

## Indian Export - Challenges and Opportunities

\* Monica Daniel Penkar



### ABSTRACT

*The recovery of the world economy from the financial crisis has been slow and fragile. Chances of robust economic recovery in the immediate future seem remote. The developed countries may aim at realizing recovery through fiscal consolidation and export led growth. This will pose a challenge to Indian exporters in accessing overseas market. The paper attempts to throw up some major stumbling blocks and establishes the need for fast growing export trade and highlights two core products namely Agriculture and Leather. The relevant key words are: Import, Export, Core Products and Strategy*

### Introduction

The world has faced an unprecedented economic slowdown since 2008. The crisis which erupted from the heart of the capitalist engulfed the entire globe affecting all countries big and small. India's Foreign Trade Policy (FTP) 2009-14 was announced in this backdrop. The FTP 2009-14, sets up a goal of doubling India's exports of goods and services by 2014 with the long term objective of doubling India's share in global trade by the end of 2020.

### Objectives of the Study

The objectives of the study are to examine the impediments to high export strategy in India and provide some inputs for tiding over the obstacles

### Literature Review

There are several research studies on Export - Import strategies by various Indian researchers. Study by Samar Verma (November 2002) concludes that textile and garment sector plays an extremely significant role in India. Study by Nilanjan Banik (December 2007) concludes that the years following 2000 is predominantly service driven.

### Research Methodology

#### Coverage of the study:

This paper focuses on higher export growth strategy.

#### Sources of data:

Data and information were gathered from secondary published sources viz. books, journals, newspapers and websites.

#### Domestic Policy to Rein Imports

We have large agriculture imports both in term of pulses, edible oils and other commodities. A reform package to increase yields in order to suffice our domestic needs is essential. Domestic policy reform is essential to provide adequate domestic supplies of coal for thermal power and other uses. The demand for major items of bulk imports such as petroleum is likely to keep rising. We have therefore no option but to

focus on higher export growth The important linchpin of our overall export growth strategy would be to aggressively promote our traditional products.

#### Agriculture

India ranks no.1 in production of many fruits and vegetables like Mango, Ginger and Okra. There is a tremendous demand for Nasik and Bellary onions in UAE and Malaysia respectively. Guar gum has lot of potential for growth of exports subject to consistent supply of Guar seeds and its quality. Substantial infrastructure needs to be built in terms of Warehouses, Cold Storage, Reefer Vans, etc. Dry port facilities need to be created at strategic location in processing areas to avoid any delay in procedures and pre-shipment inspections.

Berths may be increased at existing ports and new ports in the private sector may be encouraged to avoid congestion and delay.

#### Leather

The leather sector is amongst the top ten foreign exchange earners for our country. The exports have increased from US\$ 2.2 billion in 2003-04 to US\$ 3.60 billion in 2008-09. It is essential to develop mega leather clusters in order to realize the full potential of future growth.

Leather industry also face difficulty in raising adequate capital from sources like public issues or bank loans. Venture Capital Fund under institution like EXIM Bank or nationalized bank equity participation for capital requirements can be provided.

#### Major Findings

Infrastructure bottlenecks remain the single most important constraint for achieving accelerated growth in Indian exports. Efficient and timely movement of EXIM cargo would be crucial for realizing the export target. The main hurdle has been the inability of the port to handle large size vessels and inefficiency due to large dwell time. There has not been much improvement in turnaround time of the vessels during the

11th Plan. In 2009-10, it was about 4.4 days as against 6 hours in efficient ports like Singapore and Hong Kong. Trade related transaction cost is one of the major determinants of export competitiveness of our economy. Bringing these costs at par with the most competitive countries requires sustained efforts over a long period of time. India has poor quality image abroad. Occasional blacklisting by the US of Shrimp and Pepper exports from India highlights the lags in the pre-shipment inspection system in India.

The Tandon Committee had pointed a very important black mark on the Indian exporters is renegeing - a term used in the USA to refer to going back on a contract and refusing to fulfill it on its original terms. Also success through ground-breaking innovation has not been a part of Indian export strategy.

#### **Conclusion**

India's export has a great potential which has not been cultivated for global performance. There are many products like Leather and Agriculture in India's

export basket which can achieve the objective of FTP 2009-14. SWOT analysis of each product is essential. We have to diversify our products and find new arenas of trade by meeting international standards. This also requires high class trained managers who can tailor a business level strategy in order to gain competitive advantage. Universities and Business Schools should play its supporting role in churning out leaders who enables us to compete with the best in the world.

India should be willing to take a more constructive approach, along with other developing countries at multilateral forums. There is a necessity to put proper infrastructure in place and eliminate the problems associated with government regulations and procedural bottlenecks. A well formulated strategy of reining imports, working on impediments, strengthening our core products, diversifying product in our export basket and moulding efficient managers can surely bring India on world map in its true sense.

*\* Asst. Prof. St. Gonsalo Garcia College, Vasai, Thane*

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