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India Needs to Fix Problems to Boost Exports: Debroy

Our Bureau

New Delhi: The chairman of the Economic Advisory Council to Prime Minister, Bibek Debroy, has said India's net exports are not faring well during period of high growth, and that the way forward is to fix India's own problems and trade would fix itself.

"Conceptually there are three determinants of exports - demand side, supply side and the exchange rate. While demand is there as the world economy is not doing that bad, India needs to essentially improve procedures and infrastructure to improve the supply side," Debroy said on a day when the informal mini-ministerial meet of the WTO kicked off in here.

He said when there is competition between foreign and domestic firms it should be fair that GST enables a countervailing duty or export incentives. He was speaking on 'The Global Trade Regime - An Indian Perspective' at the 89th annual general meeting of the India International Chamber of Commerce at Ficci.

"Unless perfect GST is in place export incentives will be contested by trading partners. It will take at least 10 years for India to settle down with GST," he said.

On India's stand at WTO, he said the only option to improve trade is to go for regional pacts until negotiations move on in WTO.

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India's net exports not doing well: Debroy

PRESS TRUST OF INDIA
New Delhi, 19 March

India's net exports are not doing well even as the global economy is on the recovery path, Bibek Debroy, the head of the Economic Advisory Council to the Prime Minister (EAC-PM) and NITI Aayog member, said on Monday.

Debroy further highlighted that India was facing a dilemma from the point of view of pushing exports, as exporters would like exchange rate to depreciate. However, exchange rate might not depreciate as much as exporters want because of capital inflows.

"Net exports is not doing well. During high growth years,

net exports performed much better ... That world economy has not been doing that bad," he said at an event organised by industry body FICCI.

Debroy noted that ideally the central bank should intervene in the market but intervention by the RBI in the market is not without its cost side. Exports grew by 4.5 per cent in

February, the lowest expansion in the last four months, to \$25.8 billion as shipments of engineering, textiles and gems and jewellery declined while trade deficit narrowed to a five-month low of \$12 billion. The chairman of EAC-PM insisted as long as India's import duties are below the bound rates, it can increase import duties.

Net exports not doing well: Debroy

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New Delhi, March 19

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Debroy highlighted that the country is facing a dilemma from the point of view of pushing exports, as exporters would like exchange rate to depreciate, however exchange rate might not depreciate as much as exporters want because of capital inflows.