



Trade Infrastructure for Export Scheme

For Prelims: Trade Infrastructure for Export Scheme (TIES), PM Gati Shakti National Master Plan (NMP), Duty Drawback Scheme, Russia-Ukraine War, Weaponization of Supply Chain, Special Economic Zones.

For Mains: Major Government Initiatives to Promote Export Growth, Challenges Related to Indian Export Growth.

Why in News?

The **Department of Commerce, Government of India**, has implemented the [Trade Infrastructure for Export Scheme \(TIES\)](#) to facilitate the growth of exports by creating appropriate infrastructure.

What are the Major Government Initiatives to Promote Export Growth?

- **TIES Scheme:**
 - The **TIES scheme** provides **grants-in-aid to central/state government-owned agencies** or their joint ventures for infrastructure projects with significant export linkages.
 - The infrastructure includes **Border Haats, Land customs stations, quality testing** and certification labs, cold chains, trade promotion centres, export warehousing and packaging, [Special Economic Zones](#), and ports/airports cargo terminuses.
- **PM Gati Shakti National Master Plan (NMP):**
 - The [PM Gati Shakti NMP](#) is a digital platform that **integrates geospatial data** related to infrastructure in the country and planning portraits of various ministries/departments of the government.
 - This digital system helps in data-based decision-making for the **synchronised implementation of infrastructure projects**, aiming to reduce logistics costs and support economic activity in the country.
- **Duty Drawback Scheme:**
 - The **Duty Drawback Scheme** rebates the incidence of customs duties on **imported inputs and central excise duties on domestic inputs** used in the manufacture of export goods.
 - This scheme is operated in terms of provisions of the **Customs Act, 1962**, read with the **Customs and Central Excise Duties Drawback Rules, 2017**.

What are the Challenges Related to Indian Export Growth?

- **Rising Protectionism and Deglobalisation:** Countries around the globe are moving towards protectionist trade policies due to disrupted global political order ([Russia-Ukraine War](#)) and [weaponization of supply chain](#), that is in way shrinking India's export capacities.
- **Lack of Basic Infrastructure:** India's manufacturing sector lacks sufficient **manufacturing hubs, internet facilities** and transportation are costly when compared to developed nations which is a huge deterrence to Industries.

- India uses only **4.3% of its GDP for infrastructure construction** each year, as compared to China's 20% of its GDP. For infrastructure, **Rs 10 lakh crore (3.3% of GDP) was allocated in the budget 2023-24**, an increase of three times from 2019.
- **Uninterrupted power supply** is another challenge.
- **Lack of Innovation Due to Low Spending On R&D:** Currently, India spends about **0.7% of GDP on research and development**. This prevents the manufacturing sector from evolving, innovating and growing.

Way Forward

- **Filling Up Infrastructural Gaps:** A robust infrastructure network - **warehouses, ports, testing labs, certification centres**, etc. will help Indian exporters compete in the global market.
 - It also needs to **adopt modern trade practices** that can be implemented through the digitisation of export processes. This will save both time and cost.
- **Exploring Joint Development Programmes:** Amidst a wave of deglobalisation and slowing growth, exports cannot be the sole engine of growth.
 - India can also **explore joint development programmes with other countries** in sectors like **space, semiconductor, solar energy** to improve India's medium-term growth prospects.
- **Frontlining MSME Sector:** Currently, **MSMEs** contribute to one-third of the country's GDP, account for **48% of exports** making them key players in achieving ambitious export targets.
 - It is important for India to **link Special Economic Zones with the MSME sector** and incentivize small businesses.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Q1. Increase in absolute and per capita real GNP do not connote a higher level of economic development, if (2018)

- (a) Industrial output fails to keep pace with agricultural output.
- (b) Agricultural output fails to keep pace with industrial output.
- (c) Poverty and unemployment increase.
- (d) Imports grow faster than exports.

Ans: (c)

Q2. The SEZ Act, 2005 which came into effect in February 2006 has certain objectives. In this context, consider the following: (2010)

1. Development of infrastructure facilities.
2. Promotion of investment from foreign sources.
3. Promotion of exports of services only.

Which of the above are the objectives of this Act?

- (a) 1 and 2 only
- (b) 3 only
- (c) 2 and 3 only
- (d) 1, 2 and 3

Ans: (a)

Q3. A "closed economy" is an economy in which (2011)

- (a) the money supply is fully controlled
- (b) deficit financing takes place
- (c) only exports take place
- (d) neither exports or imports take place

Ans: (d)

[Source: PIB](#)

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