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### ADVERSE EFFECT OF COVID PANDEMIC ON INDIAN EXPORTS

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#### ABSTRACT

The Directorate General of Foreign Trade (DGFT) possibly had an epiphany before the Indian government could wake up to the realities of the COVID pandemic. With India's exports showing no signs of recovery, the country's top foreign trade agency released a circular on February 26th lowering the average Export Obligation (EO) for exporters who had obtained authorization under the Export Promotion Capital Goods (EPCG) scheme. The step, which was supposed to provide some much-needed relief to all exporters who operate in sectors that had seen a five percent or more drop in exports over the previous year, was to apply to all exporters who operate in sectors that had seen a five percent or more drop in exports over the previous year. But that was back in the day.

KEY WORDS: Export, Economy, Effect, Global, Market.

#### CHANGE WITH THE TIMES

Although previous outbreaks such as SERS, Ebola, H1N1, and others have had little effect on Indian trade, September 2008 may provide some clues as to where we are going. The month saw India's trade undergo a pattern reversal that took years to reverse, thanks to the bankruptcy of American investment banking giant Lehman Brothers. Though India's merchandise exports had grown by double digit percentage points every month for the 12 months preceding September 2008, the Lehman bankruptcy saw the country's exports drop year-on-year every month for the following 12 months. If that isn't enough to make the coming months seem bleak, there are two more things to consider.

One, whilst going into the Lehman crisis, India's exports had been on a rampage, developing in double digit share factors year-on-year for numerous years;

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in the current day, the country's exports have broadly speaking remained flat over the ultimate 5 years. Secondly, whilst the economic disaster of 2008 affected all international locations at the equal time, this time the case is no longer the same. What began in China, the COVID-19's epicenter is altering ever seeing that – first Iran, then Italy and now the US. So, even after China is up and strolling its business, with so many nations underneath lockdown, it may additionally no longer locate too many customers for its merchandise in the worldwide market.

### **POLICY PARALYSIS**

While the quick run repercussions of the COVID-19 pandemic on India's exchange are truly foreseeable, its lengthy to medium time period fallout are some thing however it. For starters, India's Foreign Trade Policy (FTP) is in a spot. Late remaining year, nearly all export incentive schemes beneath the FTP had been dominated World Trade Organization (WTO) non-compliant by means of the world alternate regulator. And whilst the authorities have appealed towards the ruling, it is aware of that India ought to do away with a subsidies-based policy. Hence, to exchange such schemes, ones like the Merchandise Exports from India Scheme (MEIS), the authorities has now authorized a new scheme named Remission of Duties and Taxes on Exported Products (RoDTEP). While the finer small print of this new scheme and the remission costs underneath it are but to be notified, the scheme if truth be told goals at refunding taxes and responsibilities like Value Added Tax (VAT) on gasoline that is past the ambit of the Goods and Services Tax (GST) to exporters.

Intuitively, this raises a main issue. Given what the RoDTEP tries to refund, the prices beneath it are not likely to be same to the MEIS fees of as tons as 5 percentage reachable till now. So, even if RoDTEP manages to pass by thru the WTO's lenses, the scheme is not likely to supply the type of fee competitiveness that MEIS used to supply to Indian exporters. At the equal time, the authorities has additionally prolonged the modern FTP to quit of the economic yr 2021. With greater time in hand, this permits the authorities to revisit its stance and put together for the post-COVID-19

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world whereby exporters would require plenty extra guide than simply export incentive schemes.

### **LOST IN TRANSIT**

Most probable fallout of the COVID-19 pandemic is that nations are an increasing number of probable to undertake extra and extra protectionist measures. While countries, especially these exporting completed manufacturing goods, with mounted export markets, are in all likelihood to wade thru such an environment, these like India that are based on intermediate and agricultural exports and are on the lookout to faucet more recent markets, are probable to locate the going tougher. With India in a lockdown and a massive chunk of its workforce, specifically these employed in Micro, Small and Medium Enterprises (MSMEs), lower back in the hinterlands, there's some othermost important concern. Even if demand from current export markets had been to come returned in the medium to lengthy run, it's not going that our exporters would be in any function to cater to them. And with opponents solely too inclined to pounce on such an opportunity, India runs the threat of dropping some of its export markets permanently.

### **SILVER LINING**

While the gloom and doom surrounding COVID-19 is palpable, the disaster would possibly additionally throw up some extraordinary possibilities for India. There are already reviews of numerous Western producers searching at shifting their factories out of China. Many Indian chemical producers have long past on report at having acquired enquiries from Western producers who formerly in no way used to seem in the direction of India as a source. Tapping these opportunities, however, will require some serious innovation on the coverage front. Indian policymakers want to hunker down and layout monetary help that will no longer solely assist India's export region live on the instant crisis, however additionally keep steadiness and resume boom in the medium to long-term.

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### CONCLUSION

In the fourth segment of lockdown, the Government of India had determined to open Liquor stores to cowl their losses. In the 135crore populace of India, half of of the populace has consuming addiction So authorities first off take benefit of this opened liquor shops. Excise obligation on liquor is the third-largest supply of earnings for a range of states, almost 10-15% of complete tax series for some states. The ban throughout the lockdown affected alcohol sales, in flip having a essential effect on the nation revenue. From June 8, the authorities has introduced a calibrated exit methodbelow which greater financial things to do will be allowed throughout the countries. It is the first of the three-phase graph for reopening of prohibited things to do in non-containment zones with a stringent set of widespread running approaches that will be in location until June 30. In this state of affairs India's use of new digital applied sciences to method purposes for earnings aid and supply direct transfers to recognized persons or households. Bearing big loss due to lockdown, the authorities of India is now aiming to provide reputed businesses to begin their corporations in India. India is additionally balancing the financial state of affairs in mild of China–the United States exchange war. Taking benefit of this situation, the authorities of India is attracting these businesses that desire to cross out of China or are searching for an choice to China. The PM's workplace is conveying to the authorities middle and country equipment to be prepared with pro-investment strategies.

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