GS-3 - Economy.

3. Though the Balance of payments may reduce, exports need to be ramped up in the country. Discuss.

India's External balance has come under tremendous pressure due to - Rising commodities price, Foreign portfolio outflow, rupee depreciation. Increasing Inflation & geopolitical tensions - widened trade deficit - 2.8% GDP - high since 2013

Trade scenario

Imports are further to increase. - 25% higher than previous year, whereas Exports are relatively muted.

Ease in External balance

Reasons

1. US Fed hike - has been kept hold - hence ~~rupee~~ dollar appreciation was ~~ease~~ reduced. Dollar Index declined 6%. → Benefitted by Easing rupee depreciation, & price of imports declined.

2. Global commodity prices - especially Brent crude oil - declined 66%. (+) India's discounted oil purchase (40%) from Russia.

3. Foreign portfolio outflows - previously ₹1.70L cr -ore, Now pumped some ₹40,000 crore - easing trade deficit.

What must be the focus!

Volume of imports is increasing due to rising domestic demand & economically important imports for growth.. - furthering trade deficit. This is a challenge.

Early measure - Import duty on Gold import has not yield benefits.

Focusing on Exports is sustainable; Incentivising companies to produce for global markets capturing markets left out by china - China+1 strategy. Schemes like Production Linked Incentive Scheme must be leveraged, to increase export potential.