has been a beneficiary of the global trade regime albeit following international norms and established principles. In my view, India's interest should be governed by its

national interest as we cannot forget the obligations of ensuring the socio-economic wellbeing of 1.42 billion people. Having said so, let us continuously **foster an ecosystem of robust enforcement and international cooperation** to protect intellectual property rights.

MS: In light of growing inequalities exacerbated by globalization, how can India design trade policies that prioritize social justice, including equitable distribution of gains from trade, protection of workers' rights, and promotion of inclusive growth, both domestically and globally?

Prof Singh: India in fact has been aggressively pursuing trade policies aimed at socio-economic welfare. For instance, Foreign Trade Policy has taken note of MSMEs and accordingly launched the **'one district-one product'** scheme aimed at democratizing India's export policies and taking them to the remotest of the business firms across the country. The E-Commerce export scheme again is aimed at small and medium enterprises.

Realizing the challenges of scale, scope, system and sophistication, Government of India is pursuing the strategy of supply side incentives under PLI for big industries, but it offers scope for MSMEs also. **For instance, India's defense manufacturing ecosystem is now taken over by private enterprises with 65-70% of India's defense exports in 2023. Similarly, Medical Devices Policy-2023 factors incentives for both large and small enterprises and Space Sector reforms has also given thrust to small and medium enterprises.** Along with these vertical trade policy initiatives, there are horizontal reforms for skilling women entrepreneurs, marginalized sections, and vulnerable societies.

Our policymakers are highly aware of our collective responsibility of shaping the future of mankind on this planet, accordingly there is a policy thrust on green products, technologies and systems. Green energy, reducing carbon footprints but simultaneously taking care of India's core national interest is the crux of the evolving policy landscape in India.

MS: India has been a member of WTO since 1995. What are the major WTO controversies with India?

Prof Singh: India has benefited from the WTO regime however we cannot get our right share in international trade so far due to our domestic constraints especially in the manufacturing sector. **India aggressively pursued the developmental agenda at WTO but let us not be oblivious of grand designs of developed countries to set the new agenda and change the course of debate.** In recent years, India has been challenged in agricultural subsidies, particularly related to the Minimum Support Price (MSP). Fisheries sector has also been of concern to India.

The digital tax on e-commerce has been the key concern of India in the WTO in recent years. The US and EU pursued sustained fight against India's trade policy measures such as MEIS, SEIS, EPCG, SEZ, and EOU Scheme and finally WTO panel arguing against them as a non-compatible policy framework. India's recent RoDTEP scheme has also been challenged.

My take is clear and lucid, **"in international negotiations, you don't get what you deserve, you get what you negotiate"**. Hence, we must negotiate smartly for FTAs as well as multilateral negotiations at WTO and beyond to protect our national interests.

MS: What additional skills should today's youth focus on besides education to excel in foreign trade? Provide examples illustrating why these skills are essential."

Prof Singh: Our youth starting early in business is a boon, we should appreciate it as best of the business ideas come at a young age. Business history confirms it. Had Dhirubhai Ambani and Bill Gates gone for special education or

skilling. They learned, mastered, and practiced them in their entire journey of starting a business from scratch. Moreover, newer business models require more technical skills, hence the graduating engineers as well as MBA are equipped enough to handle the responsibilities and acquire new skills on the job.

Having said so, let us not forget, international business is always different and is an ever evolving discipline. We must continue to upgrade our knowledge and skills to address the evolving challenges and business needs. In the context of specifically foreign trade, I shall strongly advise to learn the trade (not merely the tricks) meaning one must acquire a formal education on essentials of foreign trade from a premier institution like IIFT, New Delhi.

About Prof Dr. Ram Singh

Dr. Ram Singh, a seasoned academic with over 26 years of experience till 2024, heads the CDOE at the Indian Institute of Foreign Trade. Holding qualifications in B.Com, MBA, Ph.D., and UGC-NET, he specializes in Export-Import Procedures, Trade Policy, and Logistics. With 4 textbooks published and 58 research publications, he's a prolific author. A poet in Hindi and Gurumukhi, he's actively involved in training Indian Trade Services probationers and has contributed to diplomatic training programs in Africa and Asia.

About the Interviewer

Mahima Sharma is an Independent Journalist based in Delhi NCR. She has been in the field of TV, Print & Online Journalism since 2005 and previously an additional three years in allied media. In her span of work she has been associated with CNN-News18, ANI - Asian News International (A collaboration with Reuters), Voice of India, Hindustan Times and various other top media brands of their times. In recent times, she has diversified her work as a Digital Media Marketing Consultant & Content Strategist as well. Starting March 2021, she is also a pan-India Entrepreneurship Education Mentor at Women Will - An Entrepreneurship Program by Google in Collaboration with SHEROES. Mahima can be reached at media@indiastat.com

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