

Focus likely on signing FTAs, reviving exports, and SEZ law amendments

SHREYA NANDI

The biggest challenge for the commerce and industry ministry under the coalition government led by Prime Minister Narendra Modi would be to revive the growth of merchandise exports that has been grappling with external factors such as geopolitical risks and high inflation. A dedicated road map is expected to be drawn towards this, aligning with the \$1 trillion merchandise exports target by 2030. The new government is likely to complete the unfinished agenda, particularly related to signing of the free trade agreement (FTA) with Oman. The negotiation between India and Oman concluded earlier this year and the pact is ready to be signed as soon as it gets an approval from the Cabinet after the formation of the new government.

While the earlier plan was to complete negotiations with India and the United Kingdom (UK) in July— as a part of the new government's 100-day action agenda—talks may take more time to resume, since London is also headed for elections in July.

While FTA negotiations with Peru, the European Union (EU) may continue, discussions for the launch of FTA



talks with South African Customs Union (SACU), Chile as well Gulf Cooperation Council (GCC) are expected over the next few months.

Another priority in the first 100 days could be the launch of an e-platform —Trade Connect—to help exporters connect with stakeholders of international trade. The new government may bring back the focus on the pending amendments in the Special Economic Zone (SEZ) law, in line with

THE ROAD AHEAD

- New minister may oversee the redesign of the structure of the commerce department
- Launch of an e-platform to help exporters connect with stakeholders of international trade
- Decision on whether further FDI liberalisation in some more sectors can be attempted

the emerging order of global trade, to support the building of industrial parks with world class infrastructure and to attract investment in manufacturing. However, the exact timing may depend on the priorities of the new government. The new minister is likely to oversee the redesign of the structure of the commerce department, thereby making the system more efficient.

As far as the Department for Promotion of Industry and Internal

Trade (DPIIT) is concerned, there could be a decision on whether further foreign direct investment (FDI) liberalisation in some more sectors can be attempted. Further, there might be some action with respect to the long-pending e-commerce policy that the government has been trying to bring in since 2018. The primary intention to firm up a policy was to ensure that a conducive environment is created for innovative and vibrant growth of the Indian e-commerce sector.

The textile industry wants a relook from the government at quality control order (QCO). The value added raw materials cannot get raw materials at internationally competitive prices, but have to face competition from international fabrics and garments. “The major things in the short run should be a revisit and modification of the QCO. Due to QCOs, which is only on raw materials, instead of importing raw materials, finished fabrics and garments are coming in, while there is no quality control. It is equally hurting the interest of consumers and the industry,” said Sanjay Kumar Jain, managing director of textile producer TT Ltd.

With inputs from Shine Jacob in Chennai