

THE GLOBAL ECONOMY was already on shaky grounds with high debt-fuelled growth of the past decade when the Covid-19 pandemic dealt a crushing blow to it. It has accelerated the inevitable crisis, and even a country as large as India cannot pull up the economy with the sole strength of its domestic demand.

In this backdrop, export-led growth becomes imperative for sustained high growth levels. India has come a long way in facilitating an enabling business ecosystem with the implementation of favourable policy measures. The Export Preparedness Index (EPI) 2020 aims

lars, eleven sub-pillars, and 55 indicators. India is a diverse landmass and states highly differ from one another in terms of their export performance across the pillars. The EPI 2020 therefore, directs the policy focus on the unique strengths and competitive advantages of each state, and encourages efforts at the grassroots that incorporate the diverse strengths and weaknesses in facilitating India's export-led growth.

The four pillars taken for the study are Policy, Business Ecosystem, Export Ecosystem and Export Performance. India's average score of 39 out of 100 on the EPI demonstrates India's incredible potential to become an export-based super economy. Delving deeper into state-wise

states like Gujarat and Maharashtra, thus suggesting that export potential and competitive advantages of many states remain untapped.

The study also shows high disparity across states in terms of their R&D infrastructure. In the post-Covid global economy, India can receive high returns from improving its R&D efforts. Globalisation is evolving to a state where high-quality products and innovation are more likely to be rewarded. Innovative solutions and disruptive business models are being increasingly adopted with the rise in use of digital technologies and Artificial Intelligence (AI) that was necessitated by the pandemic. In this scenario, India's cost competitiveness may restrict its integra-

India's Path to Economic Recovery



to further enhance India's position in a post-Covid global economy. To this end, it examines the export ecosystem of Indian states and Union territories to assess the economy's export preparedness.

Since better domestic capability would better prepare India to compete at the global level with other emerging economies, the EPI 2020 focuses on domestic markets to understand India's export preparedness. The study recognises that efforts at the national level are not enough unless efforts to improve competitiveness begin at the regional level. The study focuses on states as major players in enhancing India's export preparedness.

The EPI 2020 assesses the export preparedness of each state across four pil-

lars, Policy and Business Ecosystem emerge as the highest-scoring pillars, while Export Ecosystem becomes the least-scoring pillar. This shows that India has been successful in creating a conducive business environment and has favourable policies in place but the export ecosystem has not been able to reap its benefits.

The EPI 2020 highlights poor trade support, gaps in export infrastructure, basic trade support, lack of access to financial facility and low export credit as some of the issues plaguing the country's export ecosystem. No state was found to have scored well on every pillar except for

tion into the global economy. Therefore, gradual improvement in R&D would be greatly rewarding in the long run, and it should begin with the more developed states while other states focus on plugging in the gaps in their policy and infrastructure in the meantime.

India has challenging times ahead. To put our best foot forward, sub-national governments have to now assume a central role in driving India's journey of self-reliance and export expansion. The EPI 2020 can help the states play up to their unique strengths and remove the bottlenecks as they endeavour to strengthen their export preparedness. **BW**

The author is Chair, Institute for Competitiveness and visiting scholar, Stanford University