

"The first quarter in 2021 will remain subdued because of issues related to MEIS (Merchandise Export from India Scheme) are not yet resolved. We are expecting that the issues would be resolved in the coming months and the situation will turn normal for exports from April 2021 onwards," Federation of Indian Export Organisations (FIEO) President Sharad Kumar Saraf said.

He said that order books of exporters are good but issues-related to MEIS, high freight rates and raw material prices are currently hurting the shipments.

FIEO Director General Ajay Sahai said 2021 would bring a ray of hope and optimism for the exporting community as there are expectations that the worst effect of COVID-19 will vanish and effective vaccines will bring life back on track.

"We are confident that a V-shaped recovery will be witnessed in world trade and we will recover much more from what we lost in 2020," he said.

While noting that the first and second quarter of 2020-21 were pretty bad, he said, "we may end 2020-21 with exports of around USD 290 billion".

Professor Rakesh Mohan Joshi from the Indian Institute of Foreign Trade (IIFT) said steps taken by the government to boost economic activities would help exports turn positive next year.

"However, there is a need to undertake structural reforms to increase the competitiveness of Indian products in the global markets," Joshi added.

Founder Chairman of Trade Promotion Council of India (TPCI) Mohit Singla said there is hope as well as apprehension surrounding the global trade ecosystem.

"Clearly this year, some of the sectors have been doing well such as agriculture and processed food, and pharmaceuticals. Broadly, these are the sectors which will see sustained rise next year too," Singla said.

Hand Tools Association President S C Rathan said that issues like containing shipping freight rates would help push overall exports.

He added that rising steel prices, which have impacted the engineering sector, also needs to be looked upon.

Nischal Arora, Partner, Nangia & Co LLP, said that in 2021, "we are likely to see a sharp increase in exports primarily due to a low base set in 2020".

"Looking beyond 2021, India is on track to be a major export hub as consumption driven economies like Western Europe and North America look to diversify their supply chains," Arora added.

From June 2019 till November 2020, exports have registered positive growth only in three months -- July 2019, February and September this year. Fall in shipments of key sectors like petroleum, engineering and gems and jewellery had led to an overall contraction in exports. The contraction hit a record in March this year when the shipments declined by over 60 per cent.

During the year, the sectors, which helped exports include processed food, pharmaceuticals, medical and diagnostic products, technical textiles, chemicals, plastics and electronics.

The commerce ministry is taking steps to boost domestic manufacturing and exports. It has started the exercise to formulate the new foreign trade policy for the next five years to push the country's outbound shipments.

The government has also constituted a three-member committee for determination of ceiling rates under a scheme for reimbursement of taxes and duties to exporters. The reimbursement of taxes under the Remission of Duties and Taxes on Export Products (RoDTEP) such as duty on power charges, VAT on fuel in transportation,

Business Standard

After Covid pandemic blows in 2020, India's exports may rebound in new year

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However, the uncertain global trade situation due to rising

File photo

protectionism, which adversely impacted exports in 2019, could have a bearing on the country's outbound shipments in the coming months.

Exporters' community is hopeful that outbound shipments would start recording healthy growth rates from April 2021, helped by growth in demand in developed as well as developing countries, and effective COVID-19 vaccines that may bring life back on track the world over.

In October, the World Trade Organisation (WTO) forecasted a 9.2 per cent decline in the volume of world merchandise trade for 2020, followed by a 7.2 per cent rise in 2021. These estimates are subject to a high degree of uncertainty since they depend on the pandemic situation and the responses of governments.