Reviving Exports

\n\n

India’s exports have been struggling for years now and the reasons namely,

\n\n

\n
1. due to slow growth in many destination nations and
\n
2. also due to contraction of demand from oil exporting nations in West Asia.
\n

\n\n

The demonetisation of Rs. 500 and Rs. 1,000 banknotes has also adversely affected many exporters. Faced with a cash crunch, they have been unable to adequately source material and labour to fulfil orders.

\n\n

What are the steps the Government should take?

\n\n

India’s export sector also needs to be strengthened to withstand changes that could take place in world trade.

\n\n

\n
- Apart from giving incentives to exports, and preparing for a possibly altered trade environment, India needs to make products that find greater global acceptance.
\n
- That requires getting more sophisticated with designs and giving superior finishes — two qualities a lot of Indian exports lack.
\n
- Indian exporters also need to spend more on understanding the tastes of global consumers.
\n

- Greater acceptance of Indian products will help the country secure better prices.
\n
- Increasing the demand for Indian goods, particularly those produced in the small-scale sector, is important to create more jobs, particularly for youth.
\n
- The finance minister ought to pay heed to his commerce ministry colleague’s appeal for more funds in order to enable the latter to offer more incentives to exporters in labour-intensive sectors.
\n
- Additional incentives are needed to make India’s exports competitive.
\n
- The commerce ministry, in its petition to the finance ministry, has proposed enhancing the incentives it offers under the merchandise export incentive scheme (MEIS), announced in the April 2015 Foreign Trade Policy.
\n
- These incentives are meant to compensate exporters for infrastructural inefficiencies and associated costs, particularly with respect to India-made goods with high employment potential and export intensity.
\n
- Currently, MEIS is allocated Rs. 23,000 crore and covers 7,103 items.
\n
- With nearly half of India’s exports comprising items manufactured in labour-intensive sectors such as gems and jewellery, textiles and apparels, agriculture and allied products, marine products, and leather goods, the Foreign Trade Policy 2015 had rightly emphasised support for such sectors.
\n

\n\n

\n\n

Category: Mains | GS - III| Economics

\n\n

Source: Business Standard

\n\n

\n\n

\n\n

\n

