

**National Foreign Trade Policy of India: Why civil society's involvement is required?**  
*India Habitat Centre, New Delhi, 1-2 July 2008*

***Objective***

The objective is to connect various stakeholders of the project entitled Grassroots Reachout & Networking in India on Trade & Economics (GRANITE) with the national level policy makers on issues related to the formulation and implementation of National Foreign Trade Policy of India.

***Background***

The National Foreign Trade Policy of India, 2004-2009 came into existence as a part of the process of economic reforms that India has undergone since the early 1990s. It replaced the Export-Import Policy of India, which was an annual affair. The thrust of this Policy is on export promotion through an increase in the competitiveness of Indian products in the global market.. Given this overall thrust, the areas chosen to promote employment-intensive exports are:

- Agriculture,
- Handloom and handicrafts,
- Marine products,
- Leather and footwear, and
- Gems and Jewellery.

These products form a major portion of India's exports. They are labour-intensive and provide huge employment, particularly for women and marginalised sections of the society. In recent times some of these products are facing different and new types of tariff and non-tariff barriers, which are adversely affecting the growth of their sectors. Furthermore, the recent appreciation of the Indian Rupee against the US dollar is negatively impacting these sectors.

Several steps have been taken in this Policy and its subsequent Annual Supplements to enhance Indian exports in major markets but many Indian producers (especially small producers) are mostly unaware of these issues. The Policy was adopted without much consultation with the larger set of stakeholders affected by international trade. There have been no systematic attempts to conduct social impact analysis of various schemes undertaken under this Policy.

Given this background, CUTS Centre for International Trade, Economics & Environment (CUTS CITEE) has undertaken the GRANITE Project, which is being implemented in eight states viz. Andhra Pradesh, Karnataka, Maharastra, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal, in partnership with civil society organizations (CSOs) working at the grassroots. This is a three-year project (July 2007-June 2010) with support from the Royal Norwegian Embassy, New Delhi and Oxfam Novib, The Netherlands.

The overall goal of this project is to foster equity and accountability in the system of economic governance in India, ensuring better economic literacy at the grassroots and to generate a more coherent civil society voice on economic governance in India in the context of the effect of globalisation on the livelihoods of the poor, women and other marginalised sections of society. The implementation of the National Foreign Trade Policy of India is being looked at in this respect.

### ***Context***

Amongst its many achievements, the GRANITE Project is expected to be a significant step towards mainstreaming international trade into the process of development in India and vice-versa – that is to mainstream development into international trade. The first phase of the Project was implemented in eight states in 2005-06 and its main goal was to develop the capacity of local CSOs for dealing with issues of globalisation and economic liberalisation impacting India. In this regard, outreach meetings and other tools for sensitisation and advocacy have proved very useful to ascertain as well as challenge the prevalent perceptions about globalisation and related issues. Some of the outcomes of Phase 1 of the Project were as follows:

- Eight CSOs (the GRANITE partners) have demonstrated an excellent capacity for analysis, articulation and advocacy on emerging and relevant issues related to globalisation and international trade.
- The Department of Commerce, Ministry of Commerce and Industry, Government of India has formed the Inter-State Trade Council, which is in line with one of the advocacy goals of the GRANITE Project – that is more involvement of State Governments in the process of trade policy-making.

Pursuant to its objectives, Phase 2 of the project has adopted a slightly different approach by including a research component to generate better inputs for advocacy targeted at ensuring pro-poor changes in the National Foreign Trade Policy of India by linking local needs with national policy.

### ***The Event***

The National Conference, to be held on 1-2 July 2008 in New Delhi, is to discuss the following specific themes:

- Taking stock of the impact of the National Foreign Trade Policy of India 2004-09, and the extent to which it has been implemented, especially in the context of Trade Sustainability Impact Assessment in respect of economic, social and environmental sustainability
- To present a case for why civil society's involvement at the national and state level is required while formulating and implementing this Policy

Some important issues to be discussed are:

- National Foreign Trade Policy of India, 2004-09: Objectives and outcomes across eight Indian states
- Need for CSOs to actively participate in the process of its formulation and implementation
- The role of corporate-traders and exporters in promoting exports of employment-intensive products, especially in the Focussed Product areas mentioned in the Policy
- Role of the State Governments and other agencies in ensuring better implementation of this Policy and becoming intrinsic players in international trade
- Important areas of reform for increasing the pro-poor orientation of this policy
- Major issues, which are deterring/promoting the growth of export-oriented production and their impact on human development.

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