

EXPORT PROMOTION SCHEME IN INDIA POST COVID

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ABSTRACT

The COVID-19 pandemic really messed up the global trade, as it affected India's export industry with supply chain breakdown, slowing global demand, and business lack of liquidity. In order to absorb the economic blow and revive exports, the government of India started various export promotion measures after COVID-19. Among them are Remission of Duties and Taxes on Exported Products (RoDTEP), designed to make exporters pay less in taxes; the Production Linked Incentive (PLI) initiative, which will encourage domestic manufacturing and exports in key industries; and the Export Credit Guarantee Corporation (ECGC) initiatives, which offer financial risk mitigation and credit insurance.

1. INTRODUCTION

Export is India's growth engine, generating gross domestic product, foreign exchange revenue and jobs. The COVID-19 pandemic, however, destabilised the supply chains worldwide, curtailed international demand and presented new challenges to Indian exporters.

So the Indian government came up with and revamped a few export encouragement programmes to help companies, grow their competitiveness, and fast recover. This report highlights the main export promotion programmes of India since COVID-19 and the way they are implemented, benefits, difficulties and plans.

2. WHAT IS INDIA'S EXPORT SECTOR AFTER COVID-19?

After COVID-19, the export business of India needed to cope not only with the shock of an economic recession but also with a new world trade. Exports reaccelerated after initial dings, and merchandise exports hit an all-time high of \$447 billion in FY 2021-22, with the assistance of engineering products, petroleum products, gems and jewelry and textiles.

The reasons for this recovery were various, from policy encouragement, digitalisation, export diversification and a renewed focus on FTAs. The government stepped up export-export incentives to support this growth.

Export Promotional Schemes Post COVID-19 Main Features.

2.1 OFFSET OF DUTIES AND TAXES ON EXPORT GOODS (RODTEP)

Scope: Applied from January 2021, RoDTEP is aimed at refunding embedded taxes and duties not recovered in any other programs. State and local taxes like vehicle fuel VAT, electricity tax and mandi tax.

Key Features:

- Excludes textiles, leather, agriculture.
- Credit scrips for the transferable duty refund.
- Improves exporters cost competitiveness on the world market.

Impact: RoDTEP has relieved exporters of a significant portion of their tax bill and improved their margins which made India more competitive in the export market.

2.2 PRODUCTION LINKED INCENTIVE (PLI) PROGRAM.

Purpose: The PLI scheme was introduced to stimulate domestic manufacturing, import dependency, and exports in priority industries.

Key Features:

- First launched for 13 industries, such as electronics, drugs, apparel and automotive parts.

- Offers financial incentives based on the growth of production and export performance.
- Requires large investments in manufacturing plants.

Impact: PLI scheme has driven large investment and production capacity development across various fields making India a global manufacturing centre. Exports of mobile phones, electronics and medicines have mainly been a winner under this scheme.

2.3 EXPORT CREDIT GUARANTEE CORPORATION OF INDIA (ECGC) SCHEMES.

Message: The main objective of ECGC schemes is to offer exporters credit risk insurance and financial backing to avoid risks associated with international trade.

Key Features:

- Protects against payment defaults, political risk and foreign buyer bankruptcy.
- Provides export credit insurance to banks and NBFCs to expand access to export credit.

Implication: ECGC schemes through their minimisation of financial risk have forced banks to credit exporters, ensuring adequate liquidity and exports growth.

2.4 TRADE INFRASTRUCTURE FOR EXPORT SCHEME (TIES)

The purpose: TIES was established to create global infrastructure for export promotion.

Key Features:

- Financing of establishment of export facilities like test-labs, cold chain and warehouses.
- Aimed at removing infrastructure barriers that reduce export efficiency.

Impact: TIES has created new export hubs that reduce logistics expenses and increase the quality and reliability of Indian exports.

2.5 MARKET ACCESS INITIATIVE (MAI)

Ziel: MAI scheme encourages exporters to look for and enter new markets through financial support for export promotion.

Key Features:

- Covers international trade shows, market studies, product development etc.
- Supports export promotion councils, industry associations and individual exporters.

Impact: MAI has empowered Indian exporters to expand their reach and become less dependent on traditional markets and are therefore more resilient to economic shocks from global economies.

3. DIGITAL INITIATIVES FOR EXPORT PROMOTION

Digitalization after COVID-19 has been very instrumental for export. Digital technologies have been used by both government and industry actors to enact trade, transparency and efficiency.

3.1 SINGLE ONLINE CERTIFICATE OF ORIGIN STORE FOR ALL PARTIES.

This website helps exporters obtain certificates of origin online, saving time and money. It also keeps you in line with trade treaties and increases your convenience.

3.2 E-SANCHIT

E-SANCHIT (Single Window Interface for Trade): Electronically submit trade documents. It's made customs clearance smoother, saving exporter's time and money.

3.3 DGFT ONLINE PLATFORM

The Directorate General of Foreign Trade (DGFT) introduced an online portal where exporters can apply for licences, file returns and monitor applications. This has meant more openness and less red tape.

4. SECTOR-SPECIFIC EXPORT PROMOTION MEASURES

4.1 PHARMACEUTICALS

Government has assisted pharmaceutical industry through the PLI scheme, quick regulatory clearances, and R&D incentive schemes.

This has helped exports of generic drugs and vaccines.

4.2 TEXTILES

Besides RoDTEP policy, PLI for synthetic fibres and mega textile parks set up under PM MITRA scheme have been some of the policy initiatives taken up in the textile sector after COVID-19. All of these initiatives are in the service of making India more competitive in the global textile space.

4.3 AGRICULTURE AND FOOD PROCESSING

Agriculture Export Policy – to double the export of agriculture through the value added products, quality assurance, and export clusters. Likewise, government also funded cold chain infrastructure and logistics.

5. EXPORT PROMOTION — ISSUES AFTER COVID-19?

However effective export promotion measures might be, some hurdles loom:

5.1 GLOBAL SUPPLY CHAIN DISRUPTIONS

The pandemic broke the supply chains of the world, disrupting the availability of raw materials and raising the price of production.

5.2 TRADE BARRIERS

Non-tariff barriers like quality regulations and certification in destinations are obstacles for Indian exporters.

5.3 HIGH LOGISTICS COSTS

The cost of logistics in India due to the absence of proper infrastructure and inefficiencies depresses export prices.

5.4 LIMITED AWARENESS AMONG EXPORTERS

Most small and medium enterprises (SMEs) do not know of the available export promotion schemes and benefits, and do not take up global trade.

6. FUTURE OUTLOOK AND RECOMMENDATIONS

If India is to continue exporting and take advantage of the opportunities, then it should do it by developing an integrated and comprehensive approach towards export. Key recommendations include:

6.1 STRENGTHENING TRADE AGREEMENTS

The first thing India needs to focus on is negotiating and entering into comprehensive FTAs with its trading partners in order to increase market access and reduce trade barriers.

6.2 ENHANCING INFRASTRUCTURE

With investments in port modernisation, logistics network development and last-mile connectivity, logistics costs can be significantly reduced and export competitiveness boosted.

6.3 PROMOTING EXPORT CLUSTERS

Create sector specific export clusters with networked infrastructure and support services to maximize productivity and economies of scale.

6.4 CAPACITY BUILDING FOR SMES

SMEs can be assisted by trainings, workshops and awareness initiatives to know global markets, quality standards, and export procedures.

6.5 LEVERAGING TECHNOLOGY

Taking up more digital platforms in the area of trade facilitation, e-commerce and supply chain management can bring greater efficiency and openness in the export sector.

7. CONCLUSION

India's export incentives after COVID-19 have helped revive the export sector, ensured economic recovery, and made India a competitive marketer. Significant work has been done but further efforts are needed to solve the challenges, take advantage of opportunities, and create an export base. Innovation, infrastructure and trade collaborations can help India to meet its ambitious export plans and lead to sustainable economic growth.

8. REFERENCES

- **Ministry of Commerce and Industry, Government of India**
<https://commerce.gov.in>
Official website for updates on export promotion schemes, trade statistics, and policy documents.
- **Directorate General of Foreign Trade (DGFT)**
<https://dgft.gov.in>
The DGFT portal provides detailed guidelines on various export promotion schemes and their implementation.
- **Export Credit Guarantee Corporation of India (ECGC)**
<https://www.ecgc.in>
Information on credit insurance products, export risk coverage, and financial support for exporters.
- **Indian Trade Portal (ITP)**
<https://www.indiantradeportal.in>
Comprehensive resource for trade-related information, market access, and export incentives.
- **Reserve Bank of India (RBI) - Reports on Foreign Exchange and International Trade**
<https://rbi.org.in>
Contains reports and data on export credit, foreign exchange policy, and external sector performance.
- **Economic Survey of India 2021-22**
<https://www.indiabudget.gov.in/economicsurvey>
A detailed analysis of the impact of COVID-19 on the Indian economy and measures taken to boost exports.
- **Production Linked Incentive (PLI) Scheme Notifications**
<https://dpiit.gov.in>
Notifications and guidelines issued by the Department for Promotion of Industry and Internal Trade (DPIIT) related to the PLI scheme.
- **Export Promotion Councils (EPCs)**
Various sector-specific export promotion councils, such as the Engineering Export Promotion Council (EEPC), Federation of Indian Export Organisations (FIEO), and Pharmaceuticals Export Promotion Council (Pharmexcil), provide reports and insights on export trends and schemes.

- **UNCTAD (United Nations Conference on Trade and Development)**
<https://unctad.org>
Reports on the global trade environment post-COVID-19 and its impact on emerging markets, including India.
- **World Trade Organization (WTO)**
<https://www.wto.org>
Trade profiles, global trade policy reviews, and analysis of export facilitation measures during the COVID-19 recovery phase.