

## Exports of \$400 billion may help India break into top 15 in global merchandise export ranking



India surpassed its ambitious **export** target of \$400 billion in March and moved a step closer to being “atmanirbhar”. While the export of engineering goods rose by 50% in F22, India was also seen to be exporting more of high-value and value-added products in this financial year.

“Merchandise exports from India crossed \$400 billion in the current financial year, 9 days ahead of schedule. This is far higher than the previous record of \$330 billion achieved in 2018-19,” a Press Information Bureau (PIB) release stated.

The release further highlighted that engineering goods exports have gone up by nearly 50% vis-à-vis last year. Export of cotton yarn/fabrics/made-ups, handloom products, gems and jewellery, other cereals and man-made yarn/fabrics/, among others, registered a growth rate of 50%-60%.

In the agriculture sector, India was seen to emerge as a major global supplier of food and essential agriculture products. “Agriculture exports buoyancy is driven by commodities such as rice (both **basmati** and non-basmati), marine products, wheat, spices and sugar, among others, recording the highest ever agricultural products export in 2021-22,” it added.

Attesting these claims, Arun Singh, Global Chief Economist, Dun & Bradstreet, says that the surge in India's [merchandise](#) exports was primarily led by petroleum products, iron and steel, and precious stones. "Products such as jewellery, organic chemicals and [aluminium](#) also witnessed robust growth. India's bilateral trade has strengthened significantly with the US, the UAE, Bangladesh and the Netherlands."

Vicky Bahl, Partner, Grant Thornton Bharat, says a number of factors have contributed to helping the country achieve this target. "When Covid started, a lot of supply chain reorganisation took place among the major industries globally, as their supply chains were dependent on China and some other countries massively. India was the 'Plus One' alternative that was on the top of the list for a lot of companies. The steps taken by the government also came at the right time, along with the global sentiment of people not wanting to be dependent on China completely anymore."

Bahl adds that initiatives like the Production-linked Incentive (PLI) scheme attracted a lot of investments and India is starting to reap the benefits of such measures. He also mentions that high commodity prices and pent-up demand played a role in pushing up the export numbers this financial year.

"Commodity prices have gone up and that has pushed the number up. But it still should not take away the sheen of the growth rates as they were in excess of even 30% for some months that we exported," he adds.

Industry experts are of the view that exports can have a good run in the future if some key aspects are taken care of. Singh of Dun & Bradstreet says, "While the PLI schemes will lend to this momentum in the long term, India needs to improve its logistics infrastructure to make our exports more competitive."

Pradeep Multani, President, [PHDCCI](#), says the government needs to provide continuous facilitation to the domestic industry for becoming globally competitive. "To keep the momentum going, further improvement in logistics infrastructure and trade facilitation measures would enhance India's exports growth trajectory and create millions of new job opportunities," he says.

Multani points out that the domestic manufacturing industry has become more integrated into global value chains with significant growth witnessed in engineering goods, petroleum, gems and jewellery, organic and inorganic chemicals, ready-made garments of all textiles, cotton yarn/fab/made-ups, electronic goods, plastic & linoleum, marine product, and man-made yarn/fabrics.

Such growth has come in the backdrop of a severe Covid second wave that had gripped the nation at the start of the financial year.

Commerce and Industry Minister Piyush Goyal said there was a detailed strategy in place — including specific country-wise, product-wise and EPC-wise targets, monitoring and course correction — behind the achievement of the export target.

Some experts claim that this can help India improve its [global merchandise export ranking](#). “With this extraordinary milestone of \$400 billion exports, India can move up from the current 20th position to 15th by surpassing the UAE, Switzerland, Spain and other countries in 2022,” says Vijay Kalantri, chairman, MVIRDC World Trade Centre-Mumbai — a trade facilitating body.

Exports are a significant contributor to employment generation, boost manufacturing and also help in enhancing GDP levels. They also help to elevate MSMEs who form an integral part of the economy.

Bahl of Grant Thornton Bharat draws a parallel with developed countries such as Germany which show that MSMEs contributed significantly to their exports. “That entire layer now in the country has access to capital, access to technology and tools for them to become more export oriented in their thinking. The MSME layer will really start acting at the frontier of India’s export growth over the next five years. And they will play a critical role, armed with all this new tech talent, working capital, capital financing and government policies. All of that put together will act as a strong catalyst towards reaching the \$1 trillion target by FY28,” he adds.