

## RESEARCH ARTICLE

## FOREIGN TRADE POLICY IN INDIA: A GENDER PERSPECTIVE

Rozi Kumari<sup>1</sup><sup>1</sup>Guru Gobind Singh Indraprastha University, New Delhi, India.

**Abstract:** Gender perspective is often overlooked in the foreign trade policy, leading to neglect of the needs specific to women. In this paper, we review how foreign trade policy can be an important tool in female empowerment in the light of India's Foreign Trade Policy 2023. We discuss how trade is linked with female and their role in the economy. We further discuss how regional trade agreements can help women gain from trade in India.

**Keywords:** Gender, Gender equality, India, International Trade, Regional Trade Agreements.

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## INTRODUCTION

Liberalisation policy adopted in 1991 played a pivotal role in India's growth story. India's GDP per capita (in constant 2015 USD) has increased from 528.9 USD in 1991 to 1936.9 USD in 2021 (World Bank, 2023). Most economists agree that trade has played central role in this growth story. Thus, foreign trade policy plays important role for the Indian economy. Broadly, foreign trade policy deals with the internal administrative rules regarding international flow of goods and services, the usage of trade instruments for protection of domestic individuals as well as entities, signing and formulating regional trade agreements.

Government of India formulates its five-year Foreign Trade Policy documents which lays down the set of guidelines and instructions and incentives and concessions related to export and import of goods and services. India launched its latest export import policy also called as Foreign Trade Policy (FTP) with effect from 1 April 2023. The policy has made a shift from incentive-based regime to remission-based regime and emphasizes on trade facilitation through digitalization and technology.

Other measures and vision to increase Indian exports have also been laid out (Tembey, 2023). However, the Policy misses out gender perspective completely. But why does gender perspective matter for trade policy?

Trade is seen as an important tool for economic growth, poverty reduction, productivity gains and overall development. These benefits of trade are convincing enough to provide trade policy the much-needed attention of policymakers and academicians. However, the conventional "gender neutrality" of trade is challenged by the empirical evidence which shows that the gains of trade have not been equal for men and women.

While policymakers assume a gender-neutral stance while formulating trade policy, they often overlook that women are characterised differently than men in terms of their roles in society, access to resources (including capital and time), education, etc. than men. Women in India (and around the world) face several forms of discrimination at workplace, households and society.

Trade policy can play an important role in reducing these inequalities by improving employment opportunities for women in the exporting sectors, reducing wage inequalities through formalisation of jobs, reducing prices helping women in the households, increasing national income leading to more government resources spent on education and health, improving labour standards through trade agreements, etc. However, they key to from the trade induced competitiveness for women

is through foreign trade policy that is sensitive to the trade and gender interlinkages.

The trade policy and policymakers must recognise that women play multiple roles in the economy, as workers, producers and consumers. In each role, they face are impacted differentially than men by international trade. Thus, women require special attention and policies to be able to benefit from trade.

**INTERNATIONAL TRADE AND WOMEN**

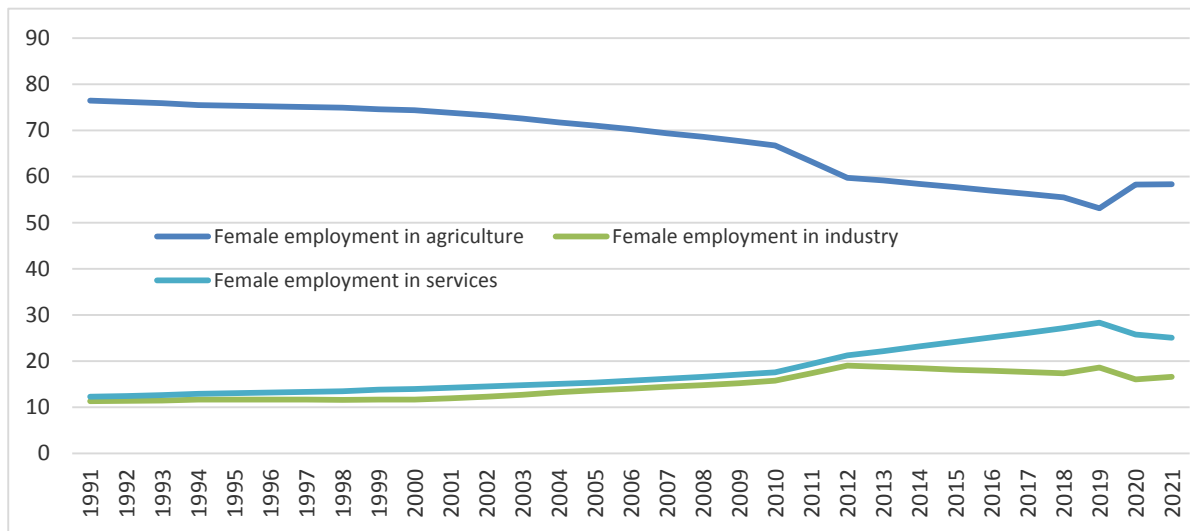
The trade policy of a nation aims to reduce the tariff and non-tariff barriers to international trade for the benefit of consumers and traders. These barriers exist for men and women, yet women face distinct challenges through these barriers than men. We first discuss the tariff barriers and then other challenges.

Women face differential impact of tariffs because of the high tariffs in the sectors

which are predominant by women, either as consumers or as workers/producers.

100 percent of India’s tariff lines related to agricultural products are bound with tariff ranging between 10 to 300 percent, with oil seeds, fats, oils and their products having maximum bound rates (WTO, 2020). Most agricultural goods in India receive above average tariff protection. While the government aims to protect the sector through such policy, these high tariffs often cause worsening of consumption basket of women in the role as consumers making household consumption decisions.

In the agriculture sector, women also play the role of workers in the farms and producers/farmers. Women are primarily engaged in agricultural activities in India and most other developing countries. As shown in Figure 1, around 58 percent of females in India are employed in the agricultural sector in 2021. The share has remained around 60 percent in the last decade.



**Figure 1: Sectoral distribution of female workers**

Agricultural sector in India is characterized by low productivity due to reasons such as small farm size, monsoon dependency, infrastructural inefficiencies, etc. A stable foreign policy in the agricultural sector would enhance the market opportunities for the sector and those employed in the sector. However, the frequent government intervention and restrictive trade policy in agricultural exports to control domestic inflation, food security etc., brings in uncertainty for the producers, of which women are disproportionately large number.

Such interventions make it difficult for producers to get benefit of high global prices for their produce and reduces income prospects. Thus, high import tariffs and restrictive export regulation cause obstacle to female empowerment in India’s agricultural export sector.

The manufacturing sector has the largest potential to absorb the growing youth labour force, including females. Yet the sector has employed only around 16 to 18 percent of females (Fig. 1). Indian manufacturing sector

is mostly informal in nature, with existence of a large number of small and medium sized enterprises (SMEs). Women own and are employed in disproportionately high numbers in these SMEs.

They face challenges from the foreign products which are cheaper, while not being able to penetrate in the foreign market due to complexities in trade rules and regulations, time and capital costs of exporting and importing products, financial constraints, etc.

As of 2018, only 66 percent of Indian women are literate and the percentage of women with graduation or above is much smaller at 9.9 percent in 2020, according to World Bank. The lack of literacy among women makes them vulnerable to complex administrative rules and regulations, frequent import export policy changes, etc.

As workers, the lower education of women makes it difficult for them to secure well-paying jobs in industrial and services sector which can provide employment opportunity and increased wages in the liberalized economy. Lower education also indicates lower skills and deteriorates women's prospects of finding technologically upgraded jobs as well as reduces their bargaining power to get higher pay and better job positions. Thus, lack of education causes major hindrance in women empowerment due to trade in India.

India has historically been a patriarchal society and women tend to invest substantially higher amount of time doing household activities than men (Jha, 2020). Due to this, they get much less time to invest in formal jobs created by trade and women often take up part-time, low paying jobs with little to no facilities.

Thus, women are constrained due to socio-economic status in the society, lack of resources (both time and assets), illiteracy, restrictive trade policy in the dominant sectors and their vertical and horizontal concentration in only few sectors and job titles.

This restricts their gains from trade and therefore, policies must be made keeping in mind the potential impacts on women and handholding should be provided wherever

required.

## **WHY REGIONAL TRADE AGREEMENTS (RTAs) SHOULD HAVE GENDER PERSPECTIVE?**

Regional Trade Agreements (RTAs) are trade agreements signed by two or more countries and define the rules and regulations for trade between member nations. Traditionally RTAs had limited scope and mainly concerned tariffs. However, with time, the scope and coverage of subjects in RTAs have expanded to include concerns about environment, labour, gender, etc.

RTAs have emerged as one of the important and effective channels of women economic empowerment. RTAs can help in mainstreaming gender by including provisions related to gender in the draft and implementation of the trade agreement. This shows the will and commitment of the governments to tackle gender inequalities through trade policy.

Gender mainstreaming in RTAs can be done by including provisions reaffirming existing commitments of countries to gender equality, by including safeguard mechanisms to protect gender equality from adverse impacts of such RTAs and by including gender-responsive policy provisions and cooperations to promote equality and female empowerment.

When standalone chapters on trade and gender are included in the RTAs, it gives much visibility to gender-related commitments and concerns while giving room for exploration and capacity building. Nine countries have signed FTAs with trade and gender chapter (Bahri, 2021).

Within RTAs, countries can incorporate commitments allowing access to international market to women and provisions to prohibition of sex-based discrimination of foreign investors. Gender provisions in RTA also increases role of gender equality in trade discourse and increases participation of civil society and private players to monitor and formulate trade policy.

Since women have limited information regarding trade rules and procedures, low literacy to do paperwork, higher unpaid work

burden, etc., trade facilitation measures under RTAs can also play crucial role in gender mainstreaming by reducing time and financial cost of international trade transactions. Besides this, public procurement provision can also be utilized to favour female producers in public procurement of goods.

Thus, RTAs can help in several ways in mainstreaming gender, reducing gender inequality and committing to women empowerment through trade agreements.

As of now, none of India's Trade Agreements feature gender provisions. The traditional view of gender-neutral trade policy seems to prevail in India's trade policy. However, as per news sources, the forthcoming India-UK trade agreement might feature chapter on gender (Sen, 2022). This would be a remarkable move to gender conscious trade policy making in India.

## CONCLUSION

International trade and Foreign Trade Policy are often viewed as gender neutral policy. However, empirics have shown that trade has differential impacts on men and women. Thus, Foreign Trade Policy becomes an important tool in achieving gender equality and improving the lives of women as consumers, traders, workers and producers.

India's Foreign Trade Policy and Agreements have not taken gender aspects into account explicitly and have not provided requisite attention. There is an urgent need to sensitize the policy makers that men and women play different roles as producers, workers, consumers, traders, etc. in the economy and get impacted as well as impact the trade capacity of a nation differently.

In such a scenario, failing to mainstream gender in trade policy not only hinders female participation in trade but also disrupt the speed of trade growth for country as a whole. Thus, making females as category of attention in trade facilitation, integration in GVCs, ease of doing business etc. would empower women and help them expand markets and trade globally (Taneja 2023).

Going forward, India should negotiate trade and gender provisions and standalone chapters in future trade agreements to show

the country's commitment to facilitate trade for women and protect gender equality. Before pursuing trade policy and FTA negotiations, it is important to consult the women entrepreneurs, traders and workers about their expectations from the trade policy and their concerns, needs and priorities from the policy.

Conscious effort should be made to increase stakeholder consultations to make sure that women are heard and delivered appropriate services required to aid them in international trade.

One of the key issues in studying gender issues in trade has been lack of gender-segregated data with respect to international trade, which impedes delivering gender sensitive policy recommendations. The lack of adequate and quality data often undermines the role of females in international trade.

Impact assessment of trade policy and agreements also become difficult due to data unavailability. Thus, government should set up data center where trade related gender-segregated data is collected and made available to researchers and policy advocates.

Government should also improve public procurement policy and to use it to favour MSME female producers in India. To make sure that grievances are resolved timely, a separate grievance cell should be operated. Given the low literacy level and technical education among females, trade facilitation help desk should be operated with staff well-versed in local languages of India.

In the long run, India should continue to aggressively target to improve the skill of women and to diversify their occupational status vertically (from lower to upper and management positions) and horizontally (from few sectors to multiple sectors). Capacity building, training and skill enhancement programs would be beneficial for women.

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