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# Export Import Policy of India

*Richa Gupta*

*Research Scholar*

*Shri Venkateshwara University*

*Gajraula, U.P., India*

*Dr. Vinod Kumar*

*Director*

*R. S. D. Academy*

*Moradabad, U.P., India*

*Dr. Nikhil Ranjan Agarwal*

*Head, Department of Commerce*

*Wilsonia Degree College, Moradabad*

**Abstract**

Exim Policy or Foreign Trade Policy is a set of guidelines and instructions established by the DGFT in matters related to the import and export of goods in India. The Foreign Trade Policy of India is guided by the Export Import in known as in short EXIM Policy of the Indian Government and is regulated by the Foreign Trade Development and Regulation Act, 1992. DGFT (Directorate General of Foreign Trade) is the main governing body in matters related to Exim Policy. The main objective of the Foreign Trade (Development and Regulation) Act is to provide the development and regulation of foreign trade by facilitating imports into, and augmenting exports from India. Foreign Trade Act has replaced the earlier law known as the imports and Exports (Control) Act 1947. Indian EXIM Policy contains various policy related

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decisions taken by the government in the sphere of Foreign Trade, i.e., with respect to imports and exports from the country and more especially export promotion measures, policies and procedures related thereto. Trade Policy is prepared and announced by the Central Government (Ministry of Commerce). India's Export Import Policy also know as Foreign Trade Policy, in general, aims at developing export potential, improving export performance, encouraging foreign trade and creating favorable balance of payments position.

*Keywords: Export Import Policy, EXIM Policy in India*

## Introduction

Foreign trade in India is promoted and facilitated by the Directorate General of Foreign Trade (DGFT), under the Ministry of Commerce and Industry (MoCI). The DGFT issues the authorisation to exporters and monitors their corresponding obligations through a network of 38 regional offices. The DGFT also implements the Foreign Trade Policy of India.

Foreign Trade Policy (FTP) is the prime policy that lays down simple and transparent procedures which are easy to comply with and administer for efficient management of foreign trade in India. The Policy aims at enhancing the country's trade for economic growth and employment generation. The Customs Tariff Act and the Central Excise Tariff Act are the other two important Acts which lay down how the Customs and Excise duties shall be levied on trade, respectively.

India's overall exports in September 2020 were $44.87 bn, as compared to $43.56 bn in September 2019, exhibiting a positive growth of 3%.

Major commodities/commodity groups which have recorded positive growth during September 2020 vis-à-vis September 2019 are Other cereals (337.22%), Iron Ore (109.65%), Rice (93.86%), Oil Meals (47.52%), Carpet (42.89%), Ceramic products & glassware (36.17%), Oil seeds (35.69%), Cereal preparations & miscellaneous processed items

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(33.57%), Drugs & pharmaceuticals (24.38%), Handicrafts excl. handmade carpet (21.82%), Meat, dairy & poultry products (19.97%), Jute mfg. including floor covering (18.64%), Cotton yarn/fabs./made-ups, handloom products etc. (15.39%), Spices (11.44%), Tobacco (11.09%) and RMG of all textiles (10.22%).

Even before independence, the Government of India maintained semi-autonomous diplomatic relations. It had colonies (such as the Aden Settlement), who sent and received full missions, and was a founder member of both the League of Nations and the United Nations. After India gained independence from the United Kingdom in 1947, it soon joined the Commonwealth of Nations and strongly supported independence movements in other colonies, like the Indonesian National Revolution. The partition and various territorial disputes, particularly that over Kashmir, would strain its relations with Pakistan for years to come. During the Cold War, India adopted a foreign policy of non-alignment policy itself with any major power bloc. However, India developed close ties with the Soviet Union and received extensive military support from it. The Periplus of the Erythraean Sea is a document written by an anonymous sailor from Alexandria about 100CE describing trade between countries, including India.

Around 1500

In 1498 Portuguese explorer Vasco da Gama landed in Calicut (modern day Kozhikode in Kerala) as the first European to ever sail to India. The tremendous profit made during this trip made the Portuguese eager for more trade with India and attracted other European navigators and tradesmen.

Pedro Álvares Cabral left for India in 1500 and established Portuguese trading posts at Calicut and Cochin (modern day Kochi), returning to Portugal in 1501 with pepper, ginger, cinnamon, cardamom, nutmeg, mace, and cloves. The profits made from this trip were huge.

1991 economic reform

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Prior to the 1991 economic liberalisation, India was a closed economy due to the average tariffs exceeding 200 percent and the extensive quantitative restrictions on imports. Foreign investment was strictly restricted to only allow Indian ownership of businesses. Since the liberalisation, India's economy has improved mainly due to increased foreign trade.

Trade in services

India was the eighth largest exporter of commercial services in the world in 2016, accounting for 3.4% of global trade in services. India recorded a 5.7% growth in services trade in 2016–17.

**Exports and imports**

India exports approximately 7500 commodities to about 190 countries, and imports around 6000 commodities from 140 countries. India exported US$318.2 billion and imported $462.9 billion worth of commodities in 2014.

The Government of India's Economic Survey 2017–18 noted that five states — Maharashtra, Gujarat, Karnataka, Tamil Nadu and Telangana — accounted for 70% of India's total exports. It was the first time that the survey included international export data for states. The survey found a high correlation between a state's Gross State Domestic Product (GSDP) per capita and its share of total exports. With a high GSDP per capita but low export share, Kerala was the only major outlier because the state's GSDP per capita was heavily influenced by remittances.

The survey also found that the largest firms in India contributed to a smaller percentage of exports when compared to countries like Brazil, Germany, Mexico, and the United States. The top 1% of India's companies accounted for 38% of total exports.

The provisional data for March exports, released by the Ministry of Commerce at the end of April, reveals a grim situation. As per the data, India’s exports during March 2020 accounted

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for a little over $21.4 billion, despite a promising performance in just the previous month. This fall of approximately 35% year-on-year, as compared to March 2019 ($32.72 billion), is touching a multi-year low, and the figures are bound to fall further. A key thing to note is that exports have fallen across almost all of the commodity groups. Some commodities have registered a decline by over 30-40%, particularly engineering goods, textiles, meat, cereals, plastics and chemicals, which have been the major growth drivers of exports in recent years. As an immediate aftermath of the spread of the COVID-19 pandemic to multiple countries, global demand has fallen significantly and many orders have been cancelled. Further, the disruption of supply chains due to the ongoing lockdown has aggravated the poor performance of Indian exports -- and the situation is likely to worsen in the coming months, before recovery starts. India's electrical machinery and equipment has 40 per cent dependence on imports from China. However this number has reduced from 59.5 per cent in FY18 to 40 per cent in FY19. Although India has increased production of low-end electronic components. Import dependency on China is its major limitation. The automobile sector, which accounts for 7.5 per cent of India's GDP and a massive 49 per cent of the manufacturing GDP, is already facing slowdown. The coronavirus lockdown has made the situation worse for the auto sector as 10 to 30 per cent of automotive components are supplied from China. If factories do not resume activity in China, it could adversely affect the sector.

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