

20/5/21

Ques) India needs to break out of the import substitution trap before it can become an export powerhouse. Do you agree with the view? Comment.

Ans) There has been a significant increase in India's exports ~~as~~ as compared to pre-pandemic times. The data depicts the export estimation to be \$26.3b per month as compared to \$23.4b in April - Oct of ~~20~~ FY 2019.

This fillip can sound as merry bells unless we realise that India has ~~not~~ yet not been able to meet its true potential of exporting quality products.

This can be directed towards a variety of reasons -

1. The protectionist approach of the trade policies in India which restrict imports by imposing hefty duties and thereby cutting off the source of healthy competition for domestic production to ~~drive~~
2. The rigid labour policies and lack of universal social security.
3. The infrastructural backlogs
4. The unfavourable investment environment for foreign firms.

It is because of these reasons
these the production in India have
not lived upto its true potential
and quality of products are
inferior to the foreign counterparts

A strong political will is what
is required to outdo all such
hurdles which can opt for a open
market and trade policy, improving
existing infrastructure and making
favourable changes to policies affecting
labour and consumers.