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Evaluating India's Foreign Trade Policies: Economic Impact (2015-2020) & 2023 Framework

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ABSTRACT: *This study evaluates the economic impact of India's Foreign Trade Policy (FTP) 2015–2020 and analyzes the framework of FTP 2023. Employing econometric models, the research finds a significant relationship between key FTP variables and India's GDP, highlighting the nuanced impact of trade policies. Specifically, the analysis reveals a strong correlation between GDP and factors such as export and import volumes, foreign exchange rates, and tariff measures, alongside an unexpected negative correlation with FDI. The FTP 2023 framework is assessed for its strategic shift towards enhanced global competitiveness, digital trade facilitation, and export diversification. These findings offer valuable insights for policymakers seeking to optimize trade strategies for sustainable economic growth and effective integration into the global economy.*

***KEY WORD**: Foreign Trade Policy, Economic Growth, Export, Import, Trade Value, Trade Volume, Trade Liberalization, Export Diversification, Trade Policy Effectiveness*

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I. INTRODUCTION AND LITERATURE REVIEW

India's Foreign Trade Policy (FTP) serves as a crucial instrument guiding the nation's engagement with the global economy. Defined as the set of guidelines and procedures formulated by the government, the FTP aims to strategically integrate India into the global trading system to maximize the benefits of international trade. Foreign trade is not merely a mechanism for earning foreign exchange; it is a catalyst for broader economic growth and national development, driving economic activity and fostering sustainable growth.

The evolution of India's trade policies reflects the country's efforts to adapt to changing global economic conditions. The Great Recession of 2008 posed a significant challenge, impacting India through a decline in exports, increased financial market volatility, and sluggish economic growth. In response, the government announced the Foreign Trade Policy of 2009, focusing on recovery and diversification to mitigate the recession's effects and enhance economic resilience. Building on this, the Foreign Trade Policy of 2015 sought to further India's global competitiveness and address evolving economic challenges. However, the global landscape shifted dramatically with the onset of the COVID-19 pandemic in 2019, causing widespread economic disruptions. This unprecedented crisis necessitated a reassessment of India's trade strategies, leading to the formulation of the Foreign Trade Policy 2023.

This study aims to contribute to the ongoing discourse on India's trade policies by providing a comprehensive evaluation of the economic impact of the FTP 2015-2020 and a detailed analysis of the FTP 2023 framework. Specifically, this research seeks to address the following questions:

1. What was the economic impact of India's Foreign Trade Policy 2015- 2020 on key macroeconomic indicators?
2. How did the growth and composition of India's exports and imports change during the FTP 2015-20 period?
3. What are the key features and strategic directions of India's Foreign Trade Policy 2023, and how does it compare to its predecessor?

By answering these questions, this study aims to provide valuable insights for policymakers, economists, and stakeholders interested in understanding and shaping India's trade policies for sustained economic growth and global integration. This research is particularly relevant to the scope of the International Journal of Economic Policy Studies, given its focus on rigorous analysis of economic policies and their implications.

The evolving dynamics of globalization and trade policy have been extensively examined across various studies, highlighting the multifaceted relationship between trade, foreign direct investment (FDI), and economic growth. Nicoletti et al. (2003) emphasized the significance of FDI and trade in goods and services as key channels of globalization. Their analysis focused on policies such as eliminating trade and FDI restrictions, enhancing labor market flexibility, promoting domestic competition, and improving infrastructure. Despite notable liberalization over the previous two decades, they identified further opportunities to reduce policy barriers to fully harness globalization's potential.

Building on this, Murat (2011) analyzed international trade's impact on income and growth from 1950 to 2006, uncovering stark disparities in export performance among nations despite widespread liberalization. The study underlined the importance of regulatory quality, infrastructure, customs efficiency, and financial access. It concluded that improving the investment climate, especially in less open economies, was critical for boosting exports and aligning with liberal trade norms.

Complementing this perspective, Devi (2014) provided a comparative analysis of trade reforms in India and China. While China initiated reforms in 1978 and India followed in 1991, both countries leveraged trade openness to spur economic growth. The study emphasized that trade liberalization, tailored to each country's external environment, served as a catalyst for development and offered valuable lessons for other emerging economies.

In a more recent context, Kiyawat (2016) assessed India's Foreign Trade Policy (FTP) 2015–2020, which aimed to integrate the Indian economy with global trade. The policy adopted a product- and location-specific approach, aligned with initiatives such as 'Make in India' and 'Digital India.' It focused on digitalization, enhanced incentives, and self-certification mechanisms to promote exports, especially in manufacturing and services, contributing to inclusive growth.

Sharma et al. (2016) further explored the role of FDI in addressing structural constraints in underdeveloped economies, particularly capital shortages and low savings rates. They highlighted the transformative impact of India's 1991 economic reforms, which opened the economy to foreign investment and emphasized FDI's critical role in fostering industrialization and development.

Meanwhile, Puślecki (2019) delved into modern trends in foreign trade theory and policy, with a special focus on China. The study acknowledged the benefits of free trade while stressing that macroeconomic stability and strategic investment are even more essential for sustainable growth. It also noted challenges such as environmental protection and the growing role of bilateralism in shaping trade relations.

Yeo and Deng (2019) evaluated the influence of trade policy on Pakistan's trade flows from 2006 to 2015 using the gravity model. Their findings revealed that trade policy variables had a statistically significant impact on both exports and imports. The study also found that trade policies had differing effects depending on the geographic and organizational context, with free trade agreements generally facilitating trade growth.

Keshavamurthy and Leelavathi (2021) offered a longitudinal review of India's integrated trade policies between 2004 and 2020. They observed a marked shift in export composition from labor-intensive to capital-intensive goods, while imports remained relatively stable. Their findings underscored the role of policy in shaping trade volumes and directions, reinforcing the importance of liberalized trade strategies.

Finally, Akbulaev and Muradzada (2023) explored the temporal dynamics of the trade-growth relationship in Azerbaijan and Italy from 1992 to 2020. Using Granger causality analysis, they found a bidirectional relationship between trade and growth in Azerbaijan but not in Italy. The divergence was attributed to Italy's trade and current account deficits, which weakened the growth-trade link. This study highlighted the country- and time-specific nature of this relationship, stressing the need for tailored trade policies based on individual economic contexts.

Together, these studies collectively illustrate that while globalization and liberal trade policies generally promote economic growth, the outcomes are highly dependent on country-specific conditions, institutional quality, and the strategic implementation of trade and investment policies.

1.2 Research Objectives

1. To evaluate the economic impact of India's foreign trade policy 2015- 2020 (extended up to 2022)
2. To analyse the change in growth and composition before and during FTP 2015-20 focusing top 10 exported and imported products.
3. To analyze the framework of FTP 2023 and compare it with FTP 2015–2020 to assess policy changes.

1.3 Research Methodology and Data Analysis

The study is empirical and analytical in nature, focusing on evaluating real-world data to derive meaningful insights. It covers the period from 2015 to 2023, providing a contemporary perspective on the subject matter. Data for the research has been compiled from a range of credible government and international sources, including the Reserve Bank of India (RBI), the Ministry of Commerce and Trade, Trade Map, UN Comtrade, the World Bank, and the World Integrated Trade Solution (WITS). To assess the impact and trends within the study period, various analytical techniques have been employed, including regression modeling, trend analysis, and the percentage method, ensuring a comprehensive and data-driven evaluation.

To achieve the first objective the impact of key variables of foreign trade policy such as export and import values, foreign direct investment (FDI), tariffs, non-tariff measures, exchange rates, inflation on the GDP has been analysed by using regression analysis. And the relation between the variables has also been analysed by using the Correlation Matrix.

The impact of each independent variables of FTP on GDP has been analysed separately.
Following regression models has been used in the study
GDP=β0+β1Export +ϵ
GDP=β0+β1Import +ϵ
GDP=β0+β1Foreign exchange +ϵ
GDP=β0+β1tariff +ϵ
5) GDP=β0+β1Non-Tariff Measures (Anti-Dumping and Countervailing) +ϵ
6) GDP=β0+β1 Inflation +ϵ
GDP=β0+β1 FDI +ϵ

Thus the following hypothesis has been tested

Null Hypothesis: There is no significant impact of FTP Variables (e.g. Export, Import, Tariff, Non- tariff measures) on GDP of India.
Alternative Hypothesis : There is a significant impact of FTP Variables (e.g. Export, Import, Tariff, Non- tariff measures) on GDP of India.

To achieve the second objective growth of top 10 commodities has been analyzed for gaining insights into the direct impact of trade policies.

CAGR (Compound Annual Growth Rate)
To estimate the compound growth rate following regression equation was used:
Log Y= a + bt
Growth rate = (exp (b)-1)*100

Composition Analysis/ Percentage Share Analysis:

For analyzing the composition, the percentage share of top 10 commodity in total export of India has been calculated on the basic of Average export in each foreign trade policy term.

1.3.1 Data Analysis to analyse the correlation between the factors of Foreign trade policy and GDP

Table 1: Correlation Matrix

	GDP	Countervailing exporter	Countervailing Importer	Anti-dumping exporter	Anti-dumping Importer	tariff MFN	Foreign exchange	FDI	CPI	export	import
GDP	1										
Countervailing exporter	0.93	1.00									
Counter vailing Importer	0.90	0.94	1.00								
Anti-dumping exporter	0.16	0.43	0.48	1.00							
Anti-dumping Importer	-0.50	-0.64	-0.80	-0.79	1.00						

tariff MFN	0.82	0.82	0.68	0.07	-0.23	1.00					
Foreign exchange	0.92	0.94	0.96	0.48	-0.77	0.68	1.00				
FDI	-0.28	0.02	-0.03	0.65	-0.31	-0.04	-0.03	1.00			
CPI	0.96	0.95	0.98	0.37	-0.72	0.72	0.98	-0.17	1.00		
Export	0.96	0.84	0.81	-0.05	-0.41	0.80	0.83	-0.36	0.89	1.00	
Import	0.93	0.78	0.74	-0.12	-0.33	0.79	0.78	-0.41	0.84	0.99	1

Table 1 presents the correlation matrix illustrating the strength and direction of relationships among the key economic variables.The analysis reveals that GDP is strongly and positively correlated with several variables, including countervailing export and import non-tariff measures, tariffs, foreign exchange, exports, imports, and the Consumer Price Index (CPI). This suggests that economic growth is closely linked to trade activity, price levels, and policy measures affecting imports and exports. Conversely, GDP shows a negative correlation with Foreign Direct Investment (FDI), indicating a potential inverse relationship. This could imply that increased GDP may be associated with reduced reliance on FDI, possibly due to a shift toward domestic investment priorities, volatility in exchange rates, or imbalances across economic sectors. This finding underscores the complex dynamics between domestic economic performance and foreign investment flows.

1.3.2 Regression Analysis

Table 2: Regression Analysis

Dependent Variable	Independent variable	R2	P Value	Interpretation
GDP	Export	0.91	0.00	Significant
GDP	Import	0.87	0.00	Significant
GDP	Foreign Exchange	0.85	0.00	Significant
GDP	FDI	0.08	0.46	Insignificant
GDP	Tariff	0.68	0.01	Significant
GDP	Consumer Price Index	0.92	0.00	Significant
GDP	Countervailing exporter Non Tariff Measures	0.87	0.00	Significant
GDP	Countervailing Importer Tariff Measures	0.81	0.00	Significant
GDP	Anti-dumping exporter	0.02	0.69	Insignificant
GDP	Anti-dumping Importer	0.25	0.17	Insignificant

Table 2 presents the results of the regression analysis, examining the relationship between GDP as the dependent variable and various independent variables. The analysis reveals statistically significant relationships ($p < 0.05$) between GDP and several key factors, including export, import, foreign exchange, tariff, CPI, countervailing exporter non-tariff measures, and countervailing importer tariff measures. The high R^2 values for these variables, ranging from 0.81 to 0.92, indicate that they account for a substantial portion of the variation in GDP, highlighting their strong explanatory power. In contrast, the relationships between GDP and FDI, anti-dumping exporter measures, and anti-dumping importer measures were not statistically significant ($p > 0.05$), suggesting these variables do not have a meaningful impact on GDP within the context of this model. Consequently, the null hypothesis is rejected for the variables that significantly influence GDP, while it is retained for those with no significant effect.

1.3.3 Growth Analysis

Table 3: CAGR of top 10 Exported Commodities in the Pre (2009-14) and Post FTP (2015-20 Extended up to 2022-23)

S.No.	commodity	CAGR (2009-14)	CAGR (2015-20 extended up to 2022-23)
1	Rice	31.39	9.08
2	Gems & Jewellery	4.92	-2.68
3	Drugs & Pharmaceuticals	11.86	7.24
4	Organic & Inorganic Chemicals	14.26	14.68
5	Engineering Goods	14.04	7.72
6	22. Electronic Goods	0.66	21.53
7	Cotton Yarn/Fabs. /Made-ups, Handloom Products etc.	14.49	3.02
8	RMG of all Textiles	8.85	-1.99
9	Petroleum Products	14.92	13.54
10	Other Commodities	0.95	8.84

Source: Authors Calculation Based on the Data Collected from the Website of RBI

Table 3 presents the Compound Annual Growth Rate (CAGR) of the top ten exported commodities during the pre-FTP period (2009–2014) and the post-FTP period (2015–2020, extended to 2022–23). The analysis reveals a shift in export dynamics across the two periods. During 2009–2014, rice recorded the highest CAGR at 31.39%, largely driven by policy changes such as the lifting of the ban on non-basmati rice exports in 2011. Other commodities, including petroleum products, cotton, organic and inorganic chemicals, and engineering goods, also demonstrated strong growth, with CAGRs averaging around 14%. In contrast, the post-FTP period saw a change in the export growth pattern, with electronic goods emerging as the fastest-growing export category at a CAGR of 21.53%, followed by organic and inorganic chemicals (14.68%) and petroleum products (13.54%). However, some traditional export sectors, such as gems and jewelry and textiles, experienced negative growth during this period, indicating a possible decline in global demand or competitiveness. These shifts highlight the evolving structure of India's export composition in response to policy and market dynamics.

Table 4: CAGR of top 10 imported Commodities in the Pre (2009-14) and Post FTP (2015-20 Extended up to 2022-23)

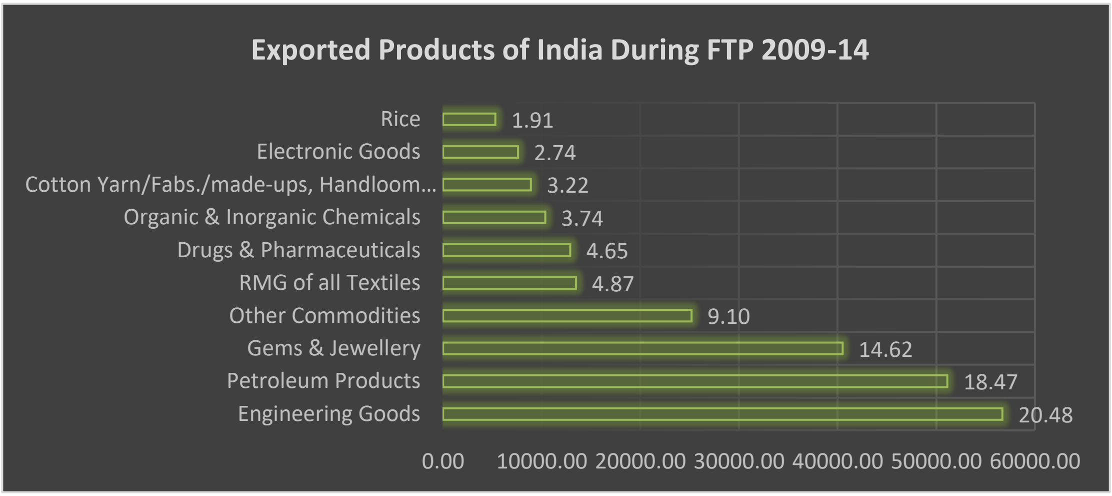
S.No.	commodity	CAGR (2009-14)	CAGR (2015-20 extended up to 2022-23)
1	Coal, Coke & Briquettes	15.19	14.48
2	Petroleum	11.13	10.90
3	Organic and Inorganic Chemicals	11.12	9.54
4	Iron & Steel	3.67	4.98
5	Machinery, electrical & non-electrical	4.07	5.30
6	Transport equipment	6.24	3.39
7	Electronic goods.	8.75	9.37
8	Gold	-0.47	3.88
9	Other Commodities	11.08	0.00
10	Pearls, Precious & Semi-Precious stones	1.46	2.80

Source: Authors Calculation Based on the Data Collected from the Website of RBI

Table 4 analyzes the Compound Annual Growth Rate (CAGR) of the top ten imported commodities during the pre-FTP (2009–2014) and post-FTP (2015–2020, extended to 2022–23) periods, revealing notable shifts in import trends. In the pre-FTP period, pearls, precious stones, and petroleum products recorded strong growth, with CAGRs of 19.55% and 17.58%, respectively, likely driven by rising domestic demand fueled by economic expansion. In the post-FTP period, electronic goods emerged as the fastest-growing import category with a CAGR of 12.74%, followed by petroleum products at 11.54%. This trend reflects India's increasing reliance on imported electronics, corresponding with the rapid growth of its digital economy. Conversely, imports of iron and steel, as well as vegetable oil, declined during this period, which may be attributed to enhanced domestic production capacities or fluctuations in international commodity prices. These findings underscore evolving import patterns influenced by structural changes in the economy and shifts in policy and global market conditions.

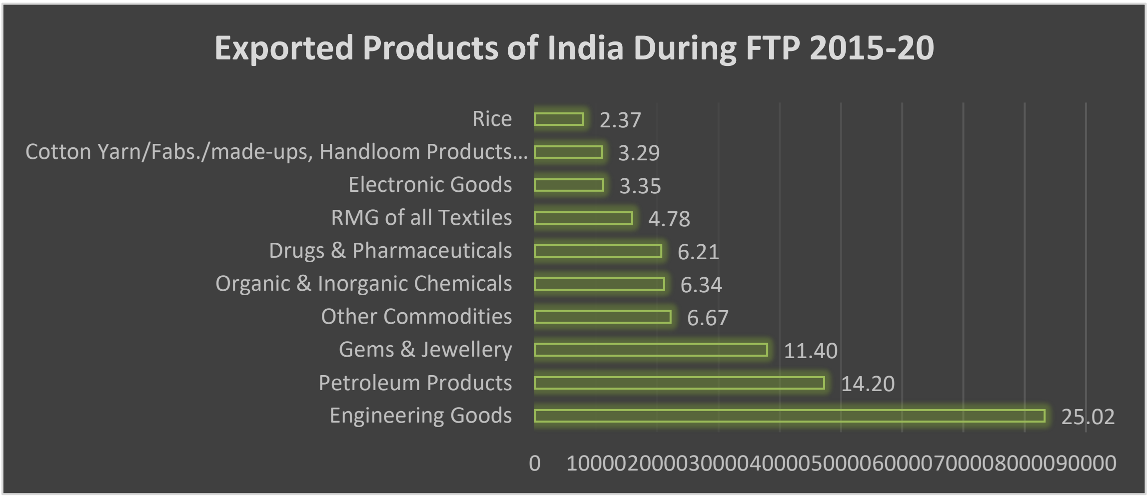
1.3.4. Composition Analysis

Fig 1. Average Share of Top Exported Products of India During FTP 2009-14



Source: Authors Calculation Based on the Data Collected from the Website of RBI

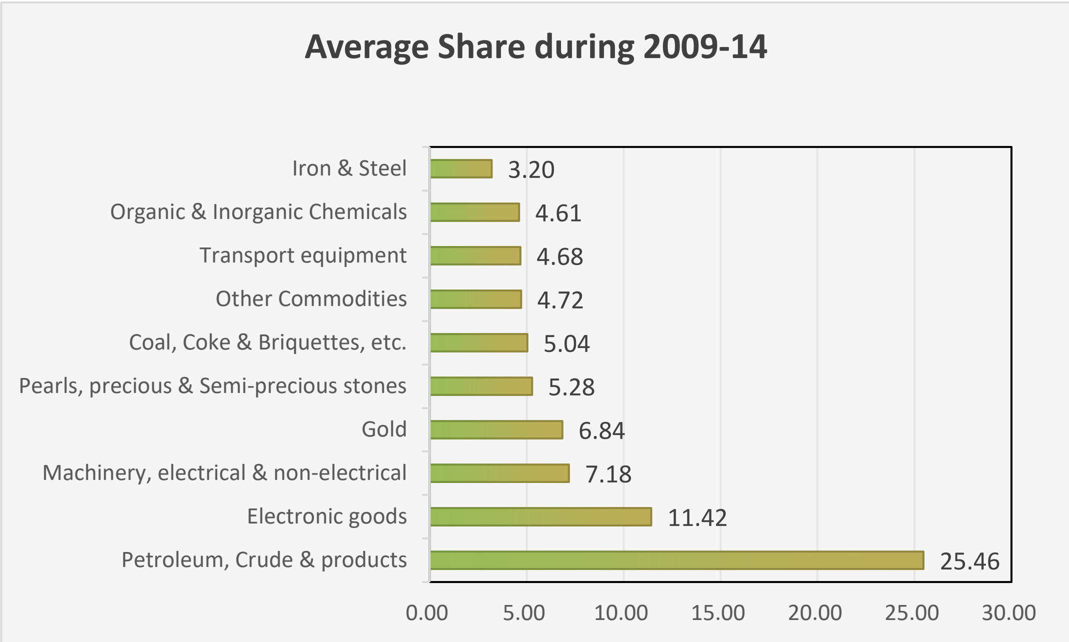
Fig 2. Average Share of Top Exported Products of India During FTP 2009-14



Source: Authors Calculation Based on the Data Collected from the Website of RBI

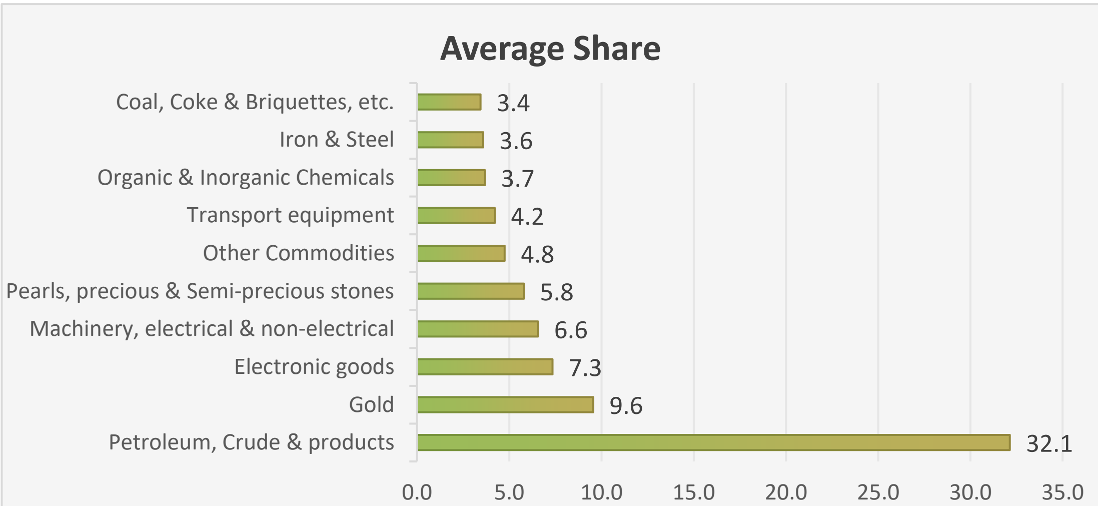
Figure 2 and 3 presents a composition analysis of India's exports across major product categories during the pre-FTP (2009–2014) and post-FTP (2015–2020, extended to 2022–23) periods, highlighting a notable shift in the export structure. In the pre-FTP period, petroleum products dominated India's exports, comprising 21.13% of the total, followed by engineering goods (18.74%) and gems and jewelry (13.78%). This reflects the country's strength in oil refining and traditional manufacturing sectors at the time. However, in the post-FTP period, engineering goods emerged as the leading export category with a 24.01% share, overtaking petroleum products, which declined to 14.77%. This transition indicates a growing emphasis on technology-intensive and high-value manufacturing in India's export strategy. Other key export categories during the post-FTP period included gems and jewelry (10.27%), organic and inorganic chemicals (7.99%), and electronic goods (6.06%), underscoring diversification within the export portfolio. The consistent decline in the share of textiles and apparel across both periods points to underlying structural challenges in this traditional sector, highlighting the need for targeted policy support to enhance its global competitiveness.

Fig 3. Average share of top imported products of India during FTP 2009-14



Source: Authors calculation based on the data collected from the website of RBI

Fig 4. Average share of top imported products of India during FTP 2015-20



Source: Authors calculation based on the data collected from the website of RBI

The above figures (Fig.3 & 4) presents a composition analysis of India's imports by major product categories during the pre-FTP (2009–2014) and post-FTP (2015–2020, extended to 2022–23) periods, revealing key trends in the country's import structure. During the 2009–2014 period, petroleum products accounted for the largest share of imports at 31.46%, followed by gold and silver (12.57%) and electronic goods (10.49%). This composition highlights India's heavy dependence on energy imports and the persistent cultural and economic demand for precious metals. In the post-FTP period, petroleum products remained the dominant import category, though their share slightly declined to 28.32%. Notably, electronic goods saw a substantial rise in their import share to 14.90%, reflecting India's growing demand for advanced technology and components amid rapid digitization. Additionally, coal, coke & briquettes, and machinery emerged as significant contributors to the import basket, indicating the sustained need for industrial inputs and infrastructure development. These findings underscore the evolving nature of India's import profile in response to shifting economic priorities and technological transformation.

1.3.5. **Foreign trade policy (2023) framework**

The Foreign Trade Policy (FTP) 2023 is notified by Central Government, in exercise of powers conferred under Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 (No. 22 of 1992) [FT (D&R) Act], as amended. The legislative framework governing India's foreign trade is outlined in the Foreign Trade Policy (FTP) 2023, which went into force on April 1, 2023. The policy seeks to make doing business in India easier, promote foreign investment, and ease exports. The Foreign Trade Policy (FTP) 2023 replaces the fixed-term framework with an open-ended, dynamic approach that allows real-time changes to global trade conditions. This flexibility overcomes the rigidity of previous static policies by ensuring that the policy remains pertinent and responsive to market trends, geopolitical changes, and economic adjustments. A central focus of FTP 2023 is to drive robust export growth by setting an ambitious target of achieving $2 trillion in merchandise and services exports by 2030. The policy emphasizes boosting competitiveness, leveraging technology, and aligning with emerging global trade demands to achieve this goal. By adopting a more flexible and future-ready approach, FTP 2023 seeks to create an enabling environment for exporters, enhance India's integration into global value chains, and contribute significantly to the country's economic growth and development.

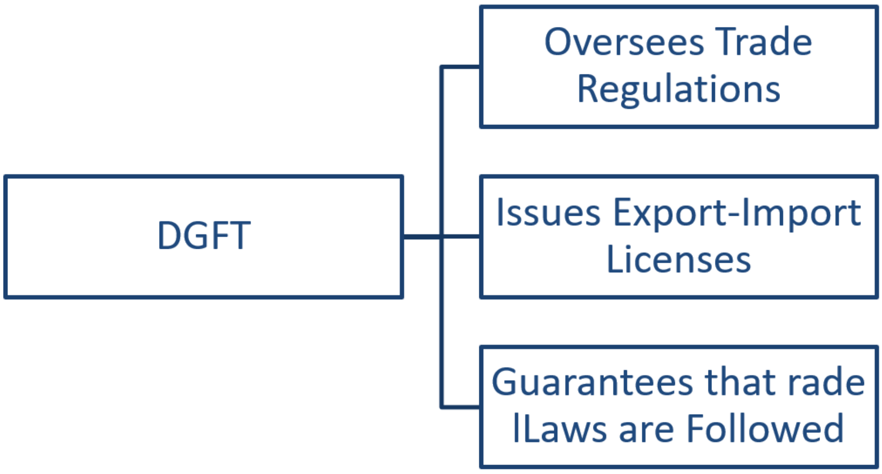
Here's an analysis of the FTP 2023 framework:

Objectives/ Main Focus of the Policy

Sr. No.	Objectives	Related Outcome
1	Boosting Exports	The FTP 2023 aims to considerably expand India's exports to $2 trillion by 2030. The goal of increasing the country's share of global trade is reflected in this objective.
2	Facilitating Ease of Doing Business	The policy lays a lot of emphasis on simplifying procedures, reducing the load of compliance, and using technology to make the environment more conducive to business.
3	Promoting Digital Trade	In light of the expanding significance of e-commerce, the policy aims to encourage digital trade and offer assistance to startups and MSMEs (Micro, Small, and Medium-Sized Enterprises).
4	Responsive and Flexible	By switching from a fixed five-year cycle to a more flexible policy framework, the government is better equipped to respond quickly to both local needs and the dynamics of global trade.

Regulatory and Institutional Framework

Fig.5 Regulatory Framework of FTP



The Directorate General of Foreign Trade (DGFT) is the official government agency in charge of implementing India's foreign trade policy. It oversees trade regulations, issues export-import licenses, and guarantees that trade laws are followed. DGFT also facilitates trade by digitizing procedures, eliminating documentation, and providing trade-related services, making it easier for enterprises to manage overseas business. District Export Promotion Councils (DEPCs) and Export Promotion Councils (EPCs) also play essential roles in managing foreign trade in the country.

Dynamic Policy Framework

By replacing the conventional five-year cycle with a more adaptable framework, the FTP 2023 introduces a dynamic policy framework. As domestic and international trade changes, this enables regular updates and prompt adjustments to the current trade policy. The framework makes India's trade policy more flexible and responsive by boosting export competitiveness, assisting MSMEs, encouraging digital trade, and adhering to international trade standards. The policy is structured to allow mid-course corrections and sector-specific interventions as required.

Export Promotion Schemes

Fig.6 Export Promotion Schemes

Remission of Duties and Taxes on Export Products (RoDTEP):
This program ensures that exported goods are free from embedded duties and taxes and replaces previous export incentives like MEIS.

Advance Authorization Scheme: The Advance Authorization Scheme makes Indian goods more competitive in foreign markets by allowing the duty-free import of materials needed for export production.

Export Promotion Capital Goods (EPCG) Scheme: The Export Promotion Capital Goods (EPCG) Scheme encourages modernization and advancement of India's export manufacturing sector by allowing duty-free import of capital goods for export production.

Special One-Time Amnesty Scheme: The Special One-Time Amnesty Scheme introduced under FTP 2023 provides an opportunity for exporters to regularize pending export obligation defaults under earlier export promotion schemes. Exporters who had availed of benefits under schemes like the Export Promotion Capital Goods (EPCG) or the Advance Authorization Scheme but were unable to meet their export commitments due to various challenges can now settle these defaults without facing heavy penalties or legal actions.

Districts as Export Hubs: The policy focuses on identifying and developing prospective export hubs at the district level, encouraging localized export strategies and decentralization.

Ease of Doing Business and Trade Facilitation

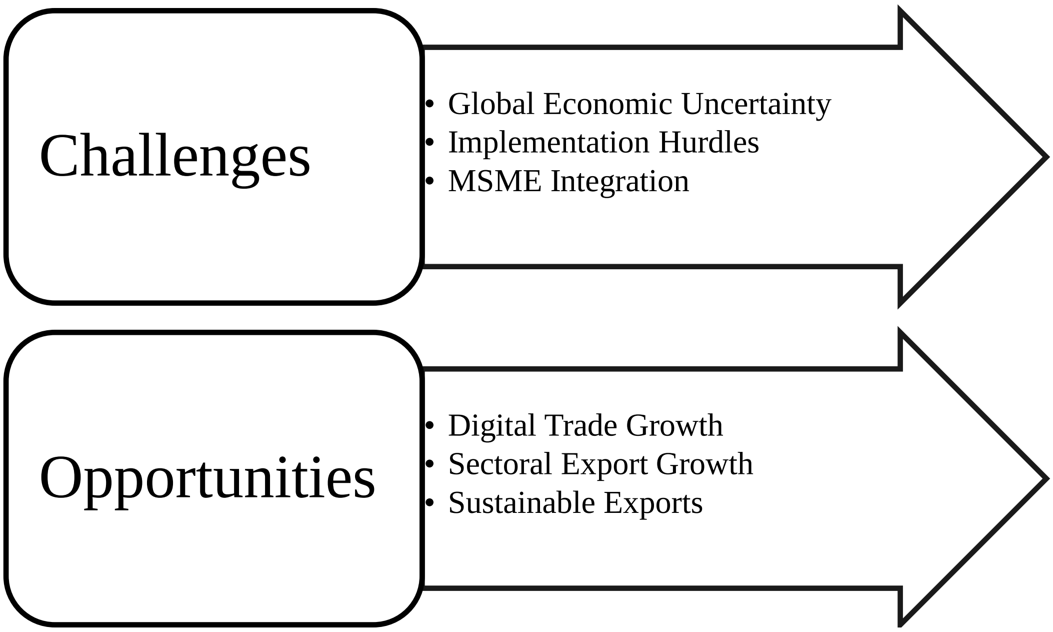
The "Ease of Doing Business and Trade Facilitation" aspect of FTP 2023 focuses on simplifying trade processes to make it easier for businesses to export and import goods. This includes-
Reduction of Compliance Burden: Using the DGFT (Directorate General of Foreign Trade) website, export-import operations can be programmed, procedures can be digitized, and documentation requirements can be reduced in order to simplify trade processes.

E-Certificate of Origin: DGFT has created a common digital platform for issue of Preferential and Non-Preferential Certificate of Origin (e-CoO) by designated agencies. The CoO Certificates are issued in an online environment without any physical interface (https://coo.dgft.gov.in).
F-
Paperless Trading: To facilitate the shift to a paperless trading environment, FTP 2023 integrates digital platforms such as ICEGATE, SEZ online, and e-Sanchit. This will speed up trade procedures, including customs.
Promotion of Emerging Sectors

FTP 2023's Promotion of Emerging Sectors initiative is centered on assisting sectors like green exports and e-commerce that have significant potential for expansion. The strategy supports environmentally friendly products, fosters the growth of e-commerce export hubs, and offers unique advantages for digital trade. By following international trends and breaking into new areas, this strategy seeks to establish India as a leader in these developing industries.

Sector-Specific Focus
Given their potential for substantial expansion, the FTP 2023 places a strong emphasis on advancing important export industries like electronics, engineering goods, textiles, and pharmaceuticals. The policy lays forth sector-specific tactics to boost India's competitiveness, such as boosting innovation, strengthening manufacturing capacities, and tackling issues like supply chain inefficiencies. The policy is to increase India's market share internationally, generate jobs, and help the country reach its ambitious export objective of $2 trillion by 2030 by focusing on seven high-potential industries.

Global Trade Compliance
Alignment with WTO Norms: FTP 2023 is crafted to ensure alignment with India’s obligations under World Trade Organization (WTO) agreements, especially regarding subsidies and trade facilitation. The transition from the Merchandise Exports from India Scheme (MEIS) to the Remission of Duties and Taxes on Export Products (RoDTEP) underscores India’s commitment to WTO-compliant export promotion. This shift aims to remove trade-distorting subsidies, ensuring a more transparent, rules-based approach to export incentives, and helps maintain India’s credibility in the global trade arena.
Bilateral and Multilateral Agreements: The policy emphasizes the importance of leveraging free trade agreements (FTAs) and preferential trade agreements (PTAs) to expand market access for Indian goods and services. FTP 2023 also seeks to enhance India’s participation in global value chains by promoting exports of intermediate goods and services.



The FTP 2023 framework, with its emphasis on adaptability, responsiveness, and ease of doing business, marks a substantial change in India's approach to international trade. Because of its dynamic character, which enables frequent updates and sector-specific interventions, the policy is better adapted to the quickly evolving global trade environment. The policy presents significant prospects for export growth, particularly in new sectors and digital trade, even though there are still challenges, particularly with regard to the implementation and integration of MSMEs. The ability to adjust to changing trade dynamics, synchronize global trade, and execute the plan effectively will be key components of FTP 2023's success.
Comparison between FTP 2015-20 and FTP 2023

The comparison shows how India's trade policy has changed over time, moving from a more traditional focus of FTP 2015-2020 to one that emphasizes increased digitization, sustainability, and assistance for emerging sectors in FTP 2023.

Basis	FTP 2015-20	FTP 2023
Duration	2015-2020 (extended to March 2023)	2023
Objective	Increase exports to $900 billion by 2020; improve ease of doing business	Achieve $2 trillion in exports by 2030; focus on e-commerce, and digitization
Focus Areas	Merchandise exports, Services exports, improving trade facilitation	E-commerce, export hubs, district export hubs, and reduced compliance burden
Incentive Schemes	Merchandise Exports from India Scheme (MEIS), Service Exports from India Scheme (SEIS)	Remission of Duties and Taxes on Exported Products (RoDTEP), E-commerce promotion incentives
Export Promotion	Focus on traditional sectors like textiles, leather, and agriculture	Diversification into high-value sectors like electronics, engineering goods, and pharmaceuticals
Ease of Doing Business	Simplification of procedures, reduction in documentation	Focus on paperless trade, online applications, and simplified processes
Special Economic Zones (SEZ)	Focus on traditional SEZs	Shift towards developing export hubs and district-level export strategies
Market Diversification	Targeting new markets like Africa and Latin America	Enhanced focus on free trade agreements (FTAs) with developed and developing nations, deeper market penetration

1.4 Findings and Interpretation

This research paper provides a comprehensive evaluation of India's Foreign Trade Policy (FTP) 2015–2020 and examines the framework for the Foreign Trade Policy 2023. The findings highlight that FTP 2023 introduces significant changes to India's trade strategies compared to FTP 2015. While FTP 2015 emphasized export promotion schemes for merchandise, services, and agriculture, FTP 2023 focuses on enhancing India's global competitiveness and incentivizing high-tech and value-added products.

The economic impact analysis of FTP 2015 reveals a strong correlation between GDP and factors such as countervailing export and import non-tariff measures, tariffs, foreign exchange rates, exports, imports, and the consumer price index (CPI). However, a negative correlation with foreign direct investment (FDI) was observed, attributable to several factors. These include the prioritization of domestic interests over foreign investments in certain sectors during the "Make in India" campaign, increased domestic capital formation, exchange rate volatility, and a misalignment between sectors targeted for GDP growth and those attracting FDI. The regression model supports a strong positive relationship between GDP and most independent variables, with the exception of FDI.

Furthermore, FTP 2015 was compared with its predecessor, FTP 2009, in terms of growth patterns, trend fluctuations, and the composition of India's exports and imports. Key export products included engineering goods, petroleum, and gems and jewelry, while primary imports consisted of petroleum products, electronic goods, gold, and machinery.

The newly introduced FTP 2023 has been assessed in this context. Formulated with a focus on recovering growth disrupted by the COVID-19 pandemic during the FTP 2015–2020 period, FTP 2023 introduces strategies to enhance competitiveness in international markets and sets an ambitious export target of $2 trillion by 2030. Key features include:

1. Strengthening logistics infrastructure.
2. Improving market access.
3. Transitioning from merchandise exports to becoming an e-commerce export hub.
4. Prioritizing high-value sectors such as electronics, engineering, and pharmaceuticals over traditional sectors.

These initiatives are expected to positively impact India's trade balance over the long term.

Based on the findings and analysis, the following recommendations are proposed:

Strengthen Support for Traditional Export Sectors: While there's a focus on new-age exports, traditional sectors like gems and jewelry and textiles, which have experienced declining shares and negative growth rates, require targeted policy interventions. This could include focused skill development programs, technology upgrades, and marketing support to regain competitiveness in global markets.

Strategic Review of FDI Policies: The observed negative correlation between GDP and FDI necessitates a deeper investigation into the types of FDI being attracted and their integration into the domestic economy. Policymakers should consider directing FDI towards sectors with high potential for backward and forward linkages, job creation, and technology transfer to maximize its contribution to GDP growth.

Effective Implementation of FTP 2023 Initiatives: The success of FTP 2023 hinges on the effective implementation of its various initiatives, particularly the "Districts as Export Hubs" and e-commerce export promotion. This requires strong coordination between central and state governments, adequate infrastructure development, and capacity building at the local level to ensure seamless execution.

Enhance Trade Facilitation Measures: While FTP 2023 emphasizes automation and process re-engineering, continuous efforts are needed to reduce transaction costs and time for businesses. This includes further simplification of customs procedures, integration of digital platforms, and resolution of logistical bottlenecks.

Continuous Monitoring and Evaluation: The dynamic nature of global trade necessitates continuous monitoring and evaluation of the impact of trade policies. Regular assessments should be conducted to identify emerging challenges and opportunities, allowing for timely adjustments and refinements to the FTP.

The success of FTP 2023 will depend on its effective implementation, consistent stakeholder engagement, and a sustained focus on long-term structural reforms to advance India's global trade aspirations. This study provides policymakers and economists with actionable insights into the relationship between trade policies and economic variables, offering guidance for the development of future trade strategies that promote economic growth, strengthen international trade relations, and support sustainable development.

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