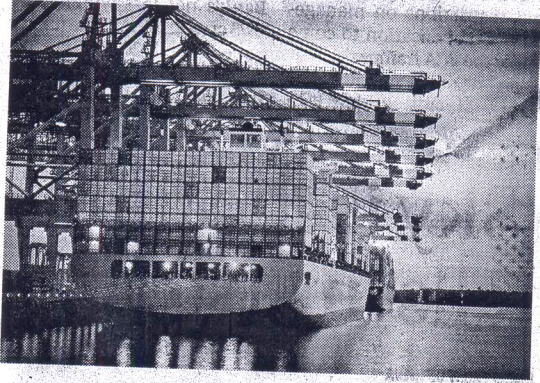


# Govt to review its export target in trade policy rejig



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India is set to prune its ambitious export target of \$900 billion as Prime Minister Narendra Modi's government works on reviewing the foreign trade policy amid continued global weakness and uncertainty.

The reassessment comes as India slogs it out in negotiations for a regional trade deal that would account for almost 30 per cent of global GDP and over a quarter of world exports, involving — with China, the 10 Asean nations, Australia, New Zealand, South Korea and Japan, known as the Regional Comprehensive Economic Partnership.

The government unveiled its first foreign trade policy for 2015-2020 in April, setting a merchandise and services export target of \$900 billion by 2020, almost double the \$465.9 billion achieved in 2013-14. However, with the fragile global economic recovery, and increasing protectionist economic policies, India is re-assessing the exports situation.

"We will review the target," Commerce Secretary Rita Teotia told Bloomberg News in an interview on May 30. "When we fixed the target, the global situation was different and it looked achievable. Since then there has been a great deal of change. There was economic slowdown, a fall in oil and other commodity prices."

India's export market has been sliding since 2014-15 when it contracted by 1.29 percent and further dipped 15.85 percent in 2015-16 from a growth of 4.66 percent in 2013-14, according to data from the Ministry of Commerce website.

The exports have been adversely impacted by a global slowdown, a sharp fall in commodity prices and curren-

cy fluctuations, Teotia said. "Prices of crude and petroleum products, which are very important commodities, in both exports and imports basket, made a large dent in our trade numbers". Crude prices have declined 54 percent since June 2014.

In financial year ending March, merchandise exports registered a growth of 4.7 percent at \$274.6 billion, up from \$262 billion a year before, government data show.

The Federation of Indian Export Organisations — a body set up by the commerce ministry — estimates that to achieve the \$900 billion target exports will have to grow at compounded annual growth rate of 28 per cent, a tall order under the current global scenario.

"This growth rate is very high," director general of Fieo, Ajay Sahai, said by phone. "On a 15 percent growth rate, we will achieve \$725-\$750 billion by 2020."

Global trade continues to remain subdued, he said, and with softening of crude and commodity prices the majority of the nations have "lesser appetite for imports".

## Foreign trade

The revised merchandise and services export target will be detailed in the mid-term foreign trade policy review scheduled before the roll out of a new nationwide sales tax from July 1. "It will be pragmatic that the government does course correction," Sahai said. "Global conditions are not as conducive as we initially thought". Trade is a top priority for India. The Modi government has described infrastructure bottlenecks, high transaction costs and manufacturing constraints as the biggest domestic challenge for the exports.

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