

Press Release:

Comments of Founder Chairman, Mohit Singla on December 2020 trade data

15th January 2021, New Delhi: Reacting to the export data for the month of December 2020, Mohit Singla, Founder Chairman, Trade Promotion Council of India (TPCI), said, “I salute the resilience of the industry which has challenged all adversity to buck the trend. This growth comes amidst a challenging trade environment, especially with the rise in protectionist measures by a number of countries. Additionally, this performance comes indicating below-trend expansion in the first and second quarter. This is driven by strong declines in export orders, increased international air/ shipping freight, unavailability of containers, etc. adding to the woes.”

On a long-term trend basis, there is a discernible shift in India’s exports towards higher value added manufacturing and technology-driven items. RBI data indicates that between 2011-12 and 2018-19, there is a significant rise in exports of chemicals and products as well as engineering and related goods. This has helped keep Indian exports relatively resilient to changes in the global trade environment, Singla added.

One of the major emerging sectors boosting exports is agriculture and food products, for which the government has now come up with a game changing New Farm Law.

Looking forward, India must quickly finalize FTA with such countries or trade blocks wherein we can export value added products or with those countries with which our trade balance is heavily skewed. Like CIS, Latin America, Africa, etc. Singla suggested.

Second, an important challenge on the trade front is the anxiety of higher incidence of non-tariff barriers (NTBs). The estimated costs of NTMs is 15.3% largely on account of - lack of harmonization, wide differences in regulatory approaches and domestic procedural obstacles- hitting smooth trade badly. Therefore, Indian testing labs / facilities should be made at par globally with safe standards, so that it is accepted worldwide. Also,

the clause of testing certification must be made compulsory in every FTA negotiations so that it reduces friction to trade.

Third, the government should come up with a heavy duty scheme for brand marketing globally. Indian products need to reach global shelves which is a huge cost to smaller and medium companies, largely still unaffordable. One way could be provide concessional credit to meet the high cost; or tax deduction on expenditure incurred on marketing of brands abroad, etc.

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