

Renewed push to Make in India, exports, ease of doing business

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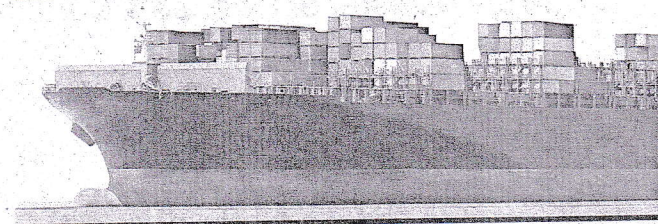
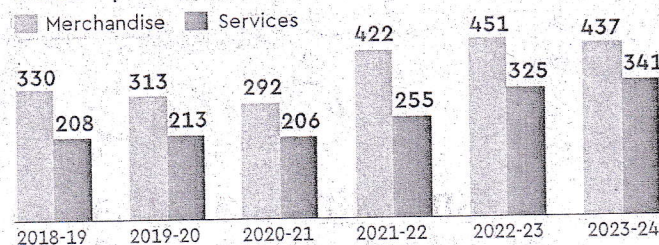
ON THE TOP of the 100-day report card of the ministry of commerce and industry is a fresh set of initiatives to establish a world-class manufacturing ecosystem in the country. There has also been a clutch of steps to boost export opportunities via non-traditional means, including e-commerce, and promote ease of doing business.

During the period, the government, which took office on June 9, also focused on stabilising trade amid global disruptions, by announcing continuation of key export schemes and critical import tariff cuts on precious metals to check concessional duty imports. The trend of tariff escalation seen since FY18 has been curbed in the Budget for FY25.

However, sluggish exports, partly caused by a slump in global trade, geopolitical tensions, and persisting protectionist tendencies continue to be worrisome. While labour-intensive sectors are the worst affected, there are smart gains in newer areas like electronics. In low-value addition sectors like petroleum products, export performance remain volatile. In the first quarter of FY25, India's merchandise exports grew 6% but that was amply aided by a favourable base, while in July-August of the second quarter, onward shipments fell 5.7%. The country's exports had declined in FY24 too. Fresh concerns over current account deficit have emerged of late, with the merchandise trade deficit in August coming close to \$30 billion, the highest level since October last

MAKING FOR THE WORLD

India's exports (\$ billion)



year. While Q1FY25 current account deficit is seen to be less than 1.5% of the gross domestic product, this deficit could even rise to 2% if September also sees high trade gap.

For exports, the RODTEP (Rebate of Duties and Taxes on Exported Products) scheme was extended until December 31, 2024. This scheme helps lower export costs by refunding taxes on inputs used in manufacturing exported goods. Ajay Srivastava from trade research unit GTRI noted that a five-year extension would have allowed exporters in better planning and costing of exports. The Union cabinet approved 12 new industrial cities at one go at its meeting last month

under the National Industrial Corridor Development Programme (NIDCP), taking the total number of such industrial cities to 20. Four such cities are already operational and four are coming up. All these cities are located along the industrial corridors across the country.

In the realm of exports the push in the initial months has come for e-commerce exports, which is seen as exploding in the years to come. At present, India's e-commerce exports are close to \$5 billion and by 2030 it has the potential to touch \$200-300 billion. The government has extended the incentives available to other exporters to those who book orders through online platforms and send

products by courier. Rumki Majumdar, economist at Deloitte India, noted that Tier 2 and 3 cities contribute to approximately 88% of new online shoppers. "This success can be replicated if sellers can go beyond borders. Access to the global market, better networks and connections, and information can increase competitiveness and income opportunities," Majumdar said.

On the import side, to curb concessional imports of gold and silver from Dubai under the India-UAE comprehensive economic partnership agreement, the government reduced basic customs duty (BCD) on these metals from 15% to 6%. India has also requested a review of bullion-related concessions under the pact to manage import surges.

In the electronics sector, the BCD on mobile phones was cut from 20% to 15%, along with reductions on select electronic components, aiming to boost domestic manufacturing. The framework for e-commerce export hubs has been prepared and applications from interested companies have been invited to set up these hubs. For ease of doing business, the government has launched trade connect e-platform to serve as a single-point contact for existing and aspiring exporters.

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