

# Indian International Trade, Foreign Investment and Sustainable Development Goals (SDGs): A Review

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## *Abstract*

India, as a rapidly emerging economic powerhouse, plays a significant role in the global trade and investment landscape. The country's trade and investment policies have profound implications for the achievement of Sustainable Development Goals (SDGs). The Indian international trade and investment policies play a crucial role in achieving the Sustainable Development Goals (SDGs) outlined by the United Nations. This research article delves into the implications of India's trade and investment policies on the attainment of the SDGs. The research paper enlightens the essence of policies that affect economic growth, environmental sustainability, and social development. Through an in-depth analysis, this article sheds light on the opportunities and challenges that India faces in aligning its trade and investment strategies with the SDGs. The findings underscore the need for a more coherent and integrated approach to ensure that trade and investment policies positively contribute to sustainable development. The country's trade and investment policies have both positive and negative implications for SDGs. Through a comprehensive analysis of relevant literature and data, this article sheds light on the ways in which India's economic activities influence progress toward achieving the SDGs.

**Keywords:** SDGs, Indian International Trade, Foreign Investments, Environmental sustainability.

## **1. Trade Investment and Sustainable Development Goals**

The United Nations' Sustainable Development Goals (SDGs) provide a global framework for addressing various socio-economic and environmental challenges by 2030. India, as one of the world's fastest-growing economies, plays a crucial role in the achievement of these goals. Trade and investment policies, given their pivotal role in economic development, can significantly impact the progress towards the SDGs. This research article aims to explore the implications of India's trade and investment policies on the SDGs, with a focus on economic, environmental, and social dimensions. India's economic ascent, largely attributed to its trade and investment policies, has been remarkable over the past few decades. However, this rapid growth has also raised concerns about its implications for sustainable development. As a signatory to the United Nations 2030 Agenda for Sustainable Development, India is committed to achieving the 17 Sustainable Development Goals (SDGs). This research article aims to investigate the impact of India's trade and investment policies on these SDGs and assess whether these policies align with the country's sustainable development goals.

### **1.1: India's Trade and Investment Policies**

India has been actively engaged in the global trade arena, with a shift towards liberalization in the early 1990s. The country has pursued a mixed policy approach, combining both protectionist and liberalized trade and investment measures. Trade agreements with various countries and regional groups have been a central part of India's economic strategy. India's investment policies have also evolved to attract foreign direct investment (FDI) while safeguarding domestic industries (Government of India, 2020).

### 1.2: Economic Implications

India's trade and investment policies have had substantial economic implications. On the positive side, trade liberalization and FDI inflows have contributed to increased economic growth and job creation. However, concerns exist about income inequality, as the benefits of economic growth have not been distributed equally. To advance SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth), it is vital to ensure that the economic benefits reach marginalized populations (World Bank, 2019).

### 1.3: Environmental Implications

Trade and investment policies can have significant environmental consequences. For India, achieving environmental sustainability is closely tied to SDGs 6 (Clean Water and Sanitation), 7 (Affordable and Clean Energy), 11 (Sustainable Cities and Communities), 12 (Responsible Consumption and Production), and 13 (Climate Action). India's policies need to balance the need for economic growth with environmental protection and resource conservation (Planning Commission of India, 2015). Trade and investment can exert significant pressure on the environment. India's industrial growth, powered by foreign investments, may compromise environmental sustainability (SDG 12) and biodiversity (SDG 15) (UNDP, 2020).

### 1.4: Social Implications

India's trade and investment policies have both positive and negative social implications. On one hand, they can stimulate job creation and boost education and healthcare sectors (related to SDG 3: Good Health and Well-being and SDG 4: Quality Education). On the other hand, rapid industrialization and urbanization can lead to adverse social impacts, such as displacement and inadequate working conditions, challenging SDG 10 (Reduced Inequality) and SDG 11 (Sustainable Cities and Communities) (United Nations Development Programme, 2021). India's trade and investment policies affect social dimensions, particularly health (SDG 3) and education (SDG 4). India's pharmaceutical industry, for example, contributes to affordable healthcare globally but can also hinder access to essential medicines (SDG 3) due to intellectual property regulations (Kumar, 2017).

### 1.5: Trade Policies and SDG Implications

India's trade policies play a significant role in economic development. Nevertheless, their implications for the SDGs are multifaceted. While trade liberalization can contribute to economic growth (SDG 8), it may also lead to income inequality (SDG 10) and environmental degradation (SDG 13) if not properly regulated (Dasgupta, 2018). India's "Make in India" initiative is an example of a policy that aims to boost manufacturing (SDG 9) but should also consider environmental sustainability (SDG 12) (Rao, 2016).

### 1.6: Investment Policies and SDG Implications

Foreign direct investment (FDI) has been a cornerstone of India's growth, contributing to technology transfer (SDG 9), employment generation (SDG 8), and infrastructure development (SDG 9). However, FDI can also pose challenges, such as potential exploitation of natural resources (SDG 15) and labor rights concerns (SDG 8) (Gupta, 2019).

India has several opportunities to align its trade and investment policies with the SDGs. These include:

- ❖ Promoting sustainable and inclusive trade practices.
- ❖ Encouraging responsible investment in sectors relevant to the SDGs.
- ❖ Fostering innovation and technology transfer for sustainable development.

However, India also faces challenges in terms of policy coherence and implementation. Achieving a balance between economic growth and sustainable development remains a significant challenge. Ensuring that the benefits of trade and investment policies are distributed equitably and reach marginalized communities is crucial. (World Trade Organization, 2022)

## 2. Literature review

Firstly, India's trade policies can either promote or hinder the achievement of SDGs. For instance, the expansion of trade through bilateral and multilateral agreements can create new market opportunities and increase the income of marginalized communities, contributing to poverty reduction (Bhagwati, 2010). On the other hand, trade policies should be designed to safeguard environmental standards to ensure that economic growth does not come at the expense of environmental degradation (Dasgupta, 2009). To ensure alignment with SDGs, India must strike a balance between promoting trade and protecting the environment. Secondly, investment policies in India can have a significant impact on SDGs, particularly in sectors like healthcare and education. Encouraging foreign direct investment (FDI) in these sectors can improve access to quality healthcare and education, directly impacting SDGs 3 (Good Health and Well-being) and 4 (Quality Education) (UNCTAD, 2018). However, policies should also be in place to ensure that the benefits of FDI are equitably distributed among the population to address issues of inequality (World Bank, 2015).

India's trade and investment policies play a pivotal role in shaping the achievement of Sustainable Development Goals (SDGs). As the world's second-most populous nation and one of the fastest-growing economies, India's approach to trade and investment has far-reaching implications for global sustainable development efforts. The alignment of India's policies with the SDGs is of paramount significance, given the interdependence of economic growth, social well-being, and environmental sustainability. To comprehend these implications, this paper explores the multifaceted relationship between India's trade and investment policies and the pursuit of SDGs. India's trade policies have been marked by a commitment to liberalization and global integration, resulting in significant economic growth. However, it is crucial to assess whether these policies align with the SDGs. For instance, the expansion of export-oriented industries may enhance economic growth but can also exacerbate income inequality and environmental degradation (Sen, 2019). In this context, trade policies should prioritize inclusivity, environmental sustainability, and the welfare of marginalized communities to harmonize with SDGs.

India's investment policies have a dual role in the context of SDGs. On one hand, attracting foreign direct investment (FDI) can stimulate economic growth and employment, which are important aspects of SDG 8 (Decent Work and Economic Growth). On the other hand, India must ensure that these investments contribute to social and environmental objectives, such as improving health and education (SDG 3 and SDG 4) and reducing greenhouse gas emissions (SDG 13). A comprehensive approach to investment policies should incorporate environmental and social safeguards to meet these goals. India's trade and investment policies are vital in achieving its sustainable development goals. They must be carefully crafted to harness the economic potential of the country while addressing social and environmental concerns. An integrated approach, involving multiple stakeholders and thorough policy analysis, is essential to ensure that trade and investment policies are aligned with India's commitment to achieving the SDGs and fostering inclusive and sustainable growth. India's trade and investment policies have profound implications for the realization of SDGs. Achieving the goals necessitates a balanced approach that promotes economic growth while ensuring inclusivity, environmental sustainability, and social well-being. To bridge the gap between policy objectives and SDGs, India should establish mechanisms for comprehensive impact assessments of its trade and investment policies to better inform decision-making and align its strategies with the broader global sustainable development agenda.

## 3. Indian International Trade and Investments Influence on SDGs

The United Nations established the Sustainable Development Goals (SDGs) in 2015 to address a wide range of global challenges, including poverty, inequality, climate change, and environmental degradation. Achieving these goals is a shared responsibility, and countries like India, with a burgeoning economy, hold a pivotal role in this endeavor. India's trade and investment policies significantly influence its domestic and global impact on the SDGs.

### 3.1: Impact on Poverty Eradication (SDG 1)

India's economic growth has led to significant reductions in poverty over the years, aligning with SDG 1 (No Poverty). The country's trade policies have promoted job creation, income generation, and poverty reduction. Investments in sectors like manufacturing and services have contributed to improved living standards for millions (Sengupta & Bharadwaj, 2020).

Aspect	Influence on SDGs	Sources
<b>India's Trade Performance</b>	<ul style="list-style-type: none"> <li>❖ India is one of the world's largest trading nations.</li> <li>❖ Exports include textiles, pharmaceuticals, IT services</li> <li>❖ Trade volume influences economic growth and jobs.</li> <li>❖ Export-led growth can boost economic development and reduce poverty.</li> <li>❖ Imports can improve access to essential goods and technology.</li> </ul>	World Trade Organization (WTO) reports, UNCTAD reports, and Government of India trade statistics.
<b>FDI Inflows and Outflows Foreign Direct Investment</b>	<ul style="list-style-type: none"> <li>❖ Inward FDI can create jobs, enhance infrastructure, and stimulate economic growth. - Outward FDI can promote sustainable investments in other countries.</li> <li>❖ India attracts significant FDI in various sectors.</li> <li>❖ FDI contributes to industrialization and innovation.</li> </ul>	Reserve Bank of India (RBI) data, UNCTAD reports, Ministry of Commerce and Industry, Government of India.
<b>Sustainable Growth Sustainable Development Goals</b>	<ul style="list-style-type: none"> <li>❖ Trade and investment are crucial for India's growth.</li> <li>❖ Balanced growth is needed for inclusive development.</li> <li>❖ India's trade and investment policies need to align with SDGs for maximum positive impact. - Investments in renewable energy and technology can support clean energy (SDG 7) and industry innovation (SDG 9).</li> </ul>	UN Sustainable Development Goals official website, Indian government's SDG initiatives.
<b>Poverty Reduction</b>	<ul style="list-style-type: none"> <li>❖ Trade and investment can reduce poverty in India.</li> <li>❖ Job creation and income generation are key factors.</li> </ul>	World Bank, ILO
<b>Environmental Impact</b>	<ul style="list-style-type: none"> <li>❖ Concerns about environmental sustainability.</li> <li>❖ Balancing growth with conservation is essential.</li> </ul>	UNEP, TERI
<b>Gender Equality</b>	<ul style="list-style-type: none"> <li>❖ Trade and FDI can impact women's participation.</li> <li>❖ Gender-sensitive policies are necessary.</li> </ul>	UN Women, ILO
<b>Education and Health</b>	<ul style="list-style-type: none"> <li>❖ FDI can boost the healthcare and education sectors.</li> <li>❖ Investments in these areas contribute to SDG goals.</li> </ul>	WHO, UNESCO
<b>Impact on Employment</b>	<ul style="list-style-type: none"> <li>❖ Trade and investments can lead to job creation, directly affecting SDG 8 (Decent Work and Economic Growth).</li> </ul>	International Labour Organization (ILO) reports Government labour statistics.
<b>Regional and Global Partnerships</b>	<ul style="list-style-type: none"> <li>❖ Participation in trade agreements (e.g., RCEP, WTO) and international organizations can help India contribute to global economic stability and cooperation (SDG 17).</li> </ul>	Reports from the Indian Ministry of External Affairs, international trade organizations.

Researcher own compilation

### **3.2: Gender Equality (SDG 5)**

India's trade and investment policies can have implications for gender equality (SDG 5). For instance, promoting women's participation in the labor force and entrepreneurship through targeted policies can contribute to gender equality. However, challenges related to gender-based discrimination persist, necessitating further policy adjustments (Rajaraman, 2019).

### **3.3: Environmental Sustainability (SDG 13)**

India faces environmental challenges, particularly concerning air and water quality. Its trade and investment policies must consider the potential consequences for SDG 13 (Climate Action). Balancing economic growth with sustainable practices is essential. Initiatives like the "Make in India" program must integrate environmental considerations (Jain & Jain, 2018).

### **3.4: Quality Education (SDG 4)**

India's trade policies can affect access to quality education (SDG 4). Incentives for foreign educational investments can enhance access to educational opportunities. However, disparities in access to education still exist, indicating a need for policies that address these gaps (Bhattacharyya, 2017).

### **3.5: Decent Work and Economic Growth (SDG 8)**

India's trade and investment policies can promote decent work and economic growth (SDG 8) through initiatives like "Invest India." This agency encourages foreign investments, fostering job creation. Nevertheless, labor market challenges, such as informal labor and job insecurity, require attention (Invest India, 2021).

### **3.6: Reduced Inequalities (SDG 10)**

Reducing inequalities is a critical aspect of the SDGs. India's trade and investment policies can either exacerbate or mitigate these inequalities. Inclusive economic policies and targeted investments in underdeveloped regions are crucial to address disparities (National Institution for Transforming India, 2019).

## **4. Conclusion**

India's trade and investment policies have both positive and negative implications for the Sustainable Development Goals. While these policies have the potential to drive economic growth, reduce poverty, and stimulate infrastructure development, they must be carefully aligned with sustainability and inclusivity goals to avoid environmental degradation and income inequality. To enhance its contributions to the global SDG agenda, India should focus on sustainable investment promotion, social safety nets, and comprehensive impact assessments. India's trade and investment policies have profound implications for the achievement of the Sustainable Development Goals. While they offer opportunities for economic growth and development, they also present challenges related to inequality and environmental sustainability. To fully harness the potential of these policies, it is imperative that India adopts a more coherent and integrated approach, ensuring that they are in alignment with the SDGs. This can be achieved by promoting responsible and sustainable practices, encouraging responsible investment, and fostering innovation for sustainable development (International Monetary Fund, 2021). India's trade and investment policies have far-reaching implications for the achievement of Sustainable Development Goals. While they have contributed positively to economic growth, poverty reduction, and access to clean energy, there are negative consequences, such as environmental degradation and persistent inequalities. Policymakers must consider these implications and strike a balance that aligns with the global commitment to SDGs. Trade and investment policies are powerful instruments that can significantly impact a country's progress towards achieving Sustainable Development Goals (SDGs). India, as one of the world's largest and most dynamic economies, plays a pivotal role in the global pursuit of sustainability. This paper explores the implications of India's trade and investment policies on its progress towards SDGs, focusing on key sectors and policy measures. India's trade and investment policies have substantial implications for the Sustainable Development Goals. While they have contributed to reducing poverty, enhancing gender equality, and promoting economic growth, there are ongoing challenges related to environmental sustainability, quality education, decent work, and



reducing inequalities. Achieving the SDGs in India necessitates a holistic approach that aligns trade and investment policies with sustainable development priorities.

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