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## India's Role In Global Trade And Economic Governance

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### Abstract:

Global trade is all about countries trading goods, services, and capital with each other. It's like when countries exchange what they have for what they need. Economic governance refers to the rules, policies, and frameworks that help manage these trade relationships. International organizations like the World Trade Organization, International Monetary Fund, and World Bank play a big role in setting guidelines and policies for this. Basically, global trade and economic governance work together to help countries grow economically, create jobs, and reduce poverty. One of the objective is 'AATMANIRBHAR BHARAT. Aatmanirbhar Bharat is an important initiative in the context of global trade and economic governance. This initiative aims to strengthen India's economic independence, which in turn seeks to enhance India's position in the international market. In global trade, the goal of Aatmanirbhar Bharat is to improve the quality and capacity of Indian products, making them more attractive in foreign markets. This means that India can not only meet its domestic needs but also export goods effectively, contributing positively to the national economy. In terms of economic governance, the Aatmanirbhar Bharat initiative focuses on strengthening the country's economic policies, rules, and regulations. This supports local industries and attracts foreign investments. Now, India has a robust foundation for its economic development, which enhances its standing in global trade. The issues of Aatmanirbhar Bharat Firstly, Enhancing the competitiveness of Indian products in the global market requires a focus on quality improvement and cost reduction. Secondly, The COVID-19 pandemic highlighted supply chain vulnerabilities, emphasizing the need for localized supply chains. And Thirdly, There are a few geopolitical issues for Aatmanirbhar Bharat, such as tensions with China and supply chain disruptions. It's important to understand these.

**Keywords:** Sustainability, Competitiveness, Supply Chain Vulnerabilities, Geopolitical Factors

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### Introduction:

Global trade and economic governance in India play a crucial role in shaping the country's economic landscape and its integration into the global economy. India, as one of the largest economies in the world, has been actively participating in international trade and has established various trade agreements to enhance its economic ties with other nations. India's approach to global trade is influenced by its economic policies, which focus on liberalization, privatization, and globalization. The country has implemented reforms that have opened up various sectors to foreign investment and trade, leading to increased exports and imports. Key sectors such as information technology, pharmaceuticals, textiles, and agriculture have seen significant growth due to these policies. In terms of economic governance, India is a member of several international organizations, including the World Trade Organization, which plays a vital role in regulating trade rules and resolving disputes. India's participation in these organizations

reflects its commitment to a rules-based international trading system. Additionally, India has been involved in regional trade agreements, such as the South Asian Free Trade Area and the Regional Comprehensive Economic Partnership, aiming to strengthen economic ties with neighboring countries and enhance regional trade.

In India, global trade and economic governance are marked by a gradual integration into the global economy following economic reforms in 1991, with the country actively participating in international trade agreements while also advocating for its interests in global economic discussions, particularly within the G20, by pushing for policies that consider developing economies' needs and promoting a more inclusive approach to trade governance; however, challenges remain regarding market access and navigating complex trade negotiations to fully leverage India's potential as a global economic power. Global trade is projected to hit \$33 trillion in 2024, mainly due to a 7% rise in services trade. However, 2025 may face challenges like geopolitical tensions and rising protectionism, which could slow trade growth in developing economies. Meanwhile, countries like Bangladesh, Cambodia, and Vietnam are expected to benefit from shifting supply chains, while digital services trade remains a strong area, particularly for India and ASEAN nations. Despite these uncertainties, many economies are actively pursuing free trade agreements in 2025, such as India with Australia and the UK, aiming to enhance trade relations and lessen reliance on unstable markets.

India plays a pivotal role in global trade as one of the fastest-growing major economies, leveraging its vast market potential and diverse demographic dividend to enhance international commerce. With initiatives like 'Make in India' and 'Atmanirbhar Bharat,' the country aims to strengthen its manufacturing capabilities and reduce dependence on imports, fostering a more self-reliant economy while promoting exports. Furthermore, as India seeks to transition towards a 'Viksit Bharat' or developed India by 2047, it is increasingly engaging in multilateral trade agreements and partnerships, positioning itself as a crucial player in shaping the future of global economic dynamics and sustainable development (Harale & Pawar, 2024).

India plays a pivotal role in global trade, leveraging its vast market potential and diverse economic landscape to strengthen international partnerships. As one of the fastest-growing major economies, India is not only an essential player in traditional sectors like textiles and pharmaceuticals but is also making significant strides in high-tech industries, thereby enhancing its influence in global supply chains. Furthermore, India's commitment to sustainable business models is reflected in its initiatives to promote renewable energy, such as the International Solar Alliance, and its focus on sustainable agriculture practices. By integrating sustainability into its trade policies, India is positioning itself as a leader in responsible economic development, aiming to balance economic growth with environmental stewardship. This dual focus on enhancing trade opportunities while prioritizing sustainability underscores India's strategic approach to navigating the complexities of the modern global economy (Rathod et al., 2024).

India plays a significant role in global trade, acting as one of the world's largest markets and a rapidly growing economy. As a key player in various international trade agreements, such as the Regional Comprehensive Economic Partnership (RCEP) and the World Trade Organization (WTO), India is actively working to enhance its trade relationships with numerous countries, thereby increasing its exports and attracting foreign investments. Additionally, India's diverse range of products, from textiles and pharmaceuticals to information technology services, positions the country as a vital link in global supply chains, contributing to its status as a major contributor to international commerce (Dagde & Jadhav, 2024).

India has emerged as a pivotal player in global trade, significantly enhancing its presence in various sectors, including information technology, pharmaceuticals, and agricultural products.

Recent trends indicate that India's exports have been bolstered by its diversification efforts, leading to a growing footprint in emerging markets and established economies alike. The government's initiatives, such as the Production-Linked Incentive (PLI) scheme, aim to boost domestic manufacturing and attract foreign investment, aligning with global supply chain shifts and promoting resilience in trade patterns. As a result, India is not only increasing its trade volumes but also strengthening its strategic partnerships, positioning itself as a key interlocutor in the international trade arena (Harale et al., 2024).

### **Historical Context of Aatmanirbhar Bharat:**

The notion of self-reliance in India isn't new. It traces back to the Swadeshi movement of 1905, which advocated for the use of domestically produced goods to attain self-sufficiency and resist colonial rule. In 1998, Prime Minister Atal Bihari Vajpayee referenced 'self-reliance' in the context of national security. Building upon these foundations, Prime Minister Modi has revitalized the concept, aligning it with contemporary economic and geopolitical contexts.

Aatmanirbhar Bharat, meaning "Self-Reliant India," is a vision introduced by the Government of India to make the country self-sufficient across various sectors, reducing dependency on imports and boosting domestic production. Launched by Prime Minister Narendra Modi in May 2020 amid the COVID-19 pandemic, this initiative aims to strengthen the Indian economy through five key pillars: economy, infrastructure, system, demography, and demand. The Aatmanirbhar Bharat Abhiyan is structured around multiple financial and policy-driven stimulus packages, promoting local manufacturing, innovation, and sustainable development. Key sectors targeted include defense, agriculture, MSMEs, healthcare, and digital technology. The initiative aligns with India's "Vocal for Local" campaign, encouraging Indian businesses and consumers to support indigenous products and services. This policy shift has led to various government schemes, including the Production-Linked Incentive (PLI) Scheme, Make in India, and Startup India, fostering entrepreneurship, job creation, and foreign investment in domestic industries. The initiative also supports environmental sustainability, energy security, and digital transformation to enhance India's global competitiveness. On May 12, 2020, amidst the challenges posed by the COVID-19 pandemic, Prime Minister Modi announced the Aatmanirbhar Bharat Abhiyan, a comprehensive economic package amounting to ₹20 lakh crore, equivalent to 10% of India's GDP. This initiative aimed to mitigate the pandemic's impact and steer the country towards self-reliance. The Abhiyan focuses on five key pillars:-

1. India is transitioning from incremental growth to quantum leaps in its economy, aiming for a more significant and impactful development trajectory.
2. The focus is on developing state-of-the-art infrastructure that symbolizes modern India, showcasing advancements in technology and urban planning.
3. Implementing technology-driven solutions is key to enhancing governance, making processes more efficient and transparent for citizens.
4. India's youthful population is a vibrant demographic force that can drive innovation and change across various sectors.
5. Strengthening and fulfilling the country's demand is essential to boost economic activity, ensuring that the needs of the population are met and contributing to overall economic resilience.

### **Objectives:**

1. Encourage sustainable development by integrating environmental consideration
2. Enhance economic stability by coordinating policies to prevent crises

3. Support innovation and technology transfer to boost productivity

### Implementation & Impact:

#### Implementations of Aatmanirbhar Bharat:

1. **Economic Package (Aatmanirbhar Bharat Abhiyan):** The Indian government announced a massive ₹20 lakh crore economic package aimed at supporting various sectors, including businesses, farmers, MSMEs, and vulnerable groups. This package primarily focused on providing liquidity support, implementing financial reforms, and making structural changes to boost the economy.
2. **Promotion of Local Manufacturing & Industries:** The Production-Linked Incentive (PLI) Scheme was introduced to encourage domestic production in critical sectors such as electronics, pharmaceuticals, automobiles, and textiles. Additionally, the Make in India 2.0 initiative aims to strengthen domestic manufacturing by attracting investments and reducing dependence on imports. Reforms in the defence sector also aim to increase local defence production and minimize arms imports.
3. **Agriculture & Rural Economy:** The government introduced agricultural reforms, including farm laws, amendments to the Essential Commodities Act, and improvements in supply chain mechanisms. The PM Garib Kalyan Yojana provided direct benefits and ensured food security for the impoverished. Furthermore, the Digital Agriculture Mission promotes technology-driven solutions to enhance farming practices.
4. **MSME & Start-up Support:** The Emergency Credit Line Guarantee Scheme (ECLGS) was launched to provide financial assistance to small businesses, helping them navigate financial challenges. Additionally, reforms aimed at easing the business environment have simplified laws and reduced compliance burdens. Initiatives like Startup India and Standup India focus on fostering entrepreneurship and innovation across the country.
5. **Digital & Technological Advancements:** The Digital India initiative, along with Aatmanirbhar Apps, promotes the development of indigenous digital platforms to decrease reliance on foreign technology. Furthermore, the 5G and Semiconductor Mission aims to attract investments for the establishment of India's own semiconductor manufacturing capabilities, enhancing technological self-sufficiency.
6. **Infrastructure & Energy Sector:** The National Infrastructure Pipeline (NIP) outlines a substantial ₹111 lakh crore investment plan targeting roads, railways, and urban infrastructure development. In parallel, there is a strong push for renewable energy, particularly in solar and wind energy production, to reduce dependency on fossil fuel imports and promote sustainable energy sources.

#### Impact of Aatmanirbhar Bharat:

##### Economic Impact:

The campaign has led to significant economic changes. A study by Expert Market Research indicates that over 92% of respondents support the mission, with a notable increase in local product purchases and a decline in demand for foreign goods. This shift has fostered job creation, economic unity, and competitive local manufacturing, projecting robust growth for Indian businesses.

##### Sector Specific Impact:

**Education:** The National Education Policy (NEP) 2020 aligns with the Aatmanirbhar Bharat vision by promoting self-reliance through education. It aims to provide high-quality higher education opportunities, potentially helping individuals escape the poverty trap.

**Small-Scale Industries:** The initiative has influenced small-scale industries, including handloom weavers in Odisha. A study indicates that while the campaign's current impact is modest (about 5-10%), there is potential for greater influence in the future.

**Technology Adoption:** The Aatmanirbhar Bharat Abhiyan has accelerated the adoption of emerging technologies, especially in government sectors and public sector undertakings. In the fiscal year 2022, India's technology industry experienced a record 15.5% growth, reaching a revenue of US\$227 billion.

### **Challenges of Aatmanirbhar Bharat:**

The Atmanirbhar Bharat initiative aims to make India self-reliant by boosting domestic production and reducing dependence on imports. However, achieving this vision faces several challenges, particularly in supply chains. These include import dependencies, logistical inefficiencies, technological gaps, regulatory hurdles, and labor market issues. Disruptions caused by global uncertainties, geopolitical tensions, and infrastructure limitations further complicate the transition. Addressing these challenges through strategic investments, policy reforms, and innovation is crucial to building a resilient and competitive Indian economy.

#### **Competitiveness:**

**Infrastructure Deficiencies:** Good infrastructure is very important for industrial growth, but India has big gaps in areas like transportation, energy, and digital services. These gaps make it hard to produce and distribute goods efficiently, and fixing them will need a lot of money and time.

**Technological Limitations:** To become self-reliant, India needs better technology. Unfortunately, the research and development sector often lacks enough funding and resources, which makes India rely on technology from other countries. Building home-grown technologies will take a long time and needs ongoing support.

**Financial Constraints:** The Atmanirbhar Bharat initiative needs a lot of money, and the government finds it tough to gather funds without increasing the fiscal deficit. Finding a balance between investing in self-reliance and keeping the budget in check is a tricky situation.

**Global Supply Chain Integration:** In today's connected world, being completely self-sufficient is tough. India needs to find a way to be a part of global supply chains while also supporting its own industries, making sure they can compete without becoming isolated.

**Quality and Standardization Issues:** For Indian products to compete in the global market, they need to meet international quality standards. Ensuring that products are consistently high-quality and standardized across different industries is a big challenge that requires strict regulations and cooperation from businesses.

**Market Access and Export Competitiveness:** While working on self-reliance, India also needs to improve its ability to export goods. This means understanding how global markets work, meeting international standards, and effectively promoting Indian products to buyers in other countries.

#### **Geopolitical Factors:**

**Strategic autonomy and foreign policy:** India's goal of strategic autonomy means it needs to manage complicated relationships with other countries. To become self-reliant, India wants to work with many different countries, including the U.S., China, Russia, and its neighbors. This strategy helps India improve its position in the world without depending too much on any one country. Making sure that local policies match foreign policy goals is important. This way, initiatives like Aatmanirbhar Bharat can benefit from international partnerships and agreements, creating a better environment for growth.

**Internal challenges and policy implementation:** Domestic issues are also crucial for the success of the Aatmanirbhar Bharat initiative. It's important to fix problems related to taxes, labor laws, and land acquisition to create a friendly environment for businesses. Additionally, investing in infrastructure like transportation, energy, and water resources is key for industrial growth. Boosting innovation by increasing funding for research and development can lead to new technologies. This helps reduce reliance on foreign technologies and promotes self-reliance.

**Regional geopolitical dynamics:** India's geopolitical situation is shaped by its ties with neighboring countries and global powers. China's growing influence in South Asia, through investments and partnerships, challenges India to adjust its foreign policy. Political changes in countries like Bangladesh and Nepal may not support India's interests, impacting trade and cooperation. These factors make it harder for India to achieve its Aatmanirbhar Bharat mission, so careful navigation of these dynamics is crucial.

#### **Supply Chain Disruptions:**

**Technological and infrastructure gaps:** To achieve self-reliance, India needs to improve its technological capabilities and infrastructure. Upgrading to automation and advanced manufacturing technologies is essential to meet global standards and lower production costs. Investing in research and development can help drive innovation and efficiency in local industries.

**Policy and regulatory challenges:** There are also policy and regulatory challenges that need to be addressed. Long and complicated procurement processes, along with regulatory delays, have often slowed down projects and made investors hesitant. Simplifying policies, ensuring transparency, and creating a friendly business environment are crucial to attract investments and boost domestic manufacturing.

**Skills development and regulatory market issues:** A skilled workforce is vital for a strong supply chain. Therefore, the education system needs to be revamped to focus on skill development, entrepreneurship, and continuous learning to keep up with new technologies. Tackling labor market issues like unemployment and underemployment through targeted training programs can improve productivity and support the Atmanirbhar Bharat mission.

**Disruption in Imports:** India's reliance on imports for raw materials and components has been a longstanding issue. The pandemic-induced global supply chain disruptions led to significant reductions in imports, adversely affecting industries dependent on foreign supplies. This dependency underscores the need for developing robust domestic supply chains to mitigate vulnerabilities.

#### **Conclusion:**

Global trade and economic governance are vital for the growth and stability of the world economy. Countries need to work together to create fair trade practices while also promoting self-reliance. By finding a balance between independence and international cooperation, nations can build a more stable and fair economic environment. This approach will not only help individual countries thrive but also support a healthier global economy for everyone. Balancing self-sufficiency with being part of the global market is really important. Working together and making necessary changes will help us achieve sustainable development. By combining our own resources with international partnerships, we can grow in a way that benefits everyone and protects our environment for the future.

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