

Exclusive| Commerce Ministry's 2022 agenda aims to achieve \$400 billion export target

To capitalize on the momentum of exports, officials say the Department has identified a key policy to help India reach the unprecedented \$400 billion target before FY22 ends.

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Representational Image (Reuters)

A range of initiatives, handpicked specifically to maximise export earnings and establish dominance in key markets, are being pushed by the Commerce Department in financial year 2022.

People familiar with the development said initiatives such as the One District One Export plan, increased project exports to Africa and an updated trade infrastructure plan, are among the top items being prioritized by the Commerce Department for the first quarter of calendar year 2022.

Orders to fast-track these and other initiatives have been sent from the Minister's office, they added.

After a Covid-19 induced slump, India's exports have continued an unbroken 12 months of growth as of December. Merchandise exports rose to \$263.5 billion in April-November of 2021-22, an increase of 51.3 per cent over the same period in 2020.

They were even 24.8 percent higher than in the same period of 2019 before the pandemic struck. The latest agenda hopes to seize on this.

Focus on districts

With an eye on spreading economic growth and diversifying India's export basket, the government has focussed on district level exports. After being launched in early 2020, the Department's Districts as Export Hubs Initiative has finally compiled the products and services with export potential in all districts of the country.

The initiative tries to target export promotion, manufacturing and employment generation at the grassroots level.

This plan is based on individual District Export Action Plans (DEAP) which identify quickly scalable, economically sustainable and stable export opportunities at a district level.

It also sets quantifiable export targets. While the government has received DEAPs for more than 450 districts across the country, large chunks of the country are yet to be mapped.

"In 2022, the Department will aggressively seek to complete the rest of the exercise, most of which is pending with the states and district administrations. Successful completion of these are also an important parameter in Niti Aayog's annual Export Preparedness Index and affect the state's performance. But some states have been lagging," a senior official said.

Similarly, the Commerce Department has decided to get strict with errant state governments across all aspects of trade, he added. Some states such as West Bengal are yet to set up state-level export promotion committees while smaller states still do not have a detailed state export policy.

The DEAPs have helped to identify Gujarat's Jamnagar as the top exporting district. Fuelled by shipments from major petroleum refineries, the district earned \$19.26 billion in FY 2021. They have also shown that Pune district in Maharashtra was the top source of engineering goods, followed by Kanchipuram district in Tamil Nadu.

Meanwhile, Uttar Pradesh's Noida is the source of most of India's electronics exports.

Trade infrastructure

The Department is also planning to expand its coverage of trade infrastructure. Under the current enhanced Trade Infrastructure for Exports Scheme (TIES), the government provides funds for specific infra projects that have a multiplier effect on exports.

Under TIES, the government aims to enhance export competitiveness by bridging gaps in export infrastructure, creating focused export infrastructure, first-mile and last-mile connectivity for export-oriented projects. In the New Year, the government has decided to focus specifically on projects that ease logistics pain and improve trade connectivity.

The grant-in-aid is subject to a ceiling of Rs 20 crore for each infrastructure project. To this end, the Department is pitching for larger funds to develop export infrastructure further, as part of the upcoming Budget.

"This is what we want to raise. To meet the ambitions of \$900 billion worth of trade in the current Foreign Trade Policy, releasing more funds for expanding trade capability is the need of the hour," the official mentioned above said. The ministry has been promised an allocation upwards of the Rs 75 crore it got in previous years budget, people familiar with the development said.

Project exports

The government will also be on the lookout for project export opportunities for India on the world stage, and especially Africa. Project exports refer to setting up of engineering, construction or infrastructure projects overseas. In simple terms, export of engineering goods/services on deferred payment terms which lead to execution of turnkey projects including civil construction works abroad are collectively categorized as project exports.

These highly lucrative global tenders have multiple downstream benefits and often involves offshore jobs for Indian workers and professionals. However, in most places, China has significantly beaten India over the past few years.

"In East Africa, once considered a fief of Indian project consultants, China now has nearly a dozen project exports, whereas India has none. We have to change this, and fast," an official said.

These includes railways, like the \$3.2 billion Nairobi to Mombasa train line in Kenya, urban rapid transport systems like the \$3.4 billion Addis Ababa metro in Ethiopia's capital and hydroelectric power plants like the Merowe Dam in Sudan.

According to the Project Export Promotion Council, exports from India have swung wildly over the past five years. Project exports touched \$8.27 billion in 2016-17, but slumped to \$4.23 billion in 2019-20.

While the government had announced a Rs 33,000 crore boost for project exports through the National Export Insurance Account last year, uptake has been slow. Officials say they are now working with the Ministry of External Affairs to solve this.