REGULATION OF FOREIGN TRADE IN INDIA UNDER THE FOREIGN TRADE (DEVELOPMENT AND REGULATION) ACT, 1992

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ABSTRACT

Foreign trade plays a crucial role in India's economic development by promoting industrial growth, increasing exports, attracting foreign investment, creating employment opportunities, and strengthening the country's position in the global market. As international trade has become increasingly complex and rigid, an effective legal framework is essential to regulate the cross–border commercial activities while ensuring that economic growth is balanced with national security, public interest, and international obligations. The Foreign Trade (Development and Regulation) Act, 1992 is the primary and principal legislation that governing India's foreign trade sector. The act replaced the earlier stricter and complex import-export control system with more transparent, flexible, and policy-oriented framework designed to facilitate the trade while maintaining necessary regulatory oversight. It empowers the central government to implement and to formulate the Foreign Trade Policy and empowers the Director General of Foreign Trade (DGFT) to oversee licensing, ensure and monitoring of compliance, and regulate export and import activities.

This research critically examines the legal and regulatory framework established under the Foreign Trade (Development and Regulation) Act, 1992, with particular emphasis on its objectives, scope, evaluates its role in promoting orderly growth of India's foreign trade and institutional framework. It discusses the role of the central government and Director General of Foreign Trade (DGFT) in regulating foreign trade. This research also explores the relationship between the Act and other important legislation, including the Customs Act, 1962 the Foreign Exchange Management Act,1999, and India's commitments under the agreements of World Trade Organization. Further this study discusses the significance of judicial interpretation and implementation of the Act in addressing emerging issues, including digital trade, export promotion, trade facilitation, national security concerns, and sustainable economic development.

This research finds that the Foreign Trade (Development and Regulation) Act, 1992 has played a pivotal role in modernising India's Foreign Trade administration and creating a predictable legal environment for international commerce. Continuous reforms remain necessary to respond to global trade practices, technological developments, and evolving economic priorities. This research paper concludes the strengthening institutional coordination, improving transparency, simplifying regulatory procedures, encouraging digital governance, and aligning domestic laws with international trade standards will increase the effectiveness of India's foreign trade regime and allows the country to achieve sustainable economic growth while remaining competitive in the global trading system.

Keywords: Foreign Trade; Foreign Trade (Development and Regulation) Act, 1992; Export and Import Regulation; Director General of Foreign Trade (DGFT); Foreign Trade Policy; Trade Liberalisation; International Trade Law; Trade Regulation in India; Export Promotion; Economic Development.

INTRODUCTION

Foreign trade is a major contributor to the economic growth and development of every nation. It facilitates the exchange of goods and services across international borders, generates foreign exchange, promotes industrialisation, creates employment opportunities, and improves the overall standard of living. For a developing economy like India, foreign trade serves as an important instrument for achieving sustainable economic growth and enhancing global competitiveness.[1]

Despite its significance, foreign trade is governed by a complex framework of laws, policies, procedures, and regulatory requirements. Importers and exporters must comply with licensing norms, customs regulations, taxation rules, documentation requirements, and other legal formalities prescribed by different government authorities. Consequently, an effective regulatory system is essential to ensure that international trade is conducted in a transparent, efficient, and legally compliant manner.[2]

In India, the regulation of foreign trade is primarily governed by the Foreign Trade (Development and Regulation) Act, 1992, which replaced the Imports and Exports (Control) Act, 1947 as part of India's economic liberalisation programme.[3] The Act empowers the Central Government to formulate and implement the Foreign Trade Policy and regulate imports and exports in accordance with national economic objectives.[4]

[1] Raj Bhala, *International Trade Law: A Comprehensive E-Textbook* (6th ed. 2021).
[2] Indira Carr & Peter Stone, *International Trade Law* (6th ed. 2018).
[3] Foreign Trade (Development and Regulation) Act, No. 22 of 1992, India Code; Imports and Exports (Control) Act, No. 18 of 1947, India Code (repealed).
[4] Foreign Trade (Development and Regulation) Act, No. 22 of 1992, §§ 3–6, India Code.

The administration of foreign trade is carried out through a well-established institutional framework comprising the Ministry of Commerce and Industry, the Directorate General of Foreign Trade (DGFT), the Ministry of Finance, the Central Board of Indirect Taxes and Customs (CBIC), the Export Inspection Council (EIC), and various Export Promotion Councils. The DGFT is the principal authority responsible for implementing the Foreign Trade Policy, granting import-export authorisations, issuing Importer Exporter Codes (IEC), and facilitating international trade through various digital initiatives.[5]

India's foreign trade regime is also influenced by its obligations under the World Trade Organization (WTO), established in 1995. As a founding member of the WTO, India aligns its trade policies with multilateral agreements governing trade in goods, services, intellectual property rights, and dispute settlement while safeguarding national economic interests.[6]

To strengthen India's participation in global trade, the Government has introduced several trade policies, export promotion schemes, duty exemption programmes, and digital initiatives aimed at simplifying trade procedures and improving the competitiveness of Indian businesses. These measures seek to facilitate international trade while protecting national economic interests and ensuring compliance with international trade obligations.[7]

Against this background, a clear understanding of the legal and institutional framework governing foreign trade is essential for policymakers, researchers, legal professionals, exporters, and importers. This study examines the regulation of foreign trade in India by analysing its legal framework, institutional mechanisms, and key policy measures, while highlighting their role in promoting, facilitating, and regulating international trade.

OBJECTIVES AND SCOPE OF THE FOREIGN TRADE (DEVELOPMENT AND REGULATION) ACT, 1992

OBJECTIVES OF THE ACT

The Foreign Trade (Development and Regulation) Act, 1992 was enacted to establish a modern legal framework for regulating and promoting India's foreign trade following the economic reforms of 1991. It replaced the earlier Imports and Exports (Control) Act, 1947, with the

[5] Directorate General of Foreign Trade, Ministry of Commerce & Industry, *Handbook of Procedures, 2023* (2023).

[6] Marrakesh Agreement Establishing the World Trade Organization, Apr. 15, 1994, 1867 U.N.T.S. 154 (entered into force Jan. 1, 1995).

[7] Ministry of Commerce & Industry, Government of India, *Foreign Trade Policy 2023* (2023).

objective of creating a more transparent, efficient, and liberal trade regime that supports economic growth and international competitiveness. The Act authorises the Central Government to formulate and implement the Foreign Trade Policy and to regulate imports and exports in accordance with national economic priorities. It also seeks to facilitate exports, encourage international trade, protect domestic industries where necessary, and ensure that India's trade practices remain consistent with its international obligations. In addition, the Act provides for an institutional mechanism through the Directorate General of Foreign Trade (DGFT) to administer trade policies, issue authorisations, monitor compliance, and promote a predictable and accountable regulatory environment.

SCOPE AND APPLICABILITY

The Foreign Trade (Development and Regulation) Act, 1992 extends throughout India and governs the regulation and development of foreign trade relating to imports and exports. It provides the legal foundation for implementing the Foreign Trade Policy and empowers the Central Government to regulate trade through licensing, restrictions, prohibitions, and other regulatory measures whenever required in the public interest. The Act applies to all persons engaged in import and export activities and covers matters relating to authorisations, Importer Exporter Code (IEC) registration, export promotion schemes, compliance requirements, penalties, and dispute resolution. It also works in coordination with other trade-related laws, such as the Customs Act, 1962 and the Foreign Exchange Management Act, 1999, to ensure effective regulation of international trade. Through its comprehensive framework, the Act enables India to facilitate legitimate trade, safeguard national interests, and fulfil its commitments under the World Trade Organization while adapting to changing global trade practices.

SALIENT FEATURES OF THE FOREIGN TRADE (DEVELOPMENT AND REGULATION) ACT, 1992

The Foreign Trade (Development and Regulation) Act, 1992 establishes a comprehensive legal framework for regulating and promoting India's foreign trade. One of its most significant features is that it empowers the Central Government to formulate and periodically revise the Foreign Trade Policy (FTP) in line with changing economic conditions and international trade practices. This enables the Government to adopt flexible trade measures that support national development and enhance India's global competitiveness.

Another important feature of the Act is the establishment of the **Directorate General of Foreign Trade (DGFT)** as the principal authority responsible for administering the Act and implementing the Foreign Trade Policy. The DGFT is entrusted with functions such as issuing Importer Exporter Codes (IEC), granting authorisations, monitoring compliance, and facilitating trade-related services.

The Act also provides the Central Government with wide regulatory powers to prohibit, restrict, or otherwise regulate the import and export of goods, services, and technology whenever such measures are necessary in the interest of national security, public health, environmental protection, foreign policy, or economic stability. This flexibility enables the Government to respond effectively to changing domestic and international circumstances.

A notable feature of the Act is its emphasis on trade facilitation and export promotion. It supports various export incentive schemes, simplifies licensing procedures, and encourages ease of doing business by reducing unnecessary procedural barriers for exporters and importers. At the same time, it ensures that trade activities remain subject to appropriate regulatory oversight.

The Act further incorporates provisions relating to enforcement, including penalties for violations, adjudication of disputes, and appellate remedies. These provisions promote accountability and ensure compliance with the legal framework governing foreign trade.

Another significant aspect is the coordination of the Act with other economic and trade-related laws, particularly the **Customs Act, 1962**, the **Foreign Exchange Management Act, 1999 (FEMA)**, and India's obligations under the agreements of the **World Trade Organization (WTO)**. Such coordination helps maintain consistency between domestic trade regulation and international trade commitments.

Finally, the Act adopts a dynamic and adaptable approach to foreign trade regulation. Through regular amendments, notifications, public notices, and revisions to the Foreign Trade Policy, it enables the legal framework to respond to technological advancements, digital trade, evolving global market conditions, and India's long-term economic objectives. This flexibility has made the Act an important instrument for facilitating international trade while safeguarding the country's strategic and economic interests.

HISTORY OF FOREIGN TRADE IN INDIA

Since ancient time foreign trade is important part of India's economic development. Historical records and archaeological findings show that India maintained trade relations with countries such as Greece, China, Arbia, Java, and Germany. Merchants in India exported products like cotton textiles, spices, perfumes, metal goods, and other valuable items, which were highly appreciated all over the world. In return India received gold, silver, and other valuable goods through international trade. It is because exports were greater than imports, India enjoyed a favourable balance of accumulated wealth and trade, thereby India came to be known as "Sone Ki Chiriya" (Golden Bird).

Those period in India carried out trade through both land and sea routes, helping India to establish a strong commercial relation with neighbouring and distant countries. Indian rulers also expanded trade by strengthening relationship with regions such as Thailand, Java, Sumatra, and Malaysia. The growth of foreign trade not only increased economy of the nation but also promoted cultural exchange and brings India's position to one of the world's leading trading nations.

Over time, the nature of India's foreign trade changed. During the Mughal period, trade continued to expand, but after the arrival of the British, India's trade policies were gradually reshaped to serve British economic interests. Instead of exporting finished products, India increasingly became a supplier of raw materials while importing manufactured goods from Britain. This shift weakened Indian industries and transformed the country's economic structure.

The history of India's foreign trade reflects its longstanding role in global commerce. It demonstrates how trade contributed to India's prosperity in ancient times, how colonial policies affected its economy, and how foreign trade has continued to play a significant role in the country's economic growth and development.

EVOLUTION OF INDIA'S FOREIGN TRADE POLICY

PRE-LIBERALISATION TRADE REGULATION

In the years following Independence, India's foreign trade policy was largely guided by the objective of achieving economic self-reliance. The Government adopted an import substitution strategy to encourage domestic production and reduce dependence on imported goods. Foreign trade was strictly regulated through the **Imports and Exports (Control) Act, 1947**, which introduced a licensing system for imports and exports. High customs duties, quantitative restrictions, and foreign exchange controls were imposed to protect domestic industries and conserve foreign exchange reserves. Although these measures contributed to the development of certain industries, they also resulted in limited competition, administrative delays, and comparatively slow growth in exports. Consequently, India's participation in international trade remained relatively low during this period.

ECONOMIC REFORMS OF 1991

A severe balance of payments crisis in 1991 prompted India to undertake comprehensive economic reforms. The Government introduced a policy of liberalisation, privatisation, and globalisation to revitalise the economy and promote integration with international markets. As part of these reforms, several trade barriers were removed, import licensing was gradually reduced, customs duties were lowered, and restrictions on foreign investment were relaxed. The emphasis shifted from controlling trade to promoting exports, improving industrial competitiveness, and encouraging greater participation in global commerce. These reforms laid the foundation for a more open, market-oriented trade policy and significantly transformed India's approach towards international trade.

RECENT DEVELOPMENTS IN FOREIGN TRADE POLICY

India's Foreign Trade Policy has continued to evolve in response to changes in the global economy and emerging trade practices. Recent policies have focused on simplifying regulatory procedures, promoting exports, strengthening digital governance, and improving the ease of doing business. Greater emphasis has been placed on trade facilitation through online licensing systems, paperless transactions, and digital service delivery by the DGFT. The policy has also sought to enhance India's export competitiveness by encouraging participation in global value chains, supporting services exports, promoting e-commerce and digital trade, and improving logistics infrastructure. In addition, recent initiatives have aligned trade policy with the objectives of sustainable development, resilience in global supply chains, and compliance with India's obligations under the World Trade Organization (WTO). These developments reflect India's continuing efforts to create a transparent, efficient, and globally competitive foreign trade regime capable of supporting long-term economic growth.

ENACTMENT OF THE FOREIGN TRADE (DEVELOPMENT AND REGULATION) ACT, 1992

To provide a modern legal framework for the reformed trade regime, Parliament enacted the **Foreign Trade (Development and Regulation) Act, 1992**, replacing the **Imports and Exports (Control) Act, 1947**. The Act marked a significant shift from restrictive trade controls to a system focused on trade development and facilitation. It empowered the Central Government to formulate and revise the **Foreign Trade Policy (FTP)** and established the **Directorate General of Foreign Trade (DGFT)** as the principal authority responsible for implementing the Act. The legislation introduced greater transparency, flexibility, and administrative efficiency in regulating imports and exports while ensuring that trade regulation remained consistent with India's economic objectives and international commitments.

INSTITUTIONAL FRAMEWORK UNDER THE FTDR ACT

POWER AND FUNCTION OF CENTRAL GOVERNMENT TO MAKE ORDER AND ANNOUNCE [8][FOREIGN TRADE POLICY]

The Foreign Trade (Development and Regulation) Act, 1992 gives the Central Government the authority to regulate and promote India's foreign trade. Under Section 3(1), the Central Government may issue Orders through the Official Gazette to encourage imports, increase exports, and ensure the orderly development of foreign trade.

Under Section 3(2), the Central Government also has the power to prohibit, restrict, or regulate the import or export of goods, services, or technology whenever necessary. These restrictions may apply to all goods or only to specific categories and may include certain exceptions. However, in the case of services and technology, these provisions apply only to those who receive benefits under the Foreign Trade Policy or deal with specified services or technologies.[9]

Section 3(3) provides that if the Government prohibits or restricts the import or export of any goods under this Act, those goods are treated as prohibited goods under the Customs Act, 1962. As a result, all the provisions of the Customs Act relating to prohibited goods become

[8] Foreign Trade (Development and Regulation) (Amendment) Act, 2010, No. 25 of 2010, § 3 (India) (w.e.f. Aug. 27, 2010).
[9] Foreign Trade (Development and Regulation) (Amendment) Act, 2010, No. 25 of 2010, § 4 (India) (w.e.f. Aug. 27, 2010).

applicable.

Section 3(4) further states that no licence or permit is required for the import or export of goods unless such a requirement is specifically provided under the Foreign Trade (Development and Regulation) Act, 1992 or the rules and orders made under it. Likewise, goods cannot be prohibited from import or export except in accordance with the provisions of the Act.

Section 5 empowers the Central Government to formulate and announce the Foreign Trade Policy through a notification published in the Official Gazette. The Government may revise or amend the policy from time to time to meet changing economic conditions and trade requirements. The Government may also apply the Foreign Trade Policy to Special Economic Zones (SEZs) with suitable exceptions, modifications, or adaptations wherever necessary.[10]

ROLE AND FUNCTION OF DIRECTOR GENERAL OF FOREIGN TRADE (DGFT)

The **Director General of Foreign Trade (DGFT)** is the principal authority responsible for administering and implementing the provisions of the **Foreign Trade (Development and Regulation) Act, 1992** and the **Foreign Trade Policy (FTP)**. Under **Section 6** of the Act, the Central Government appoints the Director General of Foreign Trade and may also appoint other officers to assist in carrying out the functions assigned under the Act. The DGFT functions under the **Ministry of Commerce and Industry** and serves as the nodal agency for promoting and regulating India's foreign trade.

One of the primary responsibilities of the DGFT is to implement the Foreign Trade Policy formulated by the Central Government. It administers various export and import schemes, grants licences and authorisations, and ensures that trade activities are conducted in accordance with the provisions of the Act and the applicable policy framework. The DGFT also issues the **Importer Exporter Code (IEC)**, which is a mandatory registration requirement for persons or entities engaged in international trade, except in cases specifically exempted by law.

The DGFT plays a significant role in facilitating trade by issuing licences, Advance Authorisations, Export Promotion Capital Goods (EPCG) authorisations, and other approvals provided under the Foreign Trade Policy. It is also responsible for monitoring import and

[10] Foreign Trade (Development and Regulation) (Amendment) Act, 2010, No. 25 of 2010, § 5 (India) (w.e.f. Aug. 27, 2010).

export transactions, ensuring compliance with statutory requirements, and taking appropriate administrative action where violations are identified.

To provide clarity and ensure uniform implementation of trade regulations, the DGFT regularly issues **Public Notices, Trade Notices, Policy Circulars, and notifications** explaining procedural requirements, policy amendments, and operational guidelines. These instruments assist exporters, importers, and other stakeholders in complying with the legal and regulatory framework governing foreign trade.

With the increasing emphasis on digital governance, the DGFT has introduced various online services through its electronic portal. These services enable electronic filing of applications, issuance and modification of Importer Exporter Codes, online licence applications, electronic certificates, and other trade-related services, thereby reducing procedural delays and improving transparency and efficiency.

In addition to implementing trade policies, the DGFT monitors compliance with the provisions of the FTDR Act, the Foreign Trade Policy, and the conditions attached to licences and authorisations. It also advises the Central Government on matters relating to foreign trade, policy reforms, export promotion, and measures necessary to improve India's competitiveness in international markets. Through these functions, the DGFT plays a crucial role in facilitating legitimate trade, ensuring regulatory compliance, and supporting the country's economic and trade objectives.

LICENSING AND REGULATORY AUTHORITIES

The effective implementation of the **Foreign Trade (Development and Regulation) Act, 1992** depends on the coordinated functioning of several licensing and regulatory authorities responsible for administering, monitoring, and enforcing India's foreign trade laws. These authorities work together to facilitate legitimate trade while ensuring compliance with statutory and regulatory requirements.

The **Directorate General of Foreign Trade (DGFT)** serves as the primary licensing authority under the Act. It is responsible for granting, modifying, suspending, or cancelling licences and authorisations required for import and export activities. The DGFT also issues the **Importer Exporter Code (IEC)**, which serves as the basic registration required for engaging in international trade. Through its Regional Authorities located across the country, the DGFT provides licensing services, processes applications, offers guidance to traders, and ensures the implementation of the Foreign Trade Policy at the regional level.

The **Customs Authorities**, functioning under the **Central Board of Indirect Taxes and Customs (CBIC)**, regulate the physical movement of goods across India's borders. They verify import and export consignments, assess customs duties, ensure compliance with customs laws, and enforce restrictions and prohibitions prescribed under the FTDR Act, the Customs Act, 1962, and other allied legislation. Customs officials also examine shipping documents, inspect goods, and prevent the illegal movement of prohibited or restricted items.

The **Directorate of Revenue Intelligence (DRI)** plays an important role in preventing customs fraud, commercial smuggling, and trade-related offences. It investigates cases involving customs duty evasion, illegal imports and exports, misuse of export incentive schemes, and violations of foreign trade regulations, thereby safeguarding the country's economic interests.

The **Reserve Bank of India (RBI)** regulates foreign exchange transactions connected with international trade under the **Foreign Exchange Management Act, 1999 (FEMA)**. It issues guidelines relating to export proceeds, import payments, foreign currency transactions, and banking procedures, ensuring that trade-related financial transactions comply with foreign exchange regulations.

Port Authorities, including airport, seaport, inland container depot (ICD), and land customs station authorities, facilitate the movement of goods by providing the necessary infrastructure, cargo handling facilities, customs clearance support, and logistical services. Their role is essential in ensuring the efficient movement of international trade consignments.

Various **verification, inspection, and compliance authorities** are also involved in regulating foreign trade. Depending on the nature of the goods, agencies such as the **Food Safety and Standards Authority of India (FSSAI)**, the **Plant Quarantine Organisation**, the **Animal Quarantine and Certification Services**, the **Bureau of Indian Standards (BIS)**, and other specialised regulatory bodies verify compliance with applicable quality, safety, health, environmental, and technical standards before goods are imported or exported.

The enforcement of foreign trade regulations is further supported by agencies such as the

Directorate of Enforcement (ED), the **Directorate of Revenue Intelligence (DRI)**, Customs authorities, and other investigative bodies, which monitor compliance, investigate violations, and initiate legal proceedings where necessary.

The successful administration of India's foreign trade regime depends on effective coordination among these regulatory authorities. Close cooperation between the **DGFT**, **CBIC**, **RBI**, **DRI**, Port Authorities, regulatory agencies, and other government departments helps ensure smooth trade facilitation, efficient regulatory enforcement, transparency in administration, and compliance with both domestic legislation and India's international trade obligations.

REGULATORY FRAMEWORK UNDER THE FTDR ACT

IMPORTER-EXPORTER CODE NUMBER AND LICENCE

Section 7 provides that no person can engage in the import or export of goods without obtaining an Importer-Exporter Code (IEC) Number issued by the Director General of Foreign Trade (DGFT) or an officer authorised by the DGFT. The IEC must be obtained by following the procedure prescribed by the DGFT. However, in the case of services and technology, an IEC is required only when the service or technology provider claims benefits under the Foreign Trade Policy or deals with specified services or technologies.

SUSPENSION AND CANCELLATION OF IMPORTER-EXPORTER CODE NUMBER[11]

Section 8 empowers the DGFT or an authorised officer to suspend or cancel an Importer-Exporter Code (IEC) after following the principles of natural justice. Such action may be taken if the holder violates the provisions of the Act, the rules or orders made under it, the Foreign Trade Policy, or any law relating to customs, central excise, foreign exchange, or other notified economic offences. The IEC may also be suspended or cancelled if the importer or exporter acts in a manner that harms India's trade relations with other countries, affects the interests of other traders, damages the reputation of Indian goods, services, or technology, or violates the provisions relating to specified goods, services, or technology.[12]

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[11] Foreign Trade (Development and Regulation) (Amendment) Act, 2010, No. 25 of 2010, § 8 (India) (w.e.f. Aug. 27, 2010).

[12] Foreign Trade (Development and Regulation) Act, 1992, No. 22 of 1992, § 8(2), as amended by the Foreign Trade (Development and Regulation) (Amendment) Act, 2010, No. 25 of 2010, § 8 (India).

Before passing any order, the concerned person must be given a written notice explaining the grounds for the proposed action and a reasonable opportunity to submit a written explanation and to be heard. Where an IEC is suspended or cancelled, the person cannot carry out imports or exports unless a special licence is granted by the DGFT in accordance with the prescribed conditions.

ISSUE, SUSPENSION AND CANCELLATION OF LICENCE

Section 9 authorises the Central Government to prescribe fees for applications relating to licences, certificates, scrips, or other instruments that provide financial or fiscal benefits. The DGFT or an authorised officer may, after conducting necessary enquiries, grant, renew, or refuse licences for the import or export of goods, services, or technology. The authority may also issue, renew, or refuse certificates, scrips, or other instruments granting financial or fiscal benefits, provided reasons for refusal are recorded in writing.

Every licence, certificate, scrip, or similar instrument must be issued in the prescribed form, remain valid for the specified period, and be subject to the prescribed terms, conditions, and restrictions.[13] The DGFT may suspend or cancel these authorisations for valid reasons, but only after giving the holder a reasonable opportunity to present his or her case[14]. Any person aggrieved by an order refusing, suspending, cancelling, or refusing to renew a licence, certificate, scrip, or similar instrument has the right to file an appeal under Section 15 of the Act.

REGULATORY FRAMEWORK UNDER THE FOREIGN TRADE (DEVELOPMENT AND REGULATION) ACT, 1992

FOREIGN TRADE POLICY

The **Foreign Trade Policy (FTP)** forms the foundation of India's foreign trade regulatory framework. Issued by the Central Government under **Section 5 of the Foreign Trade (Development and Regulation) Act, 1992**, the policy provides strategic direction for the promotion and regulation of imports and exports. It outlines the objectives, procedures, and incentives intended to facilitate international trade while supporting the country's economic

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[13] Foreign Trade (Development and Regulation) (Amendment) Act, 2010, No. 25 of 2010, § 9 (India) (w.e.f. Aug. 27, 2010).
[14] ibid

development. The FTP is periodically revised to reflect changes in domestic priorities, global trade practices, and technological advancements. Recent policies have focused on simplifying trade procedures, encouraging digital governance, improving the ease of doing business, promoting export competitiveness, and integrating Indian businesses into global value chains. Through the FTP, the Government seeks to create a transparent, predictable, and business-friendly environment that encourages sustainable growth in foreign trade.

REGISTRATION, AUTHORISATION AND COMPLIANCE

The regulatory framework requires every person or entity engaged in international trade to comply with prescribed registration and authorisation requirements. A key requirement is obtaining an **Importer Exporter Code (IEC)** from the Directorate General of Foreign Trade (DGFT), which serves as the primary identification number for conducting import and export transactions. Depending on the nature of the trade activity, exporters and importers may also require specific authorisations under the Foreign Trade Policy, such as **Advance Authorisation**, **Export Promotion Capital Goods (EPCG) Authorisation**, and other scheme-based approvals. In addition to obtaining the necessary registrations, traders are required to maintain proper records, comply with policy conditions, furnish accurate information, and adhere to customs and foreign exchange regulations. Increasing digitalisation through the DGFT portal has simplified registration, filing, and compliance procedures, thereby improving transparency and reducing administrative burdens.

EXPORT PROMOTION MEASURES

One of the principal objectives of the FTDR Act is to promote exports and strengthen India's competitiveness in international markets. To achieve this objective, the Government has introduced a range of export promotion initiatives through the Foreign Trade Policy. These include incentive schemes, duty remission and exemption programmes, export facilitation measures, and financial assistance designed to reduce production costs and improve the global competitiveness of Indian products. Export Promotion Councils, trade fairs, market development initiatives, and capacity-building programmes also support exporters by providing information, market access, and technical assistance. Recent policy initiatives further emphasise digital trade, logistics improvement, ease of doing business, and greater participation of small and medium enterprises in international commerce. Collectively, these measures contribute to increasing export performance and expanding India's presence in global markets.

RESTRICTIONS, PROHIBITIONS AND CONTROL MEASURES

While the FTDR Act promotes international trade, it also empowers the Central Government to regulate trade in the public interest. The Government may impose restrictions or prohibit the import or export of specific goods, services, or technologies to safeguard national security, public health, environmental protection, foreign policy objectives, and economic stability. Certain goods may be classified as restricted or prohibited, requiring special authorisation or complete prohibition depending on the circumstances. The regulatory framework also provides for trade control measures to address issues such as strategic exports, hazardous substances, endangered species, public safety, and international sanctions. These controls ensure that trade liberalisation is balanced with the need to protect national interests and comply with India's international obligations.

PENALTIES, ADJUDICATION AND APPEALS

EMPOWERING THE SETTLEMENT COMMISSION FOR REGULARISATION OF EXPORT OBLIGATION DEFAULT

Section 11B recognises settlements made by the Settlement Commission regarding customs duty and interest on export obligation defaults. Such settlements are treated as valid settlements under the Foreign Trade (Development and Regulation) Act, 1992.

PENALTY OR CONFISCATION NOT TO INTERFERE WITH OTHER PUNISHMENTS

Section 12 states that the imposition of a penalty or confiscation under this Act does not prevent a person from being prosecuted or punished under any other applicable law. A person may therefore face additional legal consequences where other laws have also been violated.

ADJUDICATING AUTHORITY

Section 13 authorises the Director General of Foreign Trade (DGFT) to impose penalties and order confiscation under the Act. The Central Government may also authorise other officers, through a notification in the Official Gazette, to exercise these powers within the limits prescribed by the Government.

APPEAL

Section 15 provides that any person aggrieved by an order or decision of the Adjudicating Authority may file an appeal. If the order is passed by the Director General of Foreign Trade (DGFT), the appeal lies before the Central Government, whereas orders passed by subordinate officers may be appealed before the DGFT or an authorised superior officer. The appeal must ordinarily be filed within forty-five days, although a further period of thirty days may be allowed if sufficient cause for the delay is shown. In cases involving penalties or redemption charges, the appellant is generally required to deposit the prescribed amount before the appeal is entertained. However, this requirement may be waived where such deposit would cause undue hardship. After giving the appellant a reasonable opportunity of being heard and making any necessary enquiry, the Appellate Authority may confirm, modify, reverse, or remand the case for fresh consideration. Any order passed in appeal is final.

REVIEW

Section 16 empowers the Central Government or the Director General, as the case may be, to review decisions or orders passed under the Act in order to examine their correctness, legality, or propriety. Such review may be initiated either on their own motion or otherwise. However, no order that adversely affects any person can be passed unless that person is given notice within two years of the original decision and is provided with a reasonable opportunity to submit a representation and be heard.

POWERS OF ADJUDICATING AND OTHER AUTHORITIES

Section 17 grants the Adjudicating Authority, the Appellate Authority,[15] and the reviewing authority powers similar to those of a civil court under the Code of Civil Procedure, 1908. These powers include summoning witnesses, calling for documents and public records, receiving evidence on affidavits, and issuing commissions for examining witnesses or documents. These authorities are also treated as civil courts for certain purposes under the Code of Criminal Procedure, 1973. They may issue interim orders, stay the operation of decisions

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[15] Foreign Trade (Development and Regulation) (Amendment) Act, 2010, No. 25 of 2010, § 17 (India) (w.e.f. Aug. 27, 2010).

where necessary, and correct clerical or accidental errors in their orders. However, any correction that may adversely affect a person can be made only after giving that person a reasonable opportunity of being heard and must generally be made within two years

INTERFACE WITH OTHER LAWS GOVERNING FOREIGN TRADE

RELATIONSHIP WITH THE CUSTOMS ACT, 1962

The **Foreign Trade (Development and Regulation) Act, 1992 (FTDR Act)** and the **Customs Act, 1962** together provide the legal foundation for regulating India's foreign trade. While the FTDR Act governs the formulation of trade policy and empowers the Central Government to regulate imports and exports, the Customs Act primarily deals with customs administration, including the assessment and collection of customs duties, clearance of imported and exported goods, and prevention of smuggling.[16] Both statutes operate in a complementary manner. The FTDR Act determines the conditions under which goods may be imported or exported, whereas the Customs Act ensures that such transactions comply with customs procedures and statutory requirements.[17]Customs authorities are also responsible for implementing restrictions, prohibitions, and licensing requirements prescribed under the FTDR Act and the Foreign Trade Policy. Where goods are imported or exported in contravention of these provisions, the Customs Act provides for confiscation, penalties, and other enforcement measures.[18]The Supreme Court has recognised that the provisions of both statutes should be interpreted harmoniously to ensure effective regulation of international trade while protecting public interest.[19]

RELATIONSHIP WITH THE FOREIGN EXCHANGE MANAGEMENT ACT, 1999

The **Foreign Exchange Management Act, 1999 (FEMA)** complements the FTDR Act by regulating the foreign exchange aspects of international trade. While the FTDR Act governs the movement of goods and services across national borders, FEMA regulates payments, receipts, and foreign exchange transactions arising from import and export activities.[20]Exporters are required to realise and repatriate export proceeds within the

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[16] Foreign Trade (Development and Regulation) Act, No. 22 of 1992, India Code (1992

[17] Customs Act, No. 52 of 1962, India Code (1962).

[18] Customs Act, No. 52 of 1962, §§ 11, 111–113, India Code (1962)

[19] Foreign Trade (Development and Regulation) Act, No. 22 of 1992, § 3, India Code (1992); Customs Act, No. 52 of 1962, §§ 111–113, India Code (1962).

[20] *Union of India v. Agricas LLP*, (2020) 15 SCC 585; *Union of India v. Raj Grow Impex LLP*, (2021) 17 SCC

prescribed period, whereas importers must make payments in accordance with the directions issued by the **Reserve Bank of India (RBI)** under FEMA.[21] Consequently, every international trade transaction must comply with both the FTDR Act and FEMA. The DGFT, Customs authorities, authorised dealer banks, and the RBI work in coordination to ensure that trade and foreign exchange regulations are implemented effectively. This integrated framework promotes transparency, financial discipline, and the orderly conduct of international trade.[22]

INTERACTION WITH OTHER TRADE-RELATED LEGISLATIONS

The FTDR Act functions alongside several other statutes that collectively regulate different aspects of India's foreign trade. In addition to the Customs Act and FEMA, legislation such as the **Customs Tariff Act, 1975**, the **Special Economic Zones Act, 2005**, the **Bureau of Indian Standards Act, 2016**, the Goods and Services Tax laws, and laws relating to food safety, plant quarantine, environmental protection, and intellectual property rights contribute to the regulation of international trade.[23]

These enactments govern customs tariffs, quality standards, technical regulations, taxation, environmental safeguards, product certification, and border control measures. Their coordinated implementation ensures that India's foreign trade regime remains efficient, transparent, and consistent with domestic policy objectives as well as international obligations. Together, these laws facilitate legitimate trade while protecting consumers, safeguarding national interests, and promoting sustainable economic development.[24]

WORLD TRADE ORGANIZATION (WTO) FRAMEWORK

India became a founding member of the **World Trade Organization (WTO)** on **1 January 1995**, following the conclusion of the Uruguay Round negotiations.[25] WTO membership requires India to conduct its trade policies in accordance with internationally accepted principles such as **Most-Favoured-Nation Treatment, National Treatment, transparency,**

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[21] Foreign Exchange Management Act, No. 42 of 1999, India Code (1999).

[22] Id. §§ 3–10.

[23] Foreign Exchange Management Act, No. 42 of 1999, § 7, India Code (1999); Reserve Bank of India, *Master Direction – Export of Goods and Services* (updated from time to time).

[24] Foreign Trade (Development and Regulation) Act, No. 22 of 1992; Foreign Exchange Management Act, No. 42 of 1999.

[25] Marrakesh Agreement Establishing the World Trade Organization, Apr. 15, 1994, 1867 U.N.T.S. 154.

and non-discrimination.[26]

The FTDR Act serves as the principal domestic legislation through which these international commitments are implemented.[27]

WTO AGREEMENTS AFFECTING INDIA'S FOREIGN TRADE

India's foreign trade policy is significantly influenced by various agreements concluded under the framework of the World Trade Organization (WTO). The General Agreement on Tariffs and Trade (GATT) 1994 establishes the fundamental principles governing international trade in goods, including non-discrimination, Most-Favoured-Nation (MFN) treatment, National Treatment, tariff reduction, and the elimination of quantitative restrictions. The General Agreement on Trade in Services (GATS) extends these principles to international trade in services by promoting market access, transparency, and progressive liberalisation while allowing member states to regulate sensitive service sectors. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) prescribes minimum standards for the protection and enforcement of intellectual property rights, thereby encouraging innovation, technology transfer, and fair competition in international trade. Further, the Trade Facilitation Agreement (TFA) seeks to simplify and modernise customs procedures, reduce administrative barriers, improve transparency, expedite the movement of goods across borders, and enhance cooperation among customs authorities. Collectively, these WTO Agreements have significantly influenced India's foreign trade policies, customs administration, export promotion measures, intellectual property regime, and trade facilitation initiatives. Consequently, the Foreign Trade (Development and Regulation) Act, 1992 and the Foreign Trade Policy are periodically reviewed to ensure consistency with India's international commitments while safeguarding domestic economic and strategic interests.[28]

IMPORTANT COURT DECISIONS

Director General of Foreign Trade v. *Kanak Exports*

[26] General Agreement on Tariffs and Trade 1994 arts. I & III, Apr. 15, 1994, Marrakesh Agreement Establishing the WTO, Annex 1A.

[27] Foreign Trade (Development and Regulation) Act, No. 22 of 1992.

[28] Marrakesh Agreement Establishing the World Trade Organization, Apr. 15, 1994, 1867 U.N.T.S. 154, Annex 1A (General Agreement on Tariffs and Trade 1994), Annex 1B (General Agreement on Trade in Services), Annex 1C (Agreement on Trade-Related Aspects of Intellectual Property Rights), and Trade Facilitation Agreement, adopted Nov. 27, 2014, WTO Doc. WT/L/931.

The Supreme Court examined the scope of the Central Government's powers under Section 5 of the Foreign Trade (Development and Regulation) Act, 1992, particularly regarding amendments to the Foreign Trade Policy. The Court held that the Government possesses broad authority to formulate, amend, or withdraw trade policies in the public interest. It further observed that exporters cannot claim a vested right to continue receiving incentives once the policy has been validly modified. The judgment reaffirmed that economic and trade policies are matters of executive discretion, and judicial interference is warranted only when such policies are arbitrary, unreasonable, or contrary to statutory or constitutional provisions.[29]

Union of India* v. *Asian Food Industries

In this case, the Supreme Court considered the validity of restrictions imposed on the export of commodities under the Foreign Trade Policy. The Court recognised that the Government is empowered to regulate or prohibit exports when necessary to protect public interest, maintain domestic supply, or ensure price stability. However, it also emphasised that such restrictions must conform to the statutory framework of the FTDR Act and should not be imposed arbitrarily. The decision highlights the balance between governmental regulatory powers and the protection of legitimate commercial interests[30]

Haris Marine Products* v. *Export Credit Guarantee Corporation (ECGC) Ltd.

The Supreme Court interpreted the relationship between the DGFT Guidelines and the Foreign Trade Policy while deciding a dispute concerning export credit insurance. It observed that the DGFT Guidelines provide the legal and administrative framework necessary for implementing the Foreign Trade Policy and regulating export promotion schemes. The judgment reinforces the statutory role of the Directorate General of Foreign Trade in ensuring uniform implementation of foreign trade regulations and promoting certainty in export-related transactions.[31]

Rajesh Exports Ltd.* v. *Union of India Union of India

The Karnataka High Court considered whether an exporter had fulfilled the export obligations

[29] *Director General of Foreign Trade v. Kanak Exports*, (2016) 2 SCC 226 (Civil Appeal No. 554 of 2006, decided Oct. 27, 2015).
[30] *Union of India v. Asian Food Industries*, (2006) 13 SCC 542; AIR 2007 SC 750.
[31] *Haris Marine Products v. Export Credit Guarantee Corp. (ECGC) Ltd.*, (2022) 20 SCC 776.

and value addition requirements prescribed under the Foreign Trade Policy, 2004–2009. The Court held that the benefits available under export promotion schemes are conditional upon strict compliance with the policy requirements. The decision emphasises that export incentives cannot be claimed as a matter of right unless all statutory and policy conditions have been satisfied.[32]

M/s Kone Elevator India Pvt. Ltd.* v. *Director General of Foreign Trade

The Madras High Court examined the retrospective application of amendments introduced to the Foreign Trade Policy under Section 5 of the FTDR Act. The Court observed that policy amendments should not adversely affect vested rights unless the legislative intent clearly permits retrospective operation. The judgment reinforces the principles of legal certainty and fairness in the implementation of foreign trade regulations.[33]

M/s Ktex Non-Woven Pvt. Ltd.* v. *Union of India

The Gujarat High Court considered the legality of imposing Integrated Goods and Services Tax (IGST) on imports that were otherwise entitled to exemption under export promotion schemes framed under the Foreign Trade Policy. The Court emphasised that tax authorities must implement fiscal laws in a manner consistent with the objectives of the Foreign Trade Policy and recognised the importance of maintaining consistency between taxation statutes and trade regulations[34]

Commissioner of Customs* V. *Mediapro Audio Visual Pvt. Ltd.

The Kerala High Court interpreted the definition of "capital goods" under the Foreign Trade Policy while considering the import of second-hand machinery. The Court held that where the policy expressly permits such imports, customs authorities cannot impose additional licensing requirements inconsistent with the policy. The decision clarifies the interpretation of import provisions and reinforces the need for administrative authorities to act in conformity with the

[32] Rajesh Exports Ltd. v. Union of India, Writ Appeal No. 3671 of 2005, decided by the Karnataka High Court on 22 March 2021.
[33] *M/s. Kone Elevator India Pvt. Ltd. v. Director General of Foreign Trade & Ors.*, W.P. Nos. 34063–34065 of 2015 (Madras H.C. June 22, 2021).
[34] *M/s Ktex Non-Woven Pvt. Ltd. v. Union of India*, R/Special Civil Application No. 14484 of 2021 (Guj. H.C. Sept. 14, 2023), 2023 (9) TMI 1147.

Foreign Trade Policy[35]

COMPARATIVE ANALYSIS OF FOREIGN TRADE REGULATION: INDIA, THE UNITED KINGDOM, THE UNITED STATES, AND THE EUROPEAN UNION

FOREIGN TRADE REGULATION IN THE UNITED KINGDOM

Following its withdrawal from the European Union, the United Kingdom adopted an independent trade policy supported by a revised legal and institutional framework.[36] The principal statutes governing foreign trade include the Trade Act 2021 and the Taxation (Cross-border Trade) Act 2018, while customs administration is undertaken by HM Revenue & Customs (HMRC).[37] Unlike India, where the Foreign Trade (Development and Regulation) Act, 1992 provides a single legislative framework for regulating and promoting foreign trade, the United Kingdom administers trade policy, customs, export controls, and sanctions through separate legislation and specialised authorities.[38]

The United Kingdom also prioritises trade facilitation by adopting digital customs systems, simplified border procedures, and risk-based customs inspections. Export controls relating to military equipment, dual-use goods, and strategic technologies are implemented through a licensing mechanism designed to ensure compliance with domestic law and international obligations.[39]

FOREIGN TRADE REGULATION IN THE UNITED STATES

The United States regulates foreign trade through a combination of federal statutes, principally the **Trade Act of 1974**, the **Tariff Act of 1930**, and the Export Control Reform Act of 2018.[40] Responsibility for formulating trade policy rests with the **Office of the United States Trade Representative (USTR)**, whereas customs administration and border enforcement are carried out by U.S. Customs and Border Protection (CBP).[41]

Compared with India, the United States adopts a more robust enforcement framework by

[35] *Comm'r of Customs v. M/s. Mediapro Audio Visual Pvt. Ltd.*, 2024:KER:78850 (Ker. H.C. Oct. 23, 2024).
[36] Trade Act 2021, c. 10 (U.K.).
[37] Taxation (Cross-border Trade) Act 2018, c. 22 (U.K.).
[38] Trade Act 2021, c. 10 (U.K.); Taxation (Cross-border Trade) Act 2018, c. 22 (U.K.).
[39] Export Control Act 2002, c. 28 (U.K.); Export Control Order 2008, SI 2008/3231 (U.K.).
[40] Trade Act of 1974, Pub. L. No. 93-618, 88 Stat. 1978; Tariff Act of 1930, Pub. L. No. 71-361, 46 Stat. 590.
[41] 19 U.S.C. §§ 2171–2176; 6 U.S.C. §§ 211–213.

empowering authorities to investigate unfair trade practices, impose anti-dumping and countervailing duties, and apply safeguard measures to protect domestic industries.[42]In addition, it maintains a comprehensive export control regime for defence equipment, advanced technologies, and dual-use products, reflecting its strong focus on national security and strategic economic interests.[43]

FOREIGN TRADE REGULATION IN THE EUROPEAN UNION

The European Union regulates external trade through its **Common Commercial Policy**, which is founded on Article 207 of the Treaty on the Functioning of the European Union (TFEU).[44] The **European Commission** is responsible for formulating and negotiating trade agreements on behalf of all Member States, while customs administration is governed by the **Union Customs Code** and implemented by national customs authorities.[45]

Unlike India, where trade policy is formulated by the Central Government, Member States of the European Union do not possess independent authority to negotiate external trade agreements.[46]The European Union also places significant emphasis on trade facilitation through harmonised customs procedures, electronic customs systems, sustainable trade practices, and uniform implementation of trade regulations across Member States.[47]

COMPARATIVE EVALUATION

A comparison of these jurisdictions indicates that each seeks to promote international trade while protecting domestic economic interests through an effective regulatory framework.[48] However, their institutional approaches differ considerably. India relies primarily on the **Foreign Trade (Development and Regulation) Act, 1992**, together with the **Foreign Trade Policy** administered by the **Directorate General of Foreign Trade (DGFT).** By contrast, the United Kingdom and the United States regulate foreign trade through multiple specialised

[42] Tariff Act of 1930 §§ 701–731, 19 U.S.C. §§ 1671–1677n.
[43] Export Control Reform Act of 2018, Pub. L. No. 115-232, §§ 1751–1781, 132 Stat. 2208.
[44] Consolidated Version of the Treaty on the Functioning of the European Union art. 207, Oct. 26, 2012, 2012 O.J. (C 326) 47.
[45] Regulation (EU) No. 952/2013 of the European Parliament and of the Council of 9 October 2013 Laying Down the Union Customs Code, 2013 O.J. (L 269) 1.
[46] TFEU art. 207.
[47] Regulation (EU) No. 952/2013, arts. 6–16.
[48] Foreign Trade (Development and Regulation) Act, No. 22 of 1992 (India); Trade Act 2021, c. 10 (U.K.); Trade Act of 1974, Pub. L. No. 93-618, 88 Stat. 1978; Consolidated Version of the Treaty on the Functioning of the European Union art. 207, 2012 O.J. (C 326) 47.

statutes administered by different governmental agencies. The European Union follows a supranational model in which trade policy is centrally developed by the European Commission and uniformly applied across Member States.

The regulatory priorities also differ among these jurisdictions. India's framework is primarily directed towards export promotion, trade facilitation, and economic development while maintaining regulatory oversight. The United Kingdom focuses on efficient customs administration and digital trade facilitation. The United States places greater emphasis on trade remedies and export controls to safeguard national security and domestic industries. The European Union prioritises regulatory harmonisation, sustainable trade practices, and consistent implementation of international trade obligations.[49]

Although their legal frameworks differ, all four jurisdictions seek to establish a transparent, predictable, and rules-based trading environment that facilitates international commerce while ensuring compliance with domestic legislation and international trade obligations.[50]

DESCRIPTIVE STATISTICS OF INDIA'S EXPORT PERFORMANCE (2024–25 TO 2025–26)

Statistical Indicator	**Value**
Number of Commodity Groups	99
Total Exports (2024–25)	US$ 437,704.58 million
Total Exports (2025–26)	US$ 441,745.86 million
Overall Export Growth	**0.92%**
Commodity Groups with Positive Growth	57
Commodity Groups with Negative Growth	42
Highest Positive Growth	Tin and Articles Thereof (HS 80): **117.33%**
Second Highest Growth	Other Base Metals (HS 81): **94.84%**

[49] Foreign Trade (Development and Regulation) Act, No. 22 of 1992 (India); Regulation (EU) No. 952/2013, 2013 O.J. (L 269) 1.
[50] Marrakesh Agreement Establishing the World Trade Organization, Apr. 15, 1994, 1867 U.N.T.S. 154.

Statistical Indicator	**Value**
Third Highest Growth	Copper and Articles Thereof (HS 74): **61.98%**
Highest Negative Growth	Pulp of Wood and Waste Paper (HS 47): **−84.41%**
Second Highest Negative Growth	Aircraft and Spacecraft (HS 88): **−76.08%**
Largest Export Sector (2025–26)	Mineral Fuels (HS 27): US$55,871.21 million
Second Largest Export Sector	Electrical Machinery (HS 85): US$53,976.30 million
Third Largest Export Sector	Machinery & Mechanical Appliances (HS 84): US$36,629.55 million

The statistical analysis indicates that India's total merchandise exports increased from **US$437.70 billion in 2024–25 to US$441.75 billion in 2025–26**, registering an overall growth of **0.92%**. Out of the 99 HS commodity groups, **57 commodity groups recorded positive growth**, while **42 commodity groups experienced a decline**. Among the fastest-growing export categories were **Tin and Articles Thereof (117.33%)**, **Other Base Metals (94.84%)**, and **Copper and Articles Thereof (61.98%)**. Conversely, **Aircraft and Spacecraft (−76.08%)** and **Pulp of Wood and Waste Paper (−84.41%)** recorded the sharpest declines. Despite the fall in growth, **Mineral Fuels**, **Electrical Machinery**, and **Machinery and Mechanical Appliances** continued to dominate India's export basket in terms of export value, highlighting the country's dependence on a few high-value industrial sectors.

CHALLENGES IN THE IMPLEMENTATION OF THE FOREIGN TRADE (DEVELOPMENT AND REGULATION) ACT, 1992

REGULATORY COMPLEXITY

Although the Foreign Trade (Development and Regulation) Act, 1992 has established a comprehensive framework for regulating India's foreign trade, its implementation is often affected by regulatory complexity. Frequent amendments to the Foreign Trade Policy, notifications, public notices, and procedural guidelines require traders to continuously adapt to changing legal requirements. Businesses, particularly micro, small, and medium enterprises (MSMEs), often face difficulties in understanding and complying with these evolving regulations. The existence of multiple statutory requirements under different laws also increases compliance costs and creates administrative burdens for importers and exporters.

Simplifying regulatory procedures and ensuring greater consistency in policy implementation remain important for improving the effectiveness of the Act.

INSTITUTIONAL COORDINATION

The successful implementation of the FTDR Act depends upon effective coordination among various government agencies, including the Directorate General of Foreign Trade (DGFT), Customs authorities, the Reserve Bank of India (RBI), Export Promotion Councils, Port Authorities, and other regulatory bodies. However, differences in administrative procedures, delays in information sharing, and overlapping responsibilities may affect the timely processing of trade-related applications and regulatory decisions. Strengthening inter-agency coordination, improving digital integration, and establishing efficient communication mechanisms are essential for ensuring smooth administration of India's foreign trade regime.

COMPLIANCE ISSUES

Compliance with the provisions of the FTDR Act requires importers and exporters to fulfil several legal and procedural obligations, including obtaining registrations, maintaining records, complying with licensing conditions, and adhering to customs and foreign exchange regulations. Many businesses, especially small exporters and new market participants, experience difficulties in understanding these compliance requirements. Inadequate awareness, procedural delays, and documentation errors may result in penalties, suspension of authorisations, or delays in international trade transactions. Continuous awareness programmes, capacity building, and simplified compliance procedures can help improve voluntary compliance and reduce regulatory disputes.

TRANSPARENCY AND ACCOUNTABILITY

Transparency and accountability are fundamental to the effective administration of foreign trade laws. Although significant progress has been achieved through the digitalisation of services provided by the DGFT and Customs authorities, concerns continue regarding procedural delays, inconsistent interpretation of regulations, and administrative discretion in certain cases. Ensuring timely publication of policy changes, providing clear regulatory guidelines, strengthening grievance redressal mechanisms, and maintaining accountability among regulatory authorities can enhance stakeholder confidence and improve the overall efficiency of the foreign trade administration.

GLOBAL TRADE UNCERTAINTIES

The implementation of the FTDR Act is also influenced by developments in the global trading environment. Geopolitical conflicts, economic recessions, supply chain disruptions, pandemics, trade sanctions, climate-related challenges, and changes in international trade policies frequently affect India's foreign trade. Such uncertainties require the Government to adopt timely policy responses while maintaining compliance with international obligations under the World Trade Organization (WTO). A flexible and adaptive regulatory framework is therefore necessary to respond effectively to emerging global challenges while safeguarding India's economic and strategic interests.

FINDINGS

EFFECTIVENESS OF THE FTDR ACT

The study finds that the Foreign Trade (Development and Regulation) Act, 1992 has significantly modernised India's legal framework governing foreign trade. By replacing the restrictive import licensing regime with a policy-oriented regulatory system, the Act has facilitated trade liberalisation, improved administrative efficiency, and promoted export growth. The Act has also provided a stable legal basis for implementing the Foreign Trade Policy while enabling the Government to regulate international trade in accordance with changing economic priorities. Nevertheless, continuous policy reforms remain necessary to address evolving global trade practices and technological developments.

INSTITUTIONAL STRENGTHS

The institutional framework established under the FTDR Act has contributed significantly to the effective administration of India's foreign trade. The Directorate General of Foreign Trade (DGFT), supported by Customs authorities, the Reserve Bank of India, Export Promotion Councils, and other regulatory institutions, has improved trade facilitation through digital governance, streamlined licensing procedures, and enhanced coordination among government agencies. These institutional mechanisms have strengthened transparency, improved service delivery, and supported the implementation of export promotion initiatives.

REGULATORY GAPS

Despite its comprehensive framework, the implementation of the FTDR Act continues to face certain regulatory challenges. Frequent amendments to trade policies, overlapping jurisdiction among regulatory authorities, procedural complexities, and compliance burdens create practical difficulties for businesses. Small and medium enterprises are particularly affected by changing regulatory requirements and administrative procedures. Strengthening institutional coordination, simplifying compliance mechanisms, improving policy clarity, and increasing stakeholder awareness would further enhance the effectiveness of the regulatory framework.

IMPACT ON INDIA'S FOREIGN TRADE

The FTDR Act has made a substantial contribution to the development and regulation of India's foreign trade by promoting exports, facilitating legitimate imports, and creating a transparent legal environment for international commerce. It has strengthened India's integration with the global trading system, encouraged export competitiveness, and supported economic growth through improved trade governance. The Act has also enabled India to balance trade liberalisation with national security, public interest, and international trade obligations. Overall, the study concludes that the FTDR Act continues to serve as a cornerstone of India's foreign trade regime, although its long-term effectiveness depends upon regular policy reforms, institutional efficiency, and the ability to respond to emerging global trade challenges.

CONCLUSION

The **Foreign Trade (Development and Regulation) Act, 1992** has significantly transformed India's foreign trade regime by establishing a comprehensive legal framework for the regulation and promotion of international trade. Replacing the earlier import-export control system, the Act introduced a more liberal, transparent, and policy-driven approach that supports economic growth and encourages greater participation in global commerce. By empowering the Central Government to formulate the **Foreign Trade Policy (FTP)** and assigning its implementation to the **Directorate General of Foreign Trade (DGFT)**, the Act has strengthened the institutional and regulatory framework governing India's foreign trade.

The study demonstrates that the FTDR Act functions in coordination with other important legislations, particularly the **Customs Act, 1962** and the **Foreign Exchange Management Act, 1999**, thereby ensuring effective regulation of imports, exports, customs procedures, and foreign exchange transactions. It also reflects India's commitment to complying with its obligations under the **World Trade Organization (WTO)** by aligning domestic trade policies with international trade standards while preserving the Government's authority to protect national security, public health, environmental interests, and other public policy objectives.

The research further highlights the important contribution of the judiciary in interpreting the provisions of the FTDR Act and defining the scope of governmental powers in regulating foreign trade. Judicial decisions have reinforced the principles of legality, fairness, and administrative accountability while recognising the need to grant appropriate deference to economic and trade policy decisions. At the same time, the study identifies several practical challenges affecting the implementation of the Act, including regulatory complexity, coordination among multiple regulatory agencies, compliance burdens, procedural delays, and uncertainties arising from changing global trade conditions.

Overall, the findings indicate that the **Foreign Trade (Development and Regulation) Act, 1992** has played a crucial role in facilitating trade, promoting exports, improving regulatory transparency, and strengthening India's integration with the global trading system. Nevertheless, the effectiveness of the Act can be further enhanced through continuous policy reforms, greater institutional coordination, simplified compliance procedures, wider adoption of digital governance, and increased stakeholder awareness. Addressing these challenges will enable India to develop a more efficient, transparent, and resilient foreign trade framework capable of responding to emerging global economic developments and supporting sustainable economic growth in an increasingly competitive international trading environment.