

# 'Production should focus on innovation'

**Amiti Sen**  
New Delhi

India's Free Trade Agreements with partner countries won't result in increased market access solely due to reduced tariff walls, says Biswajit Dhar, Professor, JNU.

Indian businesses have to become more price-competitive and conform to standards. In an interview with *businessline*, Dhar talks about the various challenges facing India's manufacturing sector and exports. Excerpts:

## **Given the slowdown in world economy, how does India's global trade prospects look?**

India's external sector is expected to face considerable headwinds as the global economy is on a downward trajectory.

This is especially because prospects of India's merchandise exports look grim, as negative growth was recorded in the July to November period.

More worrisome is the slowing down of manufacturing exports, implying that sectors contributing higher value add have been relatively more affected.

## **What role do you think the PLI scheme can play in pushing manufacturing and exports?**

There is yet no clear evidence that the PLI scheme has benefited manufacturing exports in general.

Of course, some industries have been successful. For instance,



**Aatmanirbhar Bharat should not merely be a classical import substitution policy that focusses just on increasing domestic production**

**BISWAJIT DHAR**  
Professor, JNU

producers of mobile phones have been able to increase exports, while imports of solar photovoltaic modules have declined due to enhanced domestic production.

## **What according to you should be the correct strategy to boost Aatmanirbhar Bharat?**

Aatmanirbhar Bharat should not merely be a classical import-substitution policy that focusses just on increasing domestic production; the emphasis should be on producing globally competitive products domestically.

Further, domestic production must be dovetailed with a strong innovation system, one that enables domestic producers to remain competitive.