

Explain the various factors which affect the growth rate of exports in India and discuss about key measures taken by government for promotion of exports.

Globalisation propelled foreign relations. Economic dimension of this relationship gave rise to exports and imports. In an egalitarian economy creation, every country measures its stage of development through exports. Offlate, exports have started to fall in India owing to external, internal factors.

FACTORS AFFECTING GROWTH RATE OF EXPORTS

Factors can be broadly grouped into 4 categories.

(A) External factors:-

Growth rate is function of external environment policies of other countries.

- 1) Oil price:- Dynamic fluctuations in production affects India's import bill where 80% of needs are sourced from Gulf countries. This simultaneously increases cost of production of goods relied on oil, giving it cost disadvantage.
- 2) Rupee fluctuation:- value of rupee against Dollars (American) decides export potential of a good. This largely determined on Federal Reserve rates of US.
- 3) Trade wars:- US - China trade war, sanctions have opened opportunity for India. At the same time, tariffs on steel production by US, has seen a hit on automobile sectors.
- 4) Global economic ^{Policy} ~~crisis~~:- At a time, when countries are moving towards protectionist measures, selected trading reduces economic relations. This further pushes economic slowdown, which current ~~global~~ world is facing.

(B) STRUCTURAL FACTORS:-

There are mostly internal business environment, that is based on potential, infrastructure, manpower.

- 1) Infrastructure:- good infrastructure, reduces upfront logistic cost giving incentives for production and export.

Example:- Presence of Industrial Corridor, connecting metros, (2)

Due-Mumbai Industrial Expressway etc,

2) Technology upgradation- Better technology infusions, increase production rate, reduce delays, helps process exports at faster pace.

example:- Shipping fusion centre at Gurugram tracks merchant goods

Banking using SWIFT enables faster E2B's

3) Informal Sector- Informal economy do not have scaling operation. access to production units, credit facilities. Formalisation, when empowered through skills based manpower, reduces labour cost, giving cost advantage.

(C) GOVERNMENT POLICIES :-

Government promotion schemes like tax incentivisation, minimum export price, land acquisition, environmental clearances act as lever to adjust export, import according to internal needs.

example:- Foreign Trade Policy 2015 aims to create \$16n exports.

APEDA, Food Processing ^{has seen} ~~calls for~~ agriculture exports increase

(D) Economic treaties - Bilateral and Groupings:-

India has ties, FTA's, PTA's with most of the countries of world.

→ ASEAN-FTA at its earliest stage saw steep increase in agriculture exports in India

→ Generalized System of Preferences (GSP) by USA increased automobile exports.

→ Development of Border trade, Free Trade Areas along Nepal, Bangladesh borders has created export cities, village enclaves

→ On the flip side, Closed Border Port near Pakistan seems has affected Amritsar revenue from trade.

MEASURES TO PROMOTE EXPORT

1) Creation of Export Promotion Councils:-

EPC's objective is to provide hassle free export facilities, promote MSME, entrepreneurs, 1st time exporters with incentives.

2) Remission of Duties or Taxes on Export Product Scheme:-

Exporters can earn duty credits depending on country, product.

3) Adherence to international norms

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TRIPS promoted GI tags, following Codex Alimentarius Standards, Phytosanitary Quarantine hubs at entry centers promote quality exports for creating global value chains.

4) Foreign Trade Policies:- for Agriculture, apparel, leather, oil refineries sectors in India. The policy focuses on wage codes, labour reforms in its economy.

5) E-commerce market development

Draft e-commerce policy focuses on export promotion, FDI norms to give fair, equal trade.

To further increase export rate, India can adopt South East Asian model of development - cluster based companies, SEZ's on diversified export sectors, Free trade agreements for sunrise sectors. Thus, an all round package is required to throttle 'export' lever of Indian economy.