



DAILY EDITORIAL ANALYSIS

TOPIC

**NEED TO RECALIBRATE INDIA'S
EXPORT STRATEGY**

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Context

- India needs to **recalibrate its export strategy** including market diversification, diplomatic engagement, and on-ground business development to navigate rising global trade headwinds and maintain competitiveness.

Current Status of India's Export

- Indian exports registered a **positive growth of 4.77%** in August 2025 in comparison to August 2024.
- Total exports grew 5.19% to reach USD 346.10 billion** during April–August 2025.
- Merchandise export rose by 2.31%** and **Service Export surged by 8.65%** in April-August 2025.
- India's exports** to Hong Kong, China, USA, Germany, Korea, UAE, Nepal, Belgium, Bangladesh, and Brazil have surged in April-August 2025 in comparison to April-August 2024.
- The **Union Minister of Commerce and Industry** emphasized that India's export performance reflects the **resilience of its economy and the competitiveness of its industries**.
 - It reiterated **India's commitment** to achieving the ambitious **target of USD 2 trillion in exports by 2030**.

India's Export Performance: Sector Wise Trend

- Merchandise Exports:** India's merchandise exports rose to USD 35.2 billion in April 2024, up from USD 34.8 billion in April 2023.
- Non-Petroleum and Non-Gems & Jewellery Exports:** These exports grew by 1.32%, reaching USD 26.11 billion, indicating a broad-based recovery across sectors.
- Services Exports:** Estimated at USD 29.57 billion in April 2024, services exports also showed a positive trend, contributing to India's robust trade performance.
- Rise of High-Tech & Value-Added Exports:** The PLI scheme has accelerated advanced manufacturing. Electronics exports surged 32.47%, reaching USD 38.58 billion in FY 2024–25, making it the third-largest export category.
- Marine Export:** Total marine exports remained positive, despite a 33% year-on-year decline in August and a 27% fall in September due to US tariffs.
 - It is because of **quick market diversification** to destinations such as **China, Vietnam, Thailand, Japan, and Belgium**.

Emerging Concerns & Headwinds For Indian Exports

- Slowing Down Export with US:** The **steep tariff hike by the United States** has dented the **competitiveness of Indian goods** in its largest export market.
 - In October 2025, **exports to the US declined by 8.5%**.
- Climate Inaction and Regulatory Risks:** According to a **BCG report**, India's export-driven sectors, especially aluminium, iron, and steel, are increasingly vulnerable to international climate regulations.
 - The **EU's Carbon Border Adjustment Mechanism (CBAM)** and similar policies could impose carbon tariffs on Indian exports, affecting profitability and market access.
- Geopolitical Uncertainty and Supply Chain Disruptions:** Ongoing global conflicts and trade realignments are disrupting supply chains, increasing freight costs, and creating uncertainty in demand.
 - Exporters are struggling with volatile shipping routes and rising insurance premiums, particularly in the **Red Sea and Suez Canal regions**.
- Currency Volatility and Financial Strain:** Fluctuations in the rupee and tightening global financial conditions are impacting export margins.
 - In response, the **Reserve Bank of India** has introduced relief measures such as extended credit periods and relaxed debt repayment norms to support exporters.
- Overdependence on Traditional Markets:** India's exports remain heavily reliant on a few key markets like the US and EU.
- High Logistics and Transaction Costs:** India's logistics cost stands at ~7.97% of GDP, higher than the global benchmark of 6–7%. This erodes price competitiveness compared to East Asian exporters.

- **Non-Tariff Barriers (NTBs):** Exporters face stringent SPS standards, certification requirements, and environmental norms.

Key Government Initiatives to Boost Exports

- **Export Promotion Mission (EPM):** It was approved by the **Union Cabinet in November 2025**, with an outlay of ₹25,060 crore for **FY 2025–26 to FY 2030–31**.
 - ♦ It aims to consolidate fragmented export schemes into a single, outcome-based framework.
 - ♦ Focuses on MSMEs, first-time exporters, and labor-intensive sectors, offering digital tools, market intelligence, and capacity-building support.
- **Credit Guarantee Scheme for Exporters:** It is designed to mitigate financial risks for exporters, especially small businesses.
 - ♦ It enhances access to affordable credit and strengthens exporters' ability to fulfill international orders.
- **Trade Facilitation and Infrastructure:** The government has invested in port modernization, customs digitization, and the **National Logistics Policy** to reduce turnaround times and logistics costs.
 - ♦ **Initiatives like ICEGATE and SEZ reforms** aim to streamline export processes and improve ease of doing business.
- **Other Efforts Fueling Growth:**
 - ♦ **Districts as Export Hubs:** Promoting local industries and crafts for global markets.
 - ♦ **Trade Agreements:** Enhanced partnerships with the **UAE (CEPA)** and **Australia (ECTA)**, and ongoing talks with the **EU and UK**, are opening new avenues.
 - ♦ **Ease of Doing Business:** Simplified customs procedures, single-window clearances, and paperless trade facilitation.
 - ♦ **Export Credit Support:** Expansion of **EXIM Bank financing** and risk coverage under **ECGC**.

Strategic Reorientation: What Needs To Focus?

- **Investing in Global Logistics Corridors**, including **direct shipping routes** to **Latin America and West Africa** for long-term competitiveness.
 - ♦ The **recent shipbuilding package** is a step forward, but **enhanced budgetary allocation for the RoDTEP scheme** is essential to keep Indian exports price-competitive.
- **Enhancing Industrial Competitiveness:** Indian exporters need to **raise performance benchmarks** by focusing on technology adoption and innovation, sustainability compliance, and branding and local market presence.
 - ♦ India needs to **accelerate reforms** to sustain and strengthen its global trade position with nations like **Vietnam, Indonesia, Turkey, and Mexico** intensifying their globalisation efforts.
- **Expanding Beyond Traditional Markets:** India needs to **expand its trade footprint** across **West Asia, Africa, Latin America, and Southeast Asia** to mitigate dependence on the US and Europe.
 - ♦ **India's proactive approach** in negotiating new trade deals provides a strong foundation for diversification:
 - **Concluded agreements:** United Kingdom, EFTA
 - **Near-finalisation:** Oman, New Zealand
 - **Ongoing negotiations:** European Union, Chile, Peru, and GCC
 - ♦ These modern partnerships are expected to yield **comprehensive benefits**, including **market access, investment flows, supply chain integration, and technology collaborations**, unlike older Free Trade Agreements (FTAs).

Source: BL

Daily Mains Practice Question

[Q] Why India needs to recalibrate its export strategy in the current global economic context. Highlight the challenges faced by Indian exporters and suggest measures to enhance export competitiveness.

