

Growth Magnets of India Series \$1trillion of Merchandise Exports by 2030

September 2023

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\$1trillion of Merchandise Exports by 2030 - The opportunity ahead of India in Merchandise exports and the Plan to achieve it

Summary

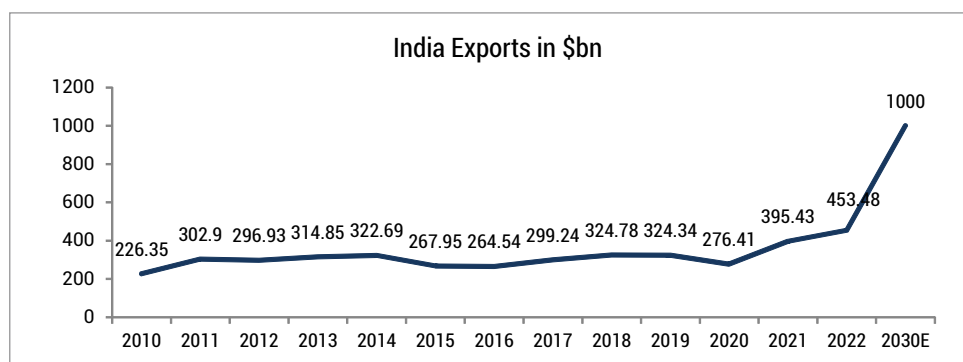
As India targets to achieve a trillion dollar of Merchandise exports, it means that India exports should grow at a CAGR of 13.7% till 2030. Since 2010, exports of merchandise have grown at a CAGR of 6%. There is an anomaly in the ratio of GDP and our exports w.r.t the World. While India's GDP is 3.5% of the total world's GDP and is the 5th largest economy by GDP, India's export of merchandise is 2.29% of World's Exports and is 13th in the Rank globally. The target of exports of merchandise worth \$1tn can help improve these ratios. This Audacious target can be achieved through two sided reforms which are well placed for the country-

- 1) Demand Side Steps- with reference to 6th FTP 2023: Incentive to Remission, Export promotion through, collaboration, Ease of doing business and Emerging Areas*
- 2) Supply Side Steps- Targeting Export Priority Goods, Targeting the right countries for such exports, PLI benefits for such industries as an incentive to boost exports and increasing manufacturing capabilities*

Growth in Merchandise exports is one of the Key Growth magnets for sustained economy. India has identified high exports merchandise goods and is focusing on expansion of production and exports in these goods. Moreover, India is focusing on countries where these goods are in high demand and improving its trade relations with them. This is able to expand growth in the right country of the right merchandise.

Taking parallel from China, China's GDP is 15% of the World's GDP. It exports 22% of its own GDP to the world and fulfills 15% of the total world's exports. The massive growth that China achieved in the last decade has been on the back of becoming a manufacturing hub for the World. China helped World by keeping global inflation low (manufacturing scale at a low cost) and this was welcomed by the globe; in turn the world led China become dominant country with GDP of \$19tn. India is also determined to play the dominance in a Service Exports which will help the globe and is welcome by all the countries.

India currently exports \$453bn of merchandise and Exports of merchandise has grown at a CAGR of 6% since 2010. An ambitious target of achieving \$1trillion in Merchandise exports has been laid by the government and this should pave way for achieving our real GDP growth target of 6-6.5%.



Sources: worldbank.org

India's GDP Rank Vs India's Exports Rank

India's GDP is 3.5% of the total world's GDP and is the 5th largest economy by GDP. India's export is however mere 2.29% of World's Exports and is 13th in the Rank globally.

GDP Ranking - Top countries

Countries	GDP (USD billion)	Rank
USA	26854	1
China	19374	2
Japan	4410	3
Germany	4309	4
India	3750	5
UK	3159	6
France	2924	7
Italy	2170	8
Canada	2090	9
Brazil	2080	10
Russia	2060	11
South Korea	1720	12
Australia	1710	13
Mexico	1660	14
Spain	1490	15

Exports Ranking - Top countries

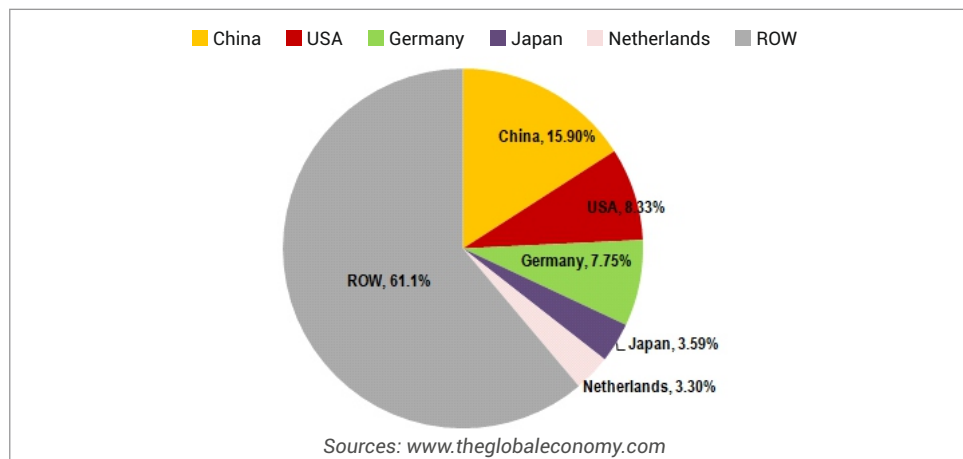
Countries	% of Total World Exports		Country wise Ranking-Top15	
	2000	2020	2000	2020
China	3.29	12.5	9	1
USA	14.23	9.84	1	2
Germany	7.8	7.66	2	3
UK	5.54	3.62	4	4
Japan	6.75	3.59	3	5
France	5.07	3.32	5	6
Netherlands	3.58	3.26	8	7
Singapore	2.35	2.87	12	8
Hong Kong	2.81	2.79	10	9
South Korea	2.54	2.74	11	10
Ireland	1.23	2.6	20	11
Italy	3.81	2.56	7	12
India	0.79	2.29	29	13
Canada	4.27	2.21	6	14
Switzerland	1.86	2.18	16	15

Sources: www.theglobaleconomy.com

World's Merchandise Exports Scenario

While the world exports Merchandise worth \$22tn (i.e 22% of the total GDP), the top 5 exporters (China, being the largest) have a lion share of 38.9% of total exports. India is ranked 13th in Merchandise exports with \$453bn of exports in the year 2022 (in 2021, the rank was mere 17th).

Break Up of Exports share globally



Top Merchandise Export Items and Top countries exporting such items

Let us understand the most exported merchandise in the world and the countries which has the larger share of export in that merchandise. This will help us understand India's positioning of exports in the global market

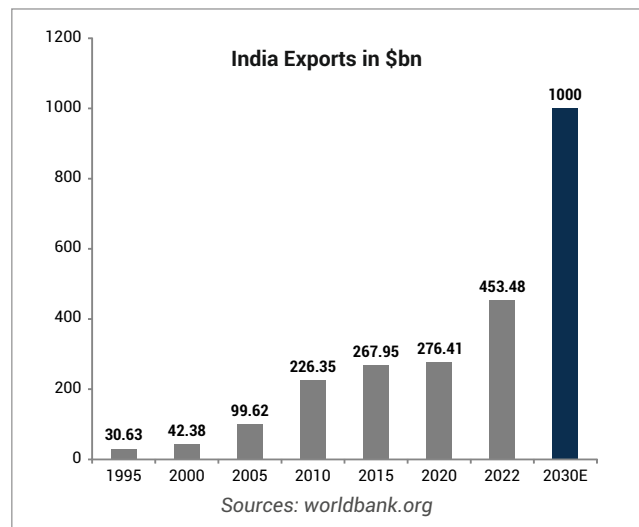
Top Export Item and India's Share

Product label	% Share in world's exports, in 2022	Top 5 Exporting countries	Top 5 countries % share of total exports	India's Share% of Exports	India's Rank in 2022	India's Growth % in 22-23
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral etc.	15.5	US , Russia, Saudi Arabia Norway and Canada	37.1	1.1	27	45%
Electrical machinery and equipment and parts, sound recorders and reproducers, TV	14.9	China, HongKong, Taipei, Korea, USA	55.4	0.6	21	41%
Machinery, mechanical appliances, nuclear reactors, boilers; parts there of	10.5	China, Germany, USA, Japan & Italy	50.5	1.0	25	8.1%
Vehicles other than railway or tramway rolling stock, & parts & accessories thereof	6.7	Germany, China, Japan, Mexico and USA	50.9	1.1	23	7.4%
Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad.	3.5	Switzerland, UK, USA, HongKong and India	49.5	4.7	5	-3.1%
Pharmaceutical products	3.5	Germany, Belgium, Switzerland, USA and Ireland	57.5	2.5	11	2.4%
Plastics & articles thereof	3.4	China, USA, Germany, Korea and Belgium	47.4	0.8	26	-15.2%
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	2.7	USA, Germany, China, Netherlands and Japan	50.6	0.6	32	20.4%

Amongst the highest exports value items, India is currently world leader in natural or cultured pearls, stones, metals and metals clad. For achieving high exports of merchandise, it is important that leadership is created in other top exports merchandise.

India's Target to achieve \$1tn of exports by 2030

As India targets to achieve a trillion dollar of Merchandise exports, it means that India exports should grow at a CAGR of 13.7% till 2030. India has in the past achieved a high growth merchandise exports. In the period of 2000-2005, Exports grew by 2.4 times, then over 2.3 times from 2005-2010. It had remained sluggish in the period from 2010 to 2020. However, from 2020 to 2022, the exports of merchandise grew from \$276bn to \$453bn. This shows that India is focusing at the right pivots to achieve a high growth in exports of Merchandise. India currently is 2.29% of world's exports, with \$1tn of exports by 2030, Indian exports will be 4.2% of total exports.



The target of exports of merchandise worth \$1tn can be achieved through two sided reforms:

- 1) Demand side steps : Trade Agreements, Investment Agreements, Attractive MNCs and integrating GVCs, Marketing and Promotion of Brand India
- 2) Supply side steps: Export Policy/RoDTEP, Manufacturing competitiveness, Logistics Effectiveness, Trade Facilitation & Labour Reforms

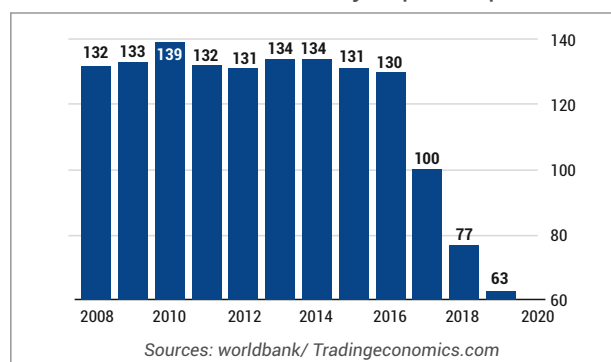
India's steps towards achieving the \$1tn Merchandise exports target - TARGET WITH A PLAN

India has not only laid the audacious target but is working on a planned way to achieve its goal. There are various steps taken by Government in this direction:

Demand Side Steps (reference to 6th FTP 2023)

1. **Incentive to Remission:** Focus on tax remission (rather than incentives), promote districts as export hubs, extend measures to aid MSMEs & boost exports of e-commerce. FTP 2023 introduces a special one-time Amnesty Scheme, to address default on export obligations under the Advance Authorisation and the EPCG scheme. All pending cases of the default in meeting export obligations can now be regularised on the payment of all customs duties that were exempted, in proportion to unfulfilled export obligation. These steps will help settle the pending cases and benefit the exporter community.
2. **Export promotion through collaboration:** Transform India into a merchanting trade hub, by allowing merchanting shipment of goods from one foreign country to another, without involving Indian intermediaries or touching Indian ports. This will make trade more resilient to external shocks and improve India's negotiating capabilities in international trade.
3. **Ease of doing business:** Process re-engineering and automation is important to facilitate ease of doing business. The country aims to digitize trade documentation and automation of applications, as well as approvals. In several cases, the application processing time has been proposed to be reduced

to as low as one day. Internationalizing the Indian Rupee (INR) has taken centre stage. Among the chosen 190 countries, India jumped 79 positions from 142nd



(2014) to 63rd (2019) in 'World Bank's Ease of Doing Business Ranking 2020. To further enhance the ease of doing business in the country more than 39,000 compliances have been reduced and more than 3,400 legal provisions have been decriminalized. Also, India's PMI ranking is improving from range of earlier 50 to 55 to 55-60. In the latest report Aug '23, Andrew Harker, Economics Director at S&P Global Market Intelligence, said: "All in all, the Indian manufacturing sector has maintained its position as one of the star performers globally, bucking the trend of demand weakness seen in other parts of the world."

- Emerging Areas:** Increased focus on emerging areas like dual use high end technology items under SCOMET, facilitating e-commerce export, collaborating with States & Districts for export promotion.

Supply Side Steps taken for increase in Exports

1. Targeting Export Priority Goods:

India is focusing on the top items that the World Exports. The country is targeting to improve its rank in the high exports segment. Various measures are taken to boost manufacturing and exports in those segments which are exported most world wide.

Top priority Goods for Exports Globally	Remarks w.r.t India business opportunities
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	India's current rank is 27
Electrical machinery and equipment and parts, sound recorders and reproducers, TV	India's current rank is 21; India's priority to scale up massively. PLI scheme has already benefitted India and increased benefits are being given to the sector for exports ramp up
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	India's current rank is 25. India through Make in India initiative is boosting this segment of exports
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	India's current rank is 23; India's top priority to scale up massively. Automobile sector accounts for over 7.1% of the nation's GDP. The auto & auto components sector can contribute big time to exports & already we are seeing that India is becoming export hub mainly for Auto components
Pharmaceutical products	Top India's priority to scale up; India's current rank is 11 and plans to scale up massively. India pharmaceutical industry is 3rd largest in volume and 14th largest in terms of value. Though a big contributor to exports, but India is highly dependent on import of raw materials like bulk drugs and intermediary for formulations.
Plastics and articles thereof	India's current rank is 26
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	India's current rank is 32. India's top priority to scale up. Domestic companies are being given incentive to improve exports

2. Targeting the right countries for such exports

The country is not only touching the right goods for exports but also expanding its trade agreements in selective countries which can ramp up its exports. Huge growth is seen in countries like UAE, Netherlands, Singapore, UK, Saudi Arab, Indonesia and Brazil etc. These countries account for 20% of our total exports in 21-22 but share increased to 23% of total exports to these countries in 22-23. India is targeting countries to scale up where its share is already high.

The table below lists countries where India currently exports and their growth over last year. High growth countries have been marked in bold

Top countries for Export and Growth

Country/ Region	2021-2022	2022-2023	% Share in 21-22	% Share in 22-23	% Growth in 22-23
U.S.A	76,167.01	78,542.74	18.05	17.42	3.12
U. ARAB EMTS	28,044.88	31,608.79	6.65	7.01	12.71
NETHERLAND	12,543.69	21,618.38	2.97	4.79	72.34
CHINA P RP	21,259.79	15,306.10	5.04	3.39	-28
BANGLADESH PR	16,156.37	12,203.93	3.83	2.71	-24.46
SINGAPORE	11,150.61	11,992.94	2.64	2.66	7.55
U K	10,461.29	11,406.28	2.48	2.53	9.03
SAUDI ARAB	8,758.94	10,727.65	2.08	2.38	22.48
GERMANY	9,883.34	10,134.55	2.34	2.25	2.54
INDONESIA	8,471.51	10,024.30	2.01	2.22	18.33
BRAZIL	6,488.97	9,919.47	1.54	2.2	52.87
HONG KONG	10,984.80	9,892.61	2.6	2.19	-9.94
TURKEY	8,716.13	9,609.67	2.07	2.13	10.25
BELGIUM	10,084.37	8,864.09	2.39	1.97	-12.1
ITALY	8,180.76	8,691.43	1.94	1.93	6.24
SOUTH AFRICA	6,085.29	8,474.42	1.44	1.88	39.26
ISRAEL	4,796.13	8,451.47	1.14	1.87	76.21
NEPAL	9,645.74	8,015.99	2.29	1.78	-16.9
FRANCE	6,640.91	7,610.06	1.57	1.69	14.59
MALAYSIA	6,995.04	7,156.16	1.66	1.59	2.3
AUSTRALIA	8,283.13	6,951.32	1.96	1.54	-16.08
KOREA RP	8,085.03	6,654.10	1.92	1.48	-17.7
TOGO	3,012.08	6,048.07	0.71	1.34	100.79
VIETNAM REP	6,702.67	5,909.16	1.59	1.31	-11.84
THAILAND	5,751.30	5,709.81	1.36	1.27	-0.72
JAPAN	6,176.77	5,461.34	1.46	1.21	-11.58
MEXICO	4,425.21	5,196.36	1.05	1.15	17.43
NIGERIA	4,663.17	5,159.44	1.11	1.14	10.64
SRI LANKA DSR	5,802.18	5,111.59	1.37	1.13	-11.9
SPAIN	4,725.45	4,661.01	1.12	1.03	-1.36

Digging deep, we see that India is increasing its exports share of high priority merchandise in countries of high potential for exports.

Country wise details of India's export \$mn

1. United Arab Emirates-

- 7% share of total India's exports
- Exports grew @ 12.7% Vs overall growth of 6.86%
- High growth seen in Precious stones, Motor cars , Vehicles and Rice

Top Commodities by Export and Growth from India

Commodity	2021-2022	2022-2023	% Growth
PETROLEUM OILSAND OILS OBTND FRM BITMNS MNRLOTHER THAN CRUDE PRPN NES;CNTNG70% OR MOREBY WEIGHT OF THESE OILS	5,702.57	8,047.83	41.13
ARTCLS OF JEWELLERY AND PRTS THEREOF; OF PRCS MTL/OF MTL CLD WTH PRECIOUS METAL	2,794.34	3,214.24	15.03
ELCTRCL APARTS FR LINE TELEPHNY/TELGRPHY, INCL TELPHON SETS WTH CORDLS HANDSET CARIER-CURENT LINE SYSTM; VIDEOPHONE	2,106.64	2,704.72	28.39
DIAMONDS, WHETHER OR NOT WORKED, BUT NOT MOUNTED OR SET	1,979.08	2,227.62	12.56
OILS AND OTHER PRODUCTS OF THE DISTILLATION OF HIGH TEMPERATURE COAL TAR SIMILAR PRODUCTS IN WHICH THE WEIGHT	469.63	616.98	31.38
RICE	337.35	487.44	44.49
MOTR CARS AND OTHR MOTR VHCLS FR TRNSPRT OF PERSONS(EXCL OF 8702) INCL RCNG CARS ETC	285.36	427.43	49.78
CANE/BEET SUGR CHMCPLY PURE SUCRSE IN SOLID	287.61	288.45	0.29
SYNTHETIC OR RECONSTRUCTED PRECIOUS OR SEMIPRECIOUS STONES, WHETHER OR NOT WORKED OR GRADED BUT NOT STRUNG, MOUNTED O	140.22	224.19	59.88
CRUISE SHIPS, EXCURSION BOATS , FERRY- BOATS, CARGO SHIPS, BARGES AND SIMILAR VESSELS FOR THE TRANSPORT OF PERSONS	79.97	212.01	165.1
OTHER ITEMS	13,862.11	13,157.88	-5.08
Total	28,044.88	31,608.79	12.71
India's Total	4,22,004.40	4,50,958.43	6.86
%Share	6.6456	7.0092	

Sources: tradestat.commerce.gov.in

2. Netherlands

- 4.7% share of total India's exports
- Exports grew @ 72% Vs overall growth of 6.86%
- High growth in Electrical equipments, phones etc, unwrought Aluminium, Electrical transformers

Top Commodities by Export and Growth from India

Commodity	2021-2022	2022-2023	% Growth
PETROLEUM OILSAND OILS OBTND FRM BITMNS MNRLOTHER THAN CRUDE PRPN NES;CNTNG70% OR MOREBY WEIGHT OF THESE OILS	5,272.13	12,524.61	137.56
ELCTRCL APARTS FR LINE TELEPHNY/TELGRPHY, INCL TELPHON SETS WTH CORDLS HANDSET CARIER-CURENT LINE SYSTM; VIDEOPHONE	545.24	1,254.44	130.07
UNWROUGHT ALUMINIUM	379.56	802.18	111.34
ELECTRICAL TRANSFORMERS, STATIC CONVERTERS (FOR EXAMPLE, RECTIFIERS) AND INDUCTORS	156.91	306.85	95.56
MDCMNTS (EXCL ITMS OF 3002,3005 / 3006) FR THRPUTC/PRPHYLCTC USES IN MEASURD DOSESOR IN PCKNGS FR RTL SALE	224.79	299.46	33.22
HETEROCYCLIC COMPOUNDS WITH NITROGEN	123.67	201.08	62.6
OTHR FIXD VEGETABLE OR MICROBIAL FATS AND OILS (INCL JOJOBA OIL) AND THEIR FRCTNS,WHTHR OR NOT REFND,BUT NOT CHEMCPLY MODFD	159.53	173.24	8.59

Commodity	2021-2022	2022-2023	% Growth
HUMN,ANML,BLD FR MDCNL USE; MDFD IMUNLGCL PRDT W/N_BITECH PRCS; VCCNS,TXNS, CLTR_MCRGNSM,ETHER SMLR P; CELL CLTR, W/N MDFD	87.25	146.25	67.62
FERRO-ALLOYS	119.12	129.94	9.08
TRACTORS (OTHER THAN TRACTORS OF HEADING 8709)	63.67	129.50	103.38
Total	12,543.69	21,618.38	72.34
India's Total	4,22,004.40	4,50,958.43	6.86
%Share	2.9724	4.7939	

Sources: tradestat.commerce.gov.in

3. Singapore

- 2.66% share of total India's exports
- Exports grew @ 7.55% Vs overall growth of 6.86%
- High growth in Diamonds, light vessels, dredgers, unwrought Zince, Machinery, Plant etc

Top Commodities by Export and Growth from India

Commodity	2021-2022	2022-2023	% Growth
LIGHT-VSSLS,FIRE-FLOATS,DREDGERS,FLOATING OTHR SMLR VSSLS WHRE NAVGABLT Y IS SBSDRY TO THR MN FNCTN;FLTNG DOCKS;FLTNG PL	511.64	907.76	77.42
ARTCLS OF JEWELLERY AND PRTS THEREOF; OF PRCS MTL/OF MTL CLD WTH PRECIOUS METAL	571.23	635.07	11.18
DIAMONDS, WHETHER OR NOT WORKED, BUT NOT MOUNTED OR SET	95.29	625.73	556.65
TURBO-JETS, TURBO-PROPELLERS AND OTHER GAS TURBINES	367.52	504.09	37.16
CRUISE SHIPS, EXCURSION BOATS , FERRY- BOATS, CARGO SHIPS, BARGES AND SIMILAR VESSELS FOR. THE TRANSPORT OF PERSONS	125.1	416.57	232.99
UNWROUGHT ZINC	119.5	356.57	198.39
OILS AND OTHER PRODUCTS OF THE DISTILLATION OF HIGH TEMPERATURE COAL TAR SIMILAR PRODUCTS IN WHICH THE WEIGHT	0	313.01	6,26,01,320.00
ETHER PEROXIDES, ACETAL, HEMIACETAL PEROXIDES (W/N CHMCLY DFND) THR HALGNTD SLPHNTD NITRATED/NITROSATED DRVTVS	80.4	185.98	131.31
MCHNRY,PLNT/LABORATORY EQPMNT, W/N ELCTRCLYHEATD, FR HEATNG, COOKNG, ETC, EXCL MCHNRY FR DOMSTC PURPS;STORG WTR HEATRS, NON-EL	67.48	170.04	151.99
PREPRD UNRECORDED MEDIA FOR SOUND RECRDNG/ SMLR RECRDNG OF OTHR PHENOMENA,OTHR THN PRDCTS OF CH.37	9.09	132.94	1,361.84
OTHER ITEMS	5,411.82	5,650.83	4.42
Total	12,543.69	21,618.38	72.34
India's Total	4,22,004.40	4,50,958.43	6.86
%Share	2.9724	4.7939	

Sources: tradestat.commerce.gov.in

4. United kingdom

- 2.53% share of total India's exports
- Exports grew @ 9% Vs overall growth of 6.86%
- High growth in Electrical Equipments, phones, Clothing, turbo jets, turbines etc.

Top Commodities by Export and Growth from India

Commodity	2021-2022	2022-2023	% Growth
PETROLEUM OILSAND OILS OBTND FRM BITMNS MNRLOTHER THAN CRUDE PRPN NES;CNTNG70% OR MOREBY WEIGHT OF THESE OILS	172.05	921.83	435.8
ELCTRCL APARTS FR LINE TELEPHNY/TELGRPHY, INCL TELPHON SETS WTH CORDLS HANDSET CARIER-CURENT LINE SYSTM; VIDEOPHONE	500.31	900.26	79.94

Commodity	2021-2022	2022-2023	% Growth
WOMENS OR GIRLS SUITS, ENSEMBLES, JACKETS, BLAZERS, DRESSES, SKIRTS, DIVIDED SKIRTS, TROUSERS, BIB AND BRACE OVE	290.1	360.44	24.24
TURBO-JETS, TURBO-PROPELLERS AND OTHER GAS TURBINES	241.75	304.68	26.03
FTWEAR WTH OUTR SOLES OF RUBR,PLSTCS, LTHR/CMPSTN LTHR AND UPPRS OF LTHR	249.37	289.56	16.12
PRTS SUITBL FR USE SOLELY/PRNCPLY WTH THE MCHNRY OF HDGS.NOS.8425 TO 8430	173.44	203.33	17.23
PARTS SUITABLE FOR USE SOLELY OR PRINCIPALLY WITH THE ENGINES OF HEADING 8407 OR 8408	143.55	156.6	9.09
RICE	134.91	155.4	15.19
TRUNKS, SUIT-CASES, VANITY-CASES, EXECUTIVE-CASES, BRIEF-CASES, SCHOOL SACHELS, SPECTACLE CASES, BINOCULAR	135.85	148.25	9.13
INSULATED (INCL ENAMELLED OR ANODISED) WIRE, CABLE (INCL CO-AXIAL CABLE) AND OTH INSULATED ELEC CONDUCTOR	123.18	123.18	17.97
OTHER ITEMS	8,296.78	7,820.62	-5.74
Total	10,461.29	11,406.28	9.03
India's Total	4,22,004.40	4,50,958.43	6.86
%Share	2.479	2.5293	

Sources: tradestat.commerce.gov.in

5. Saudi Arabia

- 2.38% share of total India's exports
- Exports grew @ 22% Vs overall growth of 6.86%
- High growth in Rice, Motor Cars- PV, Vehicles for transport etc

Top Commodities by Export and Growth from India

Commodity	2021-2022	2022-2023	% Growth
RICE	715.33	1,157.40	61.8
CYCLIC HYDROCARBONS	912.21	913.46	0.14
MOTR CARS AND OTHR MOTR VHCLS FR TRNSPRT OF PERSONS (EXCL OF 8702) INCL RCNG CARS ETC	373.67	695.12	86.02
ELCTRCL APARTS FR LINE TELEPHNY/TELGRPHY, INCL TELPHON SETS WTH CORDLS HANDSET CARIER-CURENT LINE SYSTM; VIDEOPHONE	15.27	307.52	1,913.90
CANE/BEET SUGR CHMCLY PURE SUCRSE IN SOLID	247.31	286.29	15.76
MOTOR VEHICLES FOR THE TRANSPORT OF GOODS	192.08	285.14	48.45
COPPER WIRE	0.83	211.04	25,387.66
MEAT OF BOVINE ANIMALS, FROZEN	143.2	173.56	21.2
SLF-PRPLD BULLDOZERS,ANGLEDZERS,GRADERS LEVLRS,SCRPRS,MCHNCL SHOVL,EXCVTRS,SHOVL LOADERS,TAMPING MACHINES AND ROAD RO	62.29	107.11	71.94
MDCMNTS (EXCL ITMS OF 3002,3005 / 3006) FR THRPUTC/PRPHYLCTC USES IN MEASURD DOSESOR IN PCKNGS FR RTL SALE	70.13	102.98	46.84
OTHER ITEMS	6,026.62	6,488.03	7.66
Total	8,758.94	10,727.65	22.48
India's Total	4,22,004.40	4,50,958.43	6.86
%Share	2.0756	2.3789	

Sources: tradestat.commerce.gov.in

3. **PLI benefits as an incentive to boost exports**

The performance Lined Incentive Scheme is the right vehicle to increase production at scale, exports maximization and reduction in Imports. Hon'ble Finance Minister, Smt Nirmala Sitharaman has announced an outlay of INR 1.97 Lakh Crores for the Production Linked Incentive (PLI) Schemes across 14 key sectors, to create national manufacturing champions and to create 60 lakh new jobs, and an additional production of 30 lakh crore during next 5 years.

Various impacts of the scheme:

- 1) Increased Production - Additional production of 500bn\$ (30 lac crore+) in 5 yrs
- 2) Reduced imports & Increased Exports - Reduce China's imports by 50% and add yearly about Rs 2 lac crore of Exports
- 3) Growth in GDP - Potential to add 3% to GDP annually
- 4) Capex - More than Rs 2,00,000 Cr
- 5) Employment - To create 60 lac new jobs

Key Sector for PLI	Budget Outlay (Rs Cr)
• Key Starting Materials /Drug Intermediates (DIs) and APIs: Department of Pharmaceuticals	6,940
• Large Scale Electronics Manufacturing: Ministry of Electronics and Information Technology	40,995
• Manufacturing of Medical Devices: Department of Pharmaceuticals	3,420
• Electronic/Technology Products: Ministry of Electronics and Information Technology	7,350
• Pharmaceuticals drugs: Department of Pharmaceuticals	15,000
• Telecom & Networking Products: Department of Telecommunications	12,195
• Food Products: Ministry of Food Processing Industries	10,900
• White Goods (ACs & LED): Department for Promotion of Industry and Internal Trade	6,238
• High-Efficiency Solar PV Modules: Ministry of New and Renewable Energy	4,500
• Automobiles & Auto Components: Department of Heavy Industry	25,938
• Advance Chemistry Cell (ACC) Battery: Department of Heavy Industry	18,100
• Textile Products: MMF segment and technical textiles: Ministry of Textiles	10,683
• Specialty Steel: Ministry of Steel	6,322
• Drones and Drone Components: Ministry of Civil Aviation	120
Total Budget Outlay out of Rs 1,97,000 Cr till date	1,68,701

4. **Increasing manufacturing capabilities**

Government of India has undertaken various steps to promote manufacturing sector and to boost domestic and foreign investments in India. These include introduction of Goods and Services Tax, reduction in Corporate tax, interventions to improve ease of doing business, FDI policy reforms, measures for reduction in compliance burden, policy measures to boost domestic manufacturing through public procurement orders, Phased Manufacturing Programme (PMP), to name a few.

The series of measures taken by the Government to improve the economic situation and convert the disruption caused by COVID 19 into an opportunity for growth includes Atmanirbhar packages, introduction of Production Linked Incentive (PLI) Scheme in various Ministries, investment opportunities under National Infrastructure Pipeline (NIP) and National Monetisation Pipeline (NMP), India Industrial Land Bank (IILB), Industrial Park Rating System (IPRS), soft launch of the National Single Window System (NSWS), etc. An institutional mechanism to fast-track investments has been put in place, in the form of Project Development Cells (PDCs) in all concerned Ministries/ Departments of Government of India.

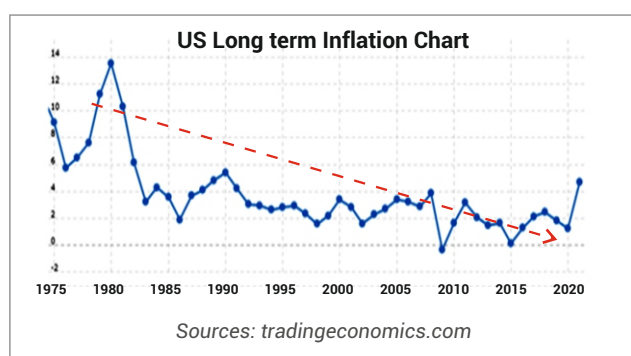
The reforms taken by Government have resulted in increased Foreign Direct Investment (FDI) inflows in the country. FDI inflows in India stood at US \$ 45.15 billion in 2014-2015 and have continuously increased since then, and India registered its highest ever annual FDI inflow of US\$ 84.84 billion (provisional figures) in the financial year 2021-22. Various global companies have either started some sort of manufacturing in India or have shown interest in India's manufacturing sector. Earlier in July, the US chipmaker Advanced Micro Devices (AMD) announced that it would invest \$400 million in India over the next five years. Amazon, the world's largest e-commerce marketplace, has announced its plan to invest USD 1 billion to digitally enable MSMEs and traders across India. There are more than 550,000 sellers on the Amazon India marketplace and more than 60,000 Indian manufacturers and brands exporting their Make in India products to customers worldwide on Amazon.

Learnings from China's Growth in Merchandise Exports

China got a smooth runway of last 20-30 years to become What it has become- **'Factory of the world'**

Four aspects which made China have a dominant position in the world Exports:

- 1) China Helped World keeping goods inflation low for last 30 yrs
- 2) China is No. 1 in merchandise export in the world
- 3) Now, commanding 15% of the world merchandise export
- 4) Merchandise Export is 21% of its own GDP.



World Exports =\$22tn
China is No. 1

World Exports =\$3.3tn
(15% of World's Exp)

World Exports =21%
of its GDP

Just like China helped keeping global inflation low by manufacturing at a low cost which is why other countries helped it in turn to become big, similarly, India also needs to help other countries so they help it in becoming big. India is also to focused on aspects that can make it dominant in the world commanding 15% of the world requirements and atleast 20% of its own GDP

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