India needs to create an export culture

Suresh D. Prabhu

India needs to create an export culture, said Jaipal Reddy, chairman of the Planning Commission.

According to Reddy, India has been lagging behind in creating an export culture. He pointed out that the country has a large potential for exports, but the current rate of exports has not been able to match the potential. He highlighted the need for a shift in mindset and a focus on creating an export-oriented culture in the country.

Reddy emphasized that the key to increasing exports is to create a conducive environment for businesses to succeed. This includes improving infrastructure, providing access to financing, and creating a supportive ecosystem. He also called for greater collaboration between the government and the private sector to drive exports.

Raja Reddy, a prominent economist, also spoke at the event. He stressed the importance of creating an export-oriented culture and highlighted the role of technology in promoting exports. He urged the government to provide greater support to small and medium-sized enterprises (SMEs) to help them compete globally.

The event was attended by representatives from industries, academia, and research institutions. The program was organized by the Ministry of Commerce and Industry and was part of the national export promotion efforts.
“India needs to create an export culture”, say experts

Photo Caption: (Unattributed; Vice Chairman – MIRVDC World Trade Centre Mumbai and President – All India Association of Industries telcating Mr Kishorlal Dhingra, Regional Chairman (WRF), EEPC India at the Panel Discussion on ‘Ease of Doing Business’ held at World Trade Centre Mumbai.

Dr Rupa Reje Niture, Group Chief Economist, L&T Finance Holdings at the Panel Discussion on “How to Revive Stagnant Export Markets” organized by World Trade Centre Mumbai & All India Association of Industries in association with Business Standard at World Trade Centre, Mumbai.

Dr Rupa Reje said “Export deceleration has been significant in the past five years. Both traditional and non-traditional exports have weakened. Traditional export growth has reduced from 14% in the decade ending FY12 to 0.4% in the current year, while non-traditional export growth has come down to 2.1% to 4.7%. When export deceleration is accompanied with a trade deficit, it is costly NRI deposits or sovereign bonds. To promote exports, we come out with sops, subsidies, interest subvention etc. But these do not help to revive exports on a sustainable basis”.

Suggesting that a lot could be learnt from China, Dr Reje iterated that China created SEZs, formulated different laws of business for districts located next to the coasts, made huge investments in labour-intensive sectors and skill development, promoted new cities and invested in urbanization, and used its ties with non residents in Hong Kong and Taiwan to get skilled labour force, FDI and entrepreneurs. India should emulate such measures for reviving its export performance.

Sharing his views, Mr. Mangesh Soman, Joint President (Corporate Economics Cell), Aditya Birla Group, remarked “Although overall merchandise exports have stagnated, there are two numbers that have grown in recent years – the share of MSMEs in India’s exports has increased from 42% in FY14 to 50% in FY16, and the amount of export growth under the Merchandise Exports from India Scheme, has expanded to around 8000 tariff lines in the last nearly three-fourth of the product lines. Suggesting that export-intensive manufacturing operations which include labour-intensive sectors like apparel, leather and gems and jewellery, as also auto components and engineering components, are the most viable heads under the scheme. Nearly two-third of the global trade is through participation in Global Value Chains which requires adherence to strict quality norms, timely supplies and continued productivity growth. It is also necessary to keep moving up the value chain”.

Proposing measures to revive exports, Mr. Soman said “As the export incentives are phased out, we would need to look at alternative measures in terms of promoting competitiveness and participation in value chains. While the policy actions, from a long-term viewpoint include facilitating scale-up through labour reforms, easier land acquisition at coastal economic zones, encouraging skill development through partnerships between government’s skill agencies and industry, our immediateurgency is to add value in the existing products.

He concluded his remarks saying “India should be more tolerant of a moderately undervalued currency. While this cannot be an officially stated objective and cannot be ensured at all times, given the other macroeconomic considerations and objectives, still, to the extent possible, the intent of interventions can be skewed towards maintaining the rupee at a more competitive level.”

Addressing the gathering, Mr. Keyur Parakh, Vice President, Welspun Global Brands Limited, said “Textile plays a major role in the Indian economy, as it contributes 14% to the industrial production and 4% to GDP. With over 45 million people, the industry is one of the largest employment generators, and is one of the largest contributors to India’s exports. However, the impact of GST roll out, textile and garment exports have missed the USD 45 billion target for 2017-18 (only close to USD 40 billion was achieved) and has resulted in tariff advantages being enjoyed by competitors like Bangladesh and Vietnam”.

Offering measures to revive exports, Mr. Parakh said “We need to focus on ‘Ease of Doing Exports’. India needs a national strategy to reduce the cost and inefficiencies in our existing export markets. Effectively improving the tax and regulatory framework would be critical to achieve a significant increase in exports from India. The government should encourage setting up of more integrated textile units to increase productivity and efficiency, ensure a level-playing field with country peers, offer better incentives to exporters and for meritors like the GST, ensure that GST does not create any new equals market access positions with key competitors and iron out all the glitches arising out of GST implementation. Indian players need to gear themselves with the changing landscape & its requirements such as KYC, Certificate etc.”

Mr. Prabhakaran Iyer, Chief General Manager, Research & Analysis Group, EXIM Bank opined that “During the global financial crisis, there was an estimated decline of 20% in trade due to non-availability of trade finance. Following the global financial crisis, there has been greater scepticism in risk taking, and flight to quality customers in trade finance markets. This has been in difficult faced by low income countries to access the trade finance on affordable terms. There are structural difficulties in developing countries – ranging from lack of knowhow of local banks, mistrust in financial institutions, requirements and high fees for loans. These challenges were present even before 2008 but have now aggravated”.

Mr. Iyer added “AIB has estimated in its survey that the unmet global demand for trade finance could be as high as USD 2 trillion. In Asian developing economies alone, the estimated shortfall could be as high as USD 1 trillion. With the introduction of risk-based capital standards by Basel, the role played by credit rating agencies and the potential for a high-risk profile is all the more magnified. It is estimated that Basel III regulations would make the trade finance costlier to the tune of 15% - 35%, which in turn could take down the trade finance capacity by as much as 60%”.

In his remarks, Mr. Kishorlal Dhingra, Regional Chairman (WRF), EEPC India said “GST implementation has not been successful. It has taken us time to settle down. At the same time, we will settle some. We need to exempt taxes on production of exports and impose anti-dumping and safeguard measures. The government has a scheme of reimbursing 50% of the expenses incurred by businesses fighting anti-dumping cases, with a maximum of Rs. 2.5 crores. Another scheme is giving 10% rebate on export. Further, we need a shipping regulator like the telecom and insurance regulators to remove malpractices in the industry.”

Earlier, in his Welcome Address, Mr. Vijay Kalantri, Vice Chairman – MIRVDC, World Trade Centre Mumbai and President – All India Association of Industries, remarked “Trade infrastructure should be upgraded to meet the current and future needs. Without a robust infrastructure, we will fall behind in the Global Value Chains. It is estimated that BASCI regulations would make the trade finance costlier to the tune of 15% - 35%, which in turn could take down the trade finance capacity by as much as 60%”. The Panel Discussion was moderated by Mr. Rajesh Bhayani, Associate Editor, Business Standard.

Ms. Rupa Nalik, Senior Director, World Trade Centre Mumbai proposed the Vote of Thanks.

The event was attended by representatives from academic, industrial and research institutions, financial institutions, government departments and non-government organizations.

The Panel Discussion was moderated by Mr. Rajesh Bhayani, Associate Editor, Business Standard.
India needs to create an export culture, say experts

By A Business Reporter

“Over the years, we have diversified export destinations and basket. From 45% share of US and EU in the year 2000, it has now come down to 30%. The share of emerging markets is 50% today. But quick, short-term fixes are not helping much. We need to create an export culture, address fundamental issues like shortages of transport network, logistics, energy, bring down transportation costs, improve ease of doing business and constantly review our FTAs”, said Dr. Rupa Rege Nitsure, Group Chief Economist, L&T Finance Holdings at the Panel Discussion on ‘How to Revive Stagnant Exports’. The discussion was organized by World Trade Centre Mumbai & All India Association of Industries (AIAI) in association with Business Standard at World Trade Centre, Mumbai on July 6, 2018.

Dr. Rege said, “Export deceleration has been significant in the past five years. Both traditional and non-traditional exports have weakened. Traditional export growth has reduced from 14% in the decade ending FY12 to 0.4% in the current year, while non-traditional export growth has come down from 21.5% to 4.7%. When export deceleration is accompanied with worsening of trade balance and high Current Account Deficit, we go for liberalizing FDI in debt, costly NRI deposits or sovereign bonds. To promote exports, we come out with sops, subsidies, interest subvention etc. But these do not help to revive exports on a sustainable basis”.

<<Vijay Kalantri, Vice Chairman, MVIRDC World Trade Centre Mumbai and President, AIAI felicitating Krishnanlal Dhingra, Regional Chairman (WR), EEPC India.
"India needs to create an export culture", say experts

By Sudhin Shende

India needs to create an export culture, say experts. The country's trade deficit has been a cause for concern for decades, and efforts to boost exports have been ongoing. India's export performance has been hampered by various factors, including high import content in exports, weak competitiveness, and inadequate infrastructure. However, there are signs of improvement, with a focus on sectors such as textiles, agriculture, and IT services. The government has been actively promoting exports through various schemes and initiatives. The recent increase in export growth is a positive development, and it is essential to sustain this momentum. However, there is a need for a comprehensive strategy that addresses the challenges faced by exporters and creates a conducive environment for export growth. The focus should be on improving competitiveness, enhancing quality, and diversifying the export base.

Key points:
- India needs to create an export culture.
- Efforts to boost exports have been ongoing.
- Export performance has been hampered by various factors.
- Signs of improvement are visible.
- The government has been promoting exports.
- A comprehensive strategy is needed.
- Focus should be on competitiveness, quality, and diversification.

For more details, please refer to the article in The Times of India.
India needs to create an export culture, say experts

New Delhi, July 9 (KPN) India needs to create an export culture, address fundamental issues like shortages of transport infrastructure, logistics, energy, bring down transportation costs, improve ease of doing business and constantly review our ITAs, said said Dr Rupa Rege Nitsure, Group Chief Economist, L&T Finance Holdings.

He was speaking at a panel discussion on ‘How to Revive Stagnant Exports’ organized by World Trade Centre Mumbai & All India Association of Industries in association with Business Standard at World Trade Centre, Mumbai.

‘Over the years, we have diversified export destinations and basket. From 45% share of US and EU in the year 2000, it has now come down to 39%. The share of emerging markets is 50% today. But quick, short-term fixes are not helping much,’ he said.

Dr Rege said “Export deceleration has been significant in the past few years. Both traditional and non-traditional exports have weakened; to promote exports, we came out with sops, subsidies, interest subvention etc. But these do not help to revive exports on a sustainable basis”

Sharing his views, Mangoch ernan, Joint President (Corporate Economics Cell), Aditya Birla Group, remarkd “Although overall merchandise exports have stagnated, there are two numbers that have grown in recent years – the share of MSMEs in India’s exports has increased from 42% in FY14 to 50% in FY18, and the amount of export incentives under the Merchandise Exports from India Schemes, has expanded to around 8000 tariff lines, covering nearly three-fourth of the product lines.”

Suggesting that export-intensive manufacturing operations which include labour-intensive sectors like apparel, leather and gems and jewellery, as also auto components and engineering seek to be long-term, steady players in the export market, he added “Nearly two-third of the global trade is through participation in Global Value Chains which requires adherence to strict quality norms, timely supplies and continued productivity growth. It is also necessary to keep moving up the value chain”

He concluded his remarks saying “India should be more tolerant of a moderately undervalued currency. While this cannot be an officially stated objective and cannot be achieved at all times, given the other macroeconomic considerations and objectives, still, to the extent possible, the extent of intervention can be skewed towards maintaining the rupee at a more competitive level”

Addressing the gathering, Kevur Parekh, Vice President, Welspan Global Brands Limited, said “Textiles plays a major role in the Indian economy, as it contributes 14% to the industrial production and 4% to GDP. Under the impact of GST roll out, textile and garment exports have missed the USD 45 billion target for 2017-18 (only close to USD 40 billion was achieved) and has resulted in tariff advantages being enjoyed by competitors like Bangladesh and Vietnam”

Offering measures to revive exports, Parekh said “We need to focus on ‘Ease of Doing Exports’. India needs a single platform like a Green Channel as we compete with emerging markets. Effective exchange rate management would be critical to achieve a significant increase in exports from India. The government should encourage setting up of more integrated textile units to increase productivity and efficiency, ensure a level-playing field with country peers competing in EU/UK markets, sign free trade pacts with major markets like the EU, US, Canada and Bhutan to equilibrate market access positions with key competitors and iron out all the glitches arising out of GST implementation. Indian players need to gear themselves with the changing landscape & its requirements such as e-commerce, millennials etc”

Prahaladhan iyer, Chief General Manager, Research & Analysis Group, EID Bank opined that “There are structural difficulties in developing countries – ranging from lack of know-how in local banks, misrepresentation, large collateral requirements and late disbursement of funds; these challenges were even more acute before these banks have now resolved”

2 trillion. In Asian developing economies alone, the estimated shortage could be as high as USD 1 trillion. With the introduction of risk-based capital standards by Basel, the role played by credit rating agencies and their country risk models has high influence on the financial markets. It is estimated that Basel III regulations would make the trade finance costlier to the tune of 15% - 37%, which in turn could take down the trade finance capacity by as much as 6%”

In his remarks, Krishnathai Dhingra, Regional Chairman (VR), EEPC India said “GST implementation has not been smooth. We are recommending the government to raise it to 15 per cent. Further, we need a shipping regulator like telecom and insurance regulators to remove malpractices in the industry”

Vigya Kalantir, Vice Chairman – MVRDC, World Trade Centre Mumbai and President – All India Association of Industries, remarked “Trade infrastructure should be upgraded to meet international standards as this will facilitate exports from India and also make MSMEs competitive in the global markets. Depreciation of rupee may not be an answer to revive exports. We should also try to promote import substitution to strengthen MSMEs’ productivity, innovation and competitiveness. There is a need to lay thrust on improving infrastructure, boost the manufacturing sector and reduce transaction costs to revive our stagnant exports.”
"India needs to create an export culture," say experts

“Over the years, we have diversified export destinations and basket. From 60% share of UK and 40% in the US in 2008, it has now come down to 30%. This share of emerging markets is less than 10%. This is why we need to create an export culture,” Indian government, economic policy, address fundamental issues like shortages of transport network, logistics, energy access, skills, and technology, said Dr Kapil Mehta, CEO, India Trade Promotion Organisation (ITPO) of the Ministry of Commerce and Industry. Speaking at the inaugural session of “Trade Centre Mumbai All India Association of Industries in association with Bombay Chamber of Commerce and Industry,” ITPO, Dr. Jagesh said Export diversification has been significant in the last five years. Both traditional and non-traditional markets have witnessed. Traditional export growth has reduced from 11% a year in the decade ending FY13 to 4% in the current year, while non-traditional export growth has come down from 24% to 8% in the year. When export diversification is accompanied with increasing share of balance of trade and Current Account Deficit, and for liberating India in due time to focus on balance of trade and Surplus, it is essential to look at the future opportunities, increase exports, and not just traditional and infrastructural, imports, subsidize, import substitution etc. but these are not to help achieve exports in an sustainable way.

Suggesting that a lot could be learnt from China, Dr. Mehta pointed that China created SEZs, formulated different laws for different districts next to the ports, made huge investments in strategic and initial development, developed ports, created new cities, invested in urbanization, and used its cities with non-residents in Hong Kong and Taiwan to get its exports and backward linkages and enterprises, India needs to emulate this for reviving its stagnant exports.

Sharing his views, Mr. Mangesh Samant, Joint President (Corporate Executive Centre), Aditya Birla group, summed up: “Although a world market has no export capacity, there are two markets that have grown in recent years. The share of MNEs in India’s exports has increased from 10% to 30%. It, and the share amounting to the Merchantable Exports from India’s schemes, has expanded to around 2060 without tariffs, covering nearly 56% of the product lines. Suggesting that export-intensive manufacturing can be the hallmark of economic development, he pointed to the need for diversification and setting up of a ‘Green City’ to boost several activities and sectors and create jobs. The Aditya Birla Group is working on the Adani Green City, envisaging development through partnership between government and private sector, emphasizing on the efficiency of agencies and industry bodies and technology upgradation scheme for more sectors.”

He concluded his remarks saying “India should be more tolerant of a moderately understood currency. While this central bank has officially based demand and cannot be around at all times, India needs to get trade and balance of payments and in such a way to make it all possible, the extent of intention can be taken towards maintaining the note in a more sustainable way.”

Addressing the gathering, Mr. Kaye Persaud, Vice President, WFP Global-Global Brands Limited, said “trade plays a major role in the Indian economy, as contributes to 25% of GDP, 42% of employment, 40% of exports, and 30% of GDP. The largest employers group, and is one of the largest contributions to India’s exports, has made a conscious effort to diversify its exports and enhance its market share. It is evident that the Indian exporters have recorded the ctb 75-35 parity as US 1 billion and US 700 billion exports have resulted in net advantages being enjoyed by competition like bangladesh and vietnam.

Offering services to move exports, Mr. Persaud said “we need to focus on Time of Doing Business, that is, to reduce the time taken to do business to 30% or less. It is essential for businesses to make the right decisions and invest in the right sectors. Effective rate of return on investments would be critical to achieve a significant increase in export capacity. The government is implementing the Right Law in the right way in the right place, and has taken steps to improve the ease of doing business. The integrated trade and policy tools to increase productivity and efficiency, ensure a level-playing field with countries competing in the same market, viz. free trade zone with major markets like the US, Canada, China, and Japan, and integration with the EAEU and the ASEAN, and high flow for loans. These challenges were present even before 2008, but have now aggregated.”

Mr. Jiyer added “India has established its survey in the current global demand for trade finance in financial markets. By the year 2021, in the developing economy, the estimated shortage could be 35% GDP. In addition, with the introduction of risk-based capital standards by Basel II, there is likely to be a decrease in the availability of trade finance. The resulting risk of non-payment and delay in payments could have significant impact on the financial markets. It is estimated that BISI, a regulator would make the trade finance industry to the tune of 10% - 20%, which in turn could make the trade sector more vulnerable to shocks and volatility. In this context, Mr. Nishad Singh, Chairman and Chief Executive Officer, India Trade Promotion Organisation (ITPO), said: ‘’India has been a major player in the global economy, and we are committed to boosting our share in the world trade. We are working hard to increase our exports, and we are confident that this will lead to a significant increase in our share of the global market.”

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The Motion discussion was moderated by Mr. Rajiv Majumdar, Associate Editor, Business Standard.

Mr. Rupa Nahi, Senior Director, World Trade Centre Mumbai proposed the Vote of Thanks.

The event was attended by representatives from academic, industry and research institutions, financial institutions, government departments and non-government organizations.