

Redefining policies. How India has transformed its international trade strategies

Updated - July 08, 2023 at 03:35 PM.

Following India's withdrawal from RCEP in 2019, there was an influx of FTA endeavors

[BY AASHI BAGARIA](#)

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India has seemingly remodeled its approach to international trade in the last three years, revisiting strategies as it looks towards deeper bilateral trade agreements with its allies through Free Trade Agreements (FTAs).

India's international trade policy

Ganeshan Wignaraja, Professorial Fellow in Economics and Trade at Gateway House, commented, "India has definitely changed its FTA approach from passive to active after its withdrawal from RCEP in 2019. Although India opened up to trade in 1991, signing multiple agreements with other countries, there was some trade skepticism leading up to 2019, with strong trade protectionism seen. There was concern about the utility of these early agreements, with domestic businesses underutilising them. Worry about a

Following India's withdrawal from RCEP in 2019, there was an influx of FTA endeavors, with India signing FTAs with Australia and the [UAE](#) in 2022, Mauritius in 2021, alongside ongoing negotiations with UK for a possible FTA in 2024.

"There was a worry that following the withdrawal from RCEP, India would be left behind in international trade. Trade is a quick way to create jobs, and a means of establishing India as a manufacturing hub in Asia, competing

directly with China. The geopolitical tensions between the USA and China following the Trump, and now Biden administration is something India hopes to capitalise on,” added Wignaraja.

India’s international trade successes

“India loosening protection of its market will be a key driver in attracting investments in the global market. India has the potential to play an important role in the global value chain as it opens its market access significantly,” said Ajay Sahai, CEO and DG, FIEO.

The India-Australia Economic Cooperation and Trade Agreement ([ECTA](#)) came into effect December 2022, and is now looking to be expanded into a Comprehensive Economic Cooperation Agreement (CECA).

Surendar Singh, Associate Professor (International Business Area) at FORE School of Management, said, “India is at the downstream side of value chains while Australia is at the upstream. This naturally creates possible opportunities for both countries to foster bilateral value chains. Tariff reduction under India-ECTA in key sectors such as garment, engineering, and leather products will improve market access for India’s exports.

“Additionally, the India-Australia ECTA covers new areas of services trade, allowing Indians to explore work opportunities in Australia. There is also a geostrategic angle. India and Australia want to reduce their dependence on China for trade. Moreover, India, Australia, and Japan have already taken a supply chain resilience initiative to diversify their supply chains from China.”

However, expansion from the current interim ECTA to a CECA might pose a challenge as the focus expands beyond goods and services tariff negotiations. “India’s existing foreign trade policy focuses at an aggregate level and hardly captures nuances at the firm level given divergent needs and economic goals. It is therefore important for Indian trade policymakers to recognise that trade policy moves closer to where the action is and benefits more from firm-level data and associated developments. India needs a trade policy that creates opportunities for domestic firms to plug in global trade networks.

Policymakers need to identify areas of reforms that actually shape productivity and competitiveness of firms.” added Singh.

Contentious negotiations in the India-UK FTA

While India has found success in its trade negotiations with Australia, the UK poses as a larger issue. “The UK wants India to liberalise its highly protected services markets in telecommunications, finance, and legal services. But India remains apprehensive due to powerful domestic lobbies,” said Wignaraja.

Singh added, “The UK is seeking strict disciplines in core areas of the digital trade chapter which include data localisation, cross border flow of data, prohibition on using open-source code and elimination of customs duties on digital products. However, India is yet to formulate its e-commerce policy. Any commitment in these areas will have far-reaching implications for India in a data-driven global economy. India wants to protect its domestic regulatory space without undertaking any legally binding commitments. India will find it challenging to negotiate labour and environment standards suitable to them as well.”

That being said, [both India and the UK will hugely benefit economically](#) if the trade agreement pulls through. Wignaraja wrote in his blog, “Prime Ministers Narendra Modi and Rishi Sunak agreed to a reciprocal Young Professional visa scheme that will offer a place to degree-educated young Indians the right to live and work in the UK (and vice-versa) for up to two years. Indian professionals in the UK under the inter-company transfer (ICT) visa could be afforded access to long-term settlement in the UK, similar to the skilled worker visa category.”

India’s international trade in the next 10 years

With India rapidly gaining a significant role on a global forum, the future of Indian trade is optimistic. Ajay Sahai said, “India’s movement into the technology sector suggests that in the next 10 years, while the labour sector will remain an important export source of India, technology will be the real driver of exports. The next five years will be key for India in terms of

manufacturing as the government rolls out Production Linked Incentive (PLI) schemes to save in imports and gain from exports by increasing domestic production.”

Achieving this will not be easy, however, requiring active initiative by the Government. “Concerns that the PLI scheme may not account for high duties on imports may make it difficult for these sectors to source raw material. The government of India has set up an ambitious export target of 2 trillion by 2030. To achieve this, India needs to overhaul its trade and investment policy to mobilise export-oriented foreign direct investment, which is critical to enhance its participation in global value chains,” said Singh.

As India moves towards increased foreign trade and measured liberalisation, there are formidable challenges lying ahead as it continues to navigate its way around redefining its international trade policies.

(The writer is interning with businessline’s Mumbai Bureau)

Hurdles on the way. Why India Inc is struggling to meet ESG norms

Updated - June 07, 2023 at 12:11 PM.

Indian firms have difficulty adopting ESG frameworks specific to their industry

[BY AASHI BAGARIA](#)

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While India is catching up with developed countries when it comes to ESG disclosures, many companies are facing certain challenges in meeting the norms specified by SEBI under the Business Responsibility and Sustainability Report (BRSR) disclosure format.

While [SEBI has mandated the top 1,000 listed Indian entities](#) by market capitalisation to disclose their ESG risks and responsibilities as well their approach in mitigating the same the BRSR, many are struggling to comply.

Shruti Sharma, Professor and Consultant for Business Sustainability and Strategy, TERI, SAS, said, “Most of the companies are not designed with ESG integrated into their core strategic vision. It is practiced as compliance or an obligatory requirement.”

Supply chain disclosures

A key challenge being faced by companies are the norms related to supply chain disclosures. “If India must do its business globally it has to integrate ESG in the supply chain. However, there are a number of complexities associated with ESG disclosures for supply chain. In India, a number of supply chain partners are small, unlisted firms. It is difficult for such companies to track and report on a large number of ESG metrics. This is due to lack of awareness, readiness, and financial strength of these MSME ([Micro, Small and Medium Enterprises](#)),” Sharma added.

A survey by Deloitte India revealed that only 27 per cent of Indian organisations feel adequately equipped to meet their ESG strategy and compliance requirements, while a mere 15 per cent believe their suppliers are prepared to comply with their organisations' ESG mandates.

Does BRSR prevent greenwashing?

Another concern that arises is the greenwashing among companies to get a higher ESG score. For example, valuation guru and Professor of Finance at the Stern School of Business at New York University, Aswath Damodaran, recently wrote in a blog post that the Adani Group learned to play the ESG game well, creating an entire ESG universe to underpin its companies, and exploiting the green bond market, presumably for its green energy business.

Inderjeet Singh, Partner, Deloitte said, “The BRSR itself has been a well-crafted document, providing enough opportunities to the participating 1,000 companies in making responsible disclosures. Reasonable assurance of BRSR Core will result in the application of accounting principles such as ISAE 3000 which will ensure the review of data by an accredited agency/statutory auditor. This should reduce the chances of greenwashing to a large extent.”

Does the BRSR have a ‘One Size Fits All’ approach?

Indian firms have difficulty adopting ESG frameworks specific to their industry. The list of ESG parameters currently do not provide a comprehensive and accurate idea of the ESG scores in differing industries. “SEBI has not issued the detailed list of KPIs for BRSR Core (around 49 indicators) yet. A fair analysis will be possible once the list is made available, yet a common yardstick approach may present some degree of challenge. For example, product recall policy is important in a B2C business which may not be of great relevance in a B2B setup as such requirements are covered at length in the purchase orders itself,” said Singh, adding that while companies are ready to augment their competency, there is lack of talent and availability of technical competency in the market.

An ESG scorecard released by Crisil in 2022 showed that the performance of companies on the environmental parameter ('E') was weaker compared to social ('S') and governance ('G'). In India, only one in five companies reported their Scope 1 and Scope 2 GHG emissions. The disclosure of Scope 3 emissions was even worse. 63 out of 586 companies published this data.

Future approach towards ESG

“Data collection and disclosure is the principal challenge. Also, how their disclosures will be interpreted by competition and their downstream value-chain partners is another challenge. ESG is the new yardstick for retaining the “preferred supplier” position. This is very clearly visible in B2B play. Companies need to take up capacity-building initiatives across their facilities and consider digital solutions to improve data collection and reporting,” said Singh.

(The write is interning with businessline's Mumbai bureau)

Vaccine hesitancy still a big challenge in the fight against Covid-19

Updated - June 30, 2021 at 11:07 AM. | Mumbai, June 30

Government has given insufficient attention to the demand-side of the vaccine

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Mamta Valamiki, a house help in Mumbai, has still not taken the Covid-19 vaccines. It's not because she does not have access to the vaccine but due to a fear of possible risk to her health after taking the shot. "Why do I need to take the vaccine when I'm not even sick?" she asks.

Pratibha Kaduskar, another domestic worker in several Mumbai households says she is scared of getting vaccinated. "My bosses say that I need to get vaccinated if I am to work at their homes, so I have no other option since I need the work. The pandemic got very difficult financially, and even though I'm scared of getting vaccinated, it's something I need to do."

Valmiki and Kaduskar are just two examples of many such individuals who have vaccine hesitancy across the country. A recent report by Ideas for India platform emphasized on the insufficient attention given to the demand-side of the vaccine by the government. Essentially, the government ramped up the production of large number of vaccines for the population of India, but did not pay heed to problems with regards to demand of vaccines due to hesitancy. The report said that 29 per cent of individuals surveyed showed vaccine hesitancy.

Santanu Pramanik, Senior Fellow and Deputy Director, NCAER-National Data Innovation Centre and one of the authors for this report says, "The more we vaccinate, the more we reduce the risk of Covid-infection, hospitalisation, Covid-related death, and transmission of the virus. Based on our findings, it

is evident that Covid-19 vaccination coverage is associated with vaccine hesitancy at least in some States like Tamil Nadu, Punjab, and Andhra Pradesh. Hence, if proper communication strategies are not developed to mitigate vaccine hesitancy, the pandemic is likely to be prolonged.”

Need for vaccine

The second wave of Covid-19 spread rampantly throughout the country, serving sky high mortality rates and fear among citizens. The government has sanctioned the local vaccine Covaxin, the Oxford-AstraZeneca vaccine known in India as Covishield, and recently, the Russian Sputnik V vaccine to curb the ever-growing problems as soon as possible. “With the virus being so unpredictable, it’s important that everybody get the vaccine, to at least get some form of protection, and rule out death as a risk of the virus,” says Dr. Sarita Mittal, the Chief Medical Officer at a Delhi Municipal Corporation Hospital, which has been a vaccination center since January.

Building herd immunity is the key to improving the situation, yet many find themselves not getting vaccinated. “A huge reason for this is illiteracy in the country. I have seen so many of the underprivileged refusing to take the vaccine as they fear the flu like symptoms that occur. Religion has also played a factor in building myths about the vaccine, and caused refusal of getting vaccinated,” adds Mittal.

Many are irrationally fearful of taking the vaccine, like Mamta, who adds “If I get vaccinated, I will fall sick again and will be put in a hospital. I’m too scared to get vaccinated, so I’m just waiting it out.”

Vaccine complications

Even educated people from the affluent class are hesitant. “I am not anti-vaccine; I just think there isn’t enough data with me to be comfortable with getting vaccinated. I know a couple of cases that have gone wrong, the vaccine isn’t our savior,” says a South Mumbai resident.

Activist-lawyer Prashant Bhushan recently tweeted that he has not taken any vaccine, nor he intends to do so. “I am not anti-vaccine per se. But I believe

it is irresponsible to promote universal vaccination of experimental & untested vaccines especially to young & Covid recovered,” he said.

While this may seem logical, Dr. Mittal disagrees, “Most of the cases you see going wrong are due to complications because of the patient’s past medical history. These are rare cases that are almost always avoided as we only vaccinate those after we have looked at their past history. I have never personally seen a vaccination complication.”

The Ideas for India report concludes that vaccine efficacy is the key to any vaccine approval process. Transparent and accurate information about the vaccine(s) will help alleviate apprehensions and will encourage uptake among the public.

“Building a robust AEFI (Adverse Events Following Immunization) surveillance system, transparency in reporting, timely investigation can help in building trust, reduce hesitancy, and improve vaccination coverage,” says Pramanik.

Covid spur: Home-grown Noise and boAt emerge market leaders in wearable watches segment

Updated - June 21, 2021 at 08:26 PM. | Mumbai, June 21

But Chinese brand Amazfit is readying entry-level devices in a bid to take back market share

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Increased awareness about monitoring health during the Covid-19 pandemic, combined with the availability of low-cost devices, is driving the growth of the wearable watches category in India. This has enabled home-grown brands such as Noise and boAt to emerge as market leaders in a short span of time, pushing out Chinese brands like Amazfit.

Amit Khatri, Co-founder at Noise, said, “With people getting conscious about their health and fitness, the demand for personal devices has increased. Wearable watches are gaining popularity for the fact that they offer an array of fitness and health-related features, across various styles and budgets that people can choose from. Adding to that, people working out of home and focusing even more on their wellness have made wearable watches the need of the hour.”

According to IDC, a total of 1.4 million watches were shipped in 1Q21, the second quarter in a row, to record over a million shipments for watches. Noise continued to lead the category, with a 26.7 per cent share, followed by boAt with a 21.9 per cent share.

“Our objective since day one has been to provide top-of-the-line, premium yet aesthetic products keeping the Indian consumer in mind. We have a dedicated team that listens to the feedback shared by every boAthead that

aims to reach out to us. We listen, adapt and improvise as per their requirements. We strive to provide the perfect mix of looks and features in an affordable package,” said Aman Gupta, Co-founder, boAt.

According to IDC, one of the reasons for the growth in the wearable watches market has been the surge of low-cost devices. The average selling point of the category fell to \$88, down from \$166 in 1Q21. “Since travelling and dine out have reduced considerably, consumer wallet spending on these devices has increased significantly in the last few quarters. Moreover, not just activity monitoring but these watches are now focusing on health-related features also, such as skin temperature monitoring, blood oxygen monitoring, and so on,” said Anisha Dumbre, Market Analyst, IDC.

Noise, boAt sharpen strategy

According to Dumbre, Noise was one of the first in-house brands to offer wearable watches at a lower price point to consumers. Initially, the company introduced a hybrid watch and soon identified the country’s untapped opportunity for wearable watches. “The price points of wearable watches have always been a challenge for Indian consumers, and Noise was able to bridge the gap by launching devices at low price points. They soon began expanding in the online and offline spaces, as well as marketing the devices with brand ambassadors,” Dumbre said.

On the other hand, boAt has quickly become a popular choice for consumers in just two-quarters of their foray into the wearable watch category. boAt had already made a name for itself in the wireless audio (earwear) category with its aggressive marketing and has been the market leader for the last seven quarters. “With already established players in the market, these companies have been successful in appealing to consumers with their low-cost devices and better consumer engagement, which gave them an edge in the market,” said Dumbre.

Amazfit’s plans

The rise of the two home-grown brands has pushed back Chinese brand Amazfit. In 1Q20, Huami’s Amazfit was leading the wearable watches

market with 22.4 per cent share as per IDC. But in 1Q21, Huami is not among the top two. A spokesperson for Amazfit said the shift has happened due to lower priced devices launched by the Indian brands.

“The prime reason for this is the shifting of the market share to fitness bands which are available at a much lower price point. Brands have launched watches/fitness bands which are below the price of ₹3,000, which has made them the market leader with current share. However, having said that, Amazfit still stands at a 60-70 per cent market share if you see the smartwatches category above ₹4,000-5,000,” the spokesperson said, adding that the company has plans to enter the market with more affordable and feature-rich pricing, and also to launch a sub-brand by the end of this year.

Chinese brands still in the reckoning

IDC’s Dumbre reckons that the Chinese brands cannot be written off yet. “We expect further corrections in the ASPs in the coming quarters. However, the increased logistic and components prices will delay it for a few months but we will see further corrections. Additionally, we are expecting China - based vendors to expand their portfolios around the entry-level segments that will be crucial for further corrections.”

Dumbre said that this category will remain the fastest-growing wearable category in 2021. Increased awareness about health monitoring, combined with the availability of low-cost devices, will drive this growth. Furthermore, the migration from wristbands to watches will continue, resulting in the expansion of this category.

Class 12 students await evaluation matrix as college admissions looms ahead

Updated - June 14, 2021 at 03:06 PM. | Mumbai, June 14

There are many options that have been suggested that include giving weightage to marks acquired in class X, board practicals, and historical data for moderation

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With college admissions on the line, students across the country are getting jittery about how their grades for class 12 will be evaluated.

The Centre had canceled the board examinations in May but is yet to come out with the scoring criteria.

“Though the decision to cancel the exams was a huge relief, it’s getting a little unnerving since I’m trying to apply to an Indian college, and I don’t have my marks yet,” said Dhanushree Gadodia who goes to an ISC school in Mumbai.

Students applying to foreign universities are worried because they have to confirm their acceptance within a certain time frame. Pranav Nag, another student said, “The board told us they want our 11th and 12th transcripts, but everything is unclear. I somehow feel like I wasted 2 years studying for an exam that was cancelled.”

Students are also concerned about possible inconsistencies in using internal examinations to evaluate the final marks. Hritika Dujodwala, a Mumbai-based student, says “Your own school teacher could mark your exam paper and the yardstick could be different in another school.”

According to sources, there are many options that have been suggested that include giving weightage to marks acquired in class X, board practicals, and historical data for moderation.

Mathews K Thomas, founder of All India Educators Forum, a group with over 25,000 teachers as members said, “Cancellation is a relief as students don’t have to get stressed for preparing for exams. A result as per board formula should suffice for admissions as they more or less give a realistic picture of a student.” He believes that some combination of internal marks of grades 10, 11, 12 will be evaluated in the final formula, but that is yet to be revealed.

Everyone agrees that cancelling the board exams was the right decision. Even some of the State governments are now looking to cancel the exams. This can be a blessing especially for students in remote areas who had barely any learning in the past year as they did not have access to online educational tools.

The boards, however, have a mammoth task in coming up with a fair and unbiased formula for evaluation.

Covid19: As lockdown eases, students, teachers yearn to get back to school

Updated - June 07, 2021 at 11:13 AM. | Mumbai, June 7

They feel physical interaction makes learning more effective and enjoyable

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Nitya Doshi, a 15-year-old student of a private school in Mumbai was attending online classes since March 2020. She, like all the others was affected by COVID-19, and has had to adapt to the digital infrastructure. “This shift has made communication with classmates and teachers extremely difficult. I find myself lacking motivation since online lessons can get monotonous,” she says. Eager to get back to the classroom she adds, “I would like to go back since online isn’t the same, the physical environment makes learning more effective and enjoyable.”

Nitya is not the only one that shares this sentiment. Farida Yusuf, a student at a boarding school in Mumbai voices her opinion the countless challenges she has been facing. “The whole atmosphere that came with living in a dorm, going to class on campus vanished as we entered our academic year online,” she says. And there is a lot more where this comes from. Students are dealing with heavy fatigue, overwhelmed by the obstacles thrown at them. This warrants a complete lifestyle change, and not one that is particularly welcome.

Teachers too challenged

The students are not the only ones struggling. Numerous teachers from prominent Mumbai schools are also not comfortable with what is being deemed as the ‘new normal.’ A teacher, Natasia Almeida says, “Online

school only works for a certain demographic that have access to appropriate technology and even for those who have the provisions, it lacks the personal touch.” She believes that while online education does work for a small populace, all it does is the bare minimum in teaching the school curriculum. Students and faculty alike find a void when it comes to additional learning that stems from personal, face to face interactions. This teacher has had to deal with massive changes, and reinvent her teaching methods due to the situation. “In an online setup I struggle to keep track of every student, resulting in reduction of participation, and students having difficulty to hold sustained interest.” She sees a disconnect in students, a gap she is struggling to bridge through just a screen.

Another teacher, Zeba Contractor, talks of her personal challenges, “I feel in the beginning it was so sudden, there was so much emotional turmoil. Shifting resources to an online setup was the initial challenge.” However, after working out the initial kinks in the system she discovered countless online tools that could come in handy. She feels a form of blended learning may take place for higher education, especially with the added advantage of convenient technology. But this is not enough to convince her to remain online. “I don’t think online schools have increased efficiency. Sure, there is no commute, but classes taken out are still integral if not content heavy,” she adds.

From a financial standpoint, schools say they are struggling. A senior coordinator from a school says “The cost factor has increased, with the purchase of multiple software for every faculty member and student. Electricity still has to be paid for, as well new digital devices being bought.” Non-essential staff still needs to be paid, making online learning more expensive than one might think. From an administrative standpoint, the situation does not look ideal either, with the coordinator stating that malpractice also seems to be on the rise. There is no real winner in the current situation, and if given the opportunity, the unanimous consensus is to go back to some form of physical education.

(The writer is interning with Business Line's Mumbai Bureau)