

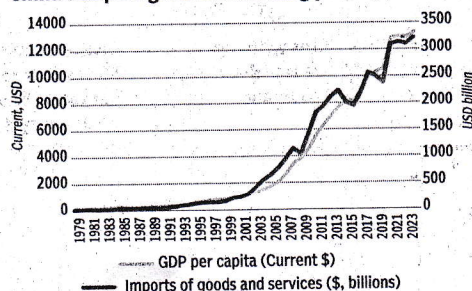
'Swadeshi must build exports, not erect walls

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India's *swadeshi* strategy must be pursued with discipline rather than as a blanket doctrine in a world of shifting geopolitical alignments, and should be judged not merely by import substitution but by the ability to build export capability, the Economic Survey has said.

"Permanent protection is inappropriate in sectors where India is already cost-competitive, where exports are being undertaken at scale, where products serve as general-purpose intermediates across supply chains, or where inputs are critical for labour-intensive industries," the Survey observed.

China's import growth and rising per capita income



Source: World Bank Data

GOVT INTERVENTION

Drawing lessons from East Asia's manufacturing success, the Survey emphasised that outcomes were shaped not just by State intervention, but by how govern-

ments intervened — and, crucially, how they exited.

Such an approach required bureaucratic autonomy, sustained political backing, and strict performance discipline that

many countries struggle to maintain, the Survey noted.

LESSONS FROM ABROAD

Pointing to Vietnam's recent manufacturing gains, the Survey highlighted the importance of continuous cost reduction and institutional adaptation. Vietnam did not rely on protection; instead, it focused on lowering regulatory and transaction costs — by as much as 20 per cent in some periods — making it an attractive destination for global supply chains.

"The lesson here is not that protection is unnecessary, but that competitiveness is multi-dimensional. Cost structures, regulatory efficiency, and labour productivity matter as much as tariff policy," the Survey