

Commerce dept recast to bring more focus on policy making

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New Delhi, 7 August

The commerce department has restructured the organisation separating multilateral and bilateral trade-negotiating divisions to allow greater focus on ongoing talks for free-trade deals.

It has also taken away from the Directorate General of Foreign Trade (DGFT) its power to make foreign trade policy, leaving it only with the function of regulation and promotion of foreign trade.

The Trade Policy Division has been bifurcated to Trade Negotiation Wing-Bilateral and Trade Negotiation Wing-Multilateral (TNM) to be headed by additional secretaries in the departments.

The move is significant at a time when India is negotiating free-trade agreements (FTAs) with countries like the United Kingdom, European Union, Canada, and Australia.

“The Trade Policy Wing/Division of DGFT, from the date of this order, will function as foreign trade policy division within the Trade Policy Wing of DoC (Department of Commerce) and will be responsible for foreign trade policy and all connected matters,” a government notification reviewed by *Business Standard* showed.

Earlier, foreign trade policy used to be prepared by the DGFT. The ministry has now created wings of trade regulation and global trade promotion that will function under the DGFT.

A commerce ministry official confirmed that the reorganisation had been conducted based on a report submitted by Boston Consulting Group. “So both the Special Economic Zone (SEZ) and foreign trade policies will be under one additional secretary. The idea is to anchor related policies at one location instead of keeping it scattered. However, the idea is also to induct domain experts into the department. If that does not happen, the restructuring will be of little use,” he said.

The DGFT has been already working on the much-delayed foreign trade policy, which is now expected to be released by the end of September.

Another former trade official said there might be a logic in separating the two divisions so that they don't interfere in each other's domains since in bilateral and multilateral negotiations, the considerations are different. “But one should not confuse form for substance. Our exports are not strong and resilient for reasons which are deep rooted in the economy. That cannot be changed by such restructuring. Sometimes, we diagnose the problem wrongly,” he added.

The government has been seeking to reorganise the work structure of DGFT for quite some time. In 2016, consultancy firm Frost & Sullivan submitted a report restructuring of DGFT, but it did not take off.

“The effort was to convert DGFT into a corporatised agency like the Japan External Trade Organization. Governments in developed countries like Japan don't carry out trade promotion functions. They do it through a corporatised body supported by the government. But our government decided against it as in our environment it would become like yet another government agency without any arm's length functioning. There could also be duplication of work through the government and the corporatised body,” the former trade official said.

“Another idea was to hand over the implementation and adjudication function of DGFT to customs authorities because even now there is a dual responsibility. But the revenue department was not ready for it,” he added.



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