

# India Should Consider Imports As Essential Strategy To Boost Exports: Niti Aayog Official

*There is no reason why India should lose out on export opportunities in this sector to neighbouring countries as our country has been a global hub for textile manufacturing since time immemorial, he said*



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by BW Online Bureau

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India should consider imports as an essential strategy to boost export competitiveness, instead of worrying about its consequences on the trade deficit, said Suman Bery, Vice Chairman, Niti Ayog.

“It is tempting to impose tariffs on imports to reduce the trade deficit. However, a tax on imports is a tax on exports and hence there is a need to reconsider import tariffs to support our MSME exporters,” he said.

He added that India, which has a surplus in services account and remittances in the balance of payment, has had a reasonably manageable trade deficit in the past, except in the current circumstance when energy prices are abnormally high.

The trade deficit of Asia's third-largest economy had doubled to USD 70.8 billion in April-June 2022 compared to USD 31.4 billion in the comparable quarter of last year because of an increase in the import bill of crude oil, coal, edible oil and precious metals.

“For a relatively open economy like India, competitiveness is linked to imports. In certain value chains such as precision engineering, India is dependent on imports. There is little reason to consider a significant trade deficit to GDP ratio as worthy of policy attention,” Bery said at an event to release a study on ‘India's Export Competitiveness’ by MVIRDC World Trade Center Mumbai.

The study is an outcome of an extensive primary survey and meticulous analysis of foreign trade data from authentic sources such as UNCTAD, [ITC](#), Geneva and India's Ministry of Commerce.

The study made more than 8 policy recommendations for boosting exports based on a primary survey with representatives of gems & jewellery, leather, ceramics and special economic zones (SEZs) in India and has identified 100 champion products for exports, highlighted export potential in North Eastern states and examined trends services exports.

Bery said, "There is no reason why India should lose out on export opportunities in this sector to neighbouring countries as our country has been a global hub for textile manufacturing since time immemorial. It is time we leverage our policy initiatives such as mega textile parks to aim for increased exports not only in yarn and fabrics but also in apparel and clothing."

He also welcomed the idea of encouraging foreign trade settlement in local currency and suggested that RBI and banks may resolve practical difficulties such as free convertibility of local currencies, availability of hedging and trade finance in local currencies, development of alternative payment infrastructure etc.

Earlier in his welcome remarks, Vijay Kalantri, Chairman, MVIRDC World Trade Center Mumbai suggested that the central government may set up a task force under NITI AAYOG to revive local MSME units that became sick due to unfair competition from imports, especially in printed circuit boards, white goods and electronic components.



## India need to reconsider import tariffs to support MSME exporters : Suman Bery

Aug 1, 2022 [India Shipping News](#)

**NEW DELHI : NITI Aayog Vice Chairperson Suman Bery** has said India should consider imports as an essential strategy to boost export competitiveness, instead of worrying about its consequence on the trade deficit. Bery made his remarks at an event on Saturday to release a study on 'India's Export Competitiveness' by **MVIRDC World Trade Center (WTC) in Mumbai**.

"For a relatively open economy like India, competitiveness is linked to imports. In certain value chains such as precision engineering, India is dependent on imports. It is tempting to impose tariff on imports to reduce the trade deficit. However, a tax on imports is a tax on exports and hence there is a need to reconsider import tariffs to support our MSME exporters," a statement by WTC quoted Bery as saying.

India, which has a surplus on services account and remittances in the balance of payment, has had a reasonably manageable trade deficit in the past, except in the current circumstance when energy prices are abnormally high, he noted. "There is little reason to consider a significant trade deficit to GDP ratio as worthy of policy attention."

India's trade deficit had doubled to \$70.8 billion in April-June 2022 vis-a-vis \$31.4 billion during the year-ago period due to an increase in the import bill of crude oil, coal, edible oil and precious metals.

Bery asserted that India should not be too rigid in the distinction between merchandise exports and services exports as a lot of service component is embodied in merchandise exports as well.

“Various digital initiatives that facilitate exports represent the embodiment of services in goods exports. Trade facilitation by itself is services intensive. So, it is not appropriate to draw a sharp distinction between goods and services exports in the supply chain. We need to identify the services provided by MSMEs that are embodied in goods exports,” he said.

**Vijay Kalantri, Chairman, MVIRDC WTC Mumbai** in his remarks suggested the government for a task force under NITI AAYOG to revive local MSME units that became sick due to unfair competition from imports, especially in printed circuit boards, white goods and electronic components, the statement added.

“This is the right time to revive our MSMEs under the Aatmanirbhar program by rethinking import substitution. India should also reduce the cost of logistics, which stands around 8 per cent of GDP to less than 6 per cent so that we can compete in the international market,” said Kalantri.

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## NITI Aayog VC stresses on review of import tariffs to aid MSME exporters



NITI Aayog VC stresses on review of import tariffs to aid MSME exporters

Mumbai, Aug 1 (KNN) To support micro, small and medium enterprises (MSME) exporters it is essential to reassess tax on import, said Suman Bery, NITI Aayog Vice Chairperson.

He said that to reduce India's dependency on imports it is tempting to impose tariff on imports to reduce the trade deficit.

However, a tax on imports is a tax on exports which needs to be reconsidered for the welfare of MSME exporters, added Bery.

The NITI Aayog VC was speaking at an event last week about a release of a study on 'India's Export Competitiveness' by MVIRDC World Trade Center (WTC) in Mumbai.

Bery asserted that India should refrain rigidity in the distinction between merchandise exports and services exports.

"As a lot of service component is embodied in merchandise exports as well," he said. *(KNN Bureau)*