

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

Import substitution is a strategy under trade policy that abolishes the import of foreign product & encourages production in domestic market

Government through liberal environmental clearance, low tariff, high import duty on import, tax holidays promoting domestic players

However this Inward looking strategy affecting our export goals

- * Greater unfair advantage to domestic players
- * With all these concession domestic players failed to rule market
Ex:- mobile companies
- * Not able to develop as global competitive products
Ex:- Apparel industry, Bangladesh & Vietnam taking away global market share

* Producing low quality products unable to increase the export

* Ex) - 2011-2019 India's export crested while neighbours Bangladesh galloping

* The policy stopped India to Join RCEP & other global trade pacts

* GDP growth driven by export not domestic consumption - thus Import substitution contribute less to GDP growth

However Rigid labour laws, protectionist attitude, lack of Infrastructure, environmental clearance, capital availability are others affect export.

India set a target of \$400 billion exports before that India need to fix this issue, to become export power house