

Call for correction of inverted duties, lowering logistics costs

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The Economic Survey 2026 has called for correction of inverted duties, lower logistics and regulatory costs, and faster infrastructure upgrades to boost export competitiveness, emphasising that these steps are critical to maintaining a stable and resilient currency as global trade fragments.

Over the medium to long term, the survey said there is a need for policies that support manufacturing competitiveness, innovation, productivity and quality, while

also mobilising higher domestic savings to support investment-led growth.

HARD CURRENCY

Underscoring the link between exports and currency strength, the Survey noted that countries with sustained success in manufacturing exports have historically maintained hard currency status, marked by stability and strength. Achieving this, it said, requires a concerted push to cut manufacturing costs.

"This requires a unified effort to reduce manufacturing costs, thereby enhancing the country's export competit-

iveness. This includes correcting inverted duties, improving logistics infrastructure, lowering logistics costs, and reducing regulatory expenses," the Survey said.

The focus on inverted duties comes amid a strong push by the Commerce Department in its FY27 Budget proposals for further rationalisation of inverted tariff structures, where taxes on inputs exceed those on finished goods.

The Survey said continued calibration of tariffs on intermediates and capital goods, particularly in high-growth sectors, could improve cost

competitiveness, deepen component and assembly ecosystems and strengthen India's case as a preferred global manufacturing hub.

At the same time, it advocated a calibrated approach to import substitution, stressing that it should be selective and anchored in productivity gains, export competitiveness and measurable outcomes. "The composition of capital inflows is key. FDI is the most stable source, supporting balance-of-payments stability, productivity, technology transfer and export growth," it said, adding that sustaining FDI in an increasingly competitive

global capital market would require a better investment climate, deeper global value chain integration, and co-ordinated policymaking across governments.

On a cautionary note, the Survey said India is entering an era of global fragmentation with stronger buffers, diversified trade links and improving resilience. The challenge, it added, will be to leverage these strengths to preserve external stability while sustaining high growth in a world where global integration is increasingly shaped by strategic and not purely economic considerations.