Strategies to promote India's Exports

At a time when Government of India is pursuing 'Atmanirbhar Bharat' to stimulate economic recovery, a discussion paper on 'Strategizing India's Exports' by Research and Information System for Developing Countries (RIS) offers useful policy suggestions in this regard.

The discussion paper, authored by Mr. Dammu Ravi, offers various policy suggestions to promote exports of India. Mr. Ravi is the Additional Secretary & Coordinator (COVID-19), Ministry of External Affairs, Government of India, New Delhi. The author suggested state governments to provide appropriate policy incentives to local industry take their quality products to the global market.

The paper recommends encouraging Indian companies and Indian diaspora to invest in specific manufacturing zones in select Least Developed Countries (LDCs). The author points out that India can follow the footsteps of some countries that have used LDCs as launchpad for investment-led exports. Also, Indian companies investing in these LDCs, will prefer to source intermediate goods from India for their projects in the LDC countries. India can also explore investment in agriculture for growing cash crops for world markets with possible value addition through processing and packing, the author suggests.

Services sector is an untapped segment of exports, expect IT and ITeS services. Therefore, the paper calls for renewed focus on value added service exports in medical, wellness, legal, construction, transportation and financial services, including insurance.

In yet another strategy to promote exports, the author proposes local financial institutions to introduce short term trade credits upto 2 or 3 months for importers on easy terms and conditions. This will encourage foreign importers to source material and equipment from India on attractive credit terms. Indian financial institutions can introduce such credit lines though formal banking channels of the country of the importer. This will minimise chances of abuse of non-payment or delayed payments.

India's exports to European Union, the second largest export destination, suffers duty disadvantage vis a vis Vietnam (which has a free trade agreement with EU) and Bangladesh (which has preferential market access under GSP). In order to offset this duty advantage, India should clinch trade agreements with European Union by seeking immediate cuts on tariffs and entering into mutual recognition agreements on regulatory issues.

India's goods exports have stagnated around USD 300 billion in the last one decade, which reflects the poor competitiveness of local products in the global market place. The slew of economic reforms unleashed since 1991 raised India's share in world merchandise exports to

1.7% today from 0.5% in 1995. Our share in services exports also grew to 3.5% from 0.5% during this period.

The paper argues that policymakers in India should develop a culture of export among industry and should facilitate greater engagement of local entrepreneurs with the global market. The author debunks the popular argument that a weak domestic industry needs perennial protection from competition. Therefore, Indian industry and policymakers should avoid "the current culture of working in silos, promoting status quo and obstructionism by developing an export culture."

Notifications

PIB

India to set up AYUSH Export Promotion Council

https://www.pib.gov.in/PressReleasePage.aspx?PRID=1678702

CBIC

CBIC rescinds notification on revocation of the levy of ADD on imports of "Nylon Tyre Cord Fabric"

https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-add2020/csadd45-2020.pdf;jsessionid=623D27E982B4E8D594027F86AD0C40F6

Extension of levy of anti-dumping duty on imports of Cold-Rolled Flat Products

https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-add2020/csadd44-2020.pdf;jsessionid=16AA51A6C758660B5D7AC35B72580240

Exchange rate notification

https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt110-2020.pdf;jsessionid=5540C7E12F761465EF312B2AA234639F