

**INTERNATIONAL JOURNAL OF LAW
MANAGEMENT & HUMANITIES**
[ISSN 2581-5369]

Volume 3 | Issue 3

2020

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Impact of Covid-19 on Import-Export

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ABSTRACT

As the pandemic has made lives worse for everyone, one of the most impacted areas remain the economy of nations, which is adversely affected after lockdowns have been imposed by different nations. Already there has been a downfall in GDP of India, trade is seeing a fall of 12-32% till now. As there has no treatment yet found for Coronavirus, people are scared to come out of their homes and start working, it would definitely make the situations worse as no escape can be seen till now.

It cannot be denied that international trade is one the most impacted sector, export and imports between nations has become a tough task also many are demotivating it because of the spread of virus. The loss caused to economy can become irreparable if proper measures are not taken considering the economy.

Government has introduced measures for MSME industries, cargo movement, foreign trade policies and domestic industries. The article would discuss about the sectors which will be impacted by COVID-19, trade relations of CHINA-INDIA, changes made in foreign trade policy in benefit of importer and exporter and finally concluding with possible suggestions.

Keywords-COVID-19, Export, Import, Foreign Trade, International Trade

I. INTRODUCTION

COVID-19 hasn't left any nation untouched from its adverse results, apart from lives being at risk, there is an incomparable loss to the economic activities on a global level. As per WTO, economic activities and trade would see a fall by 13-32% which is very unprecedented in world trade. There is no escape yet being found for coronavirus, hence it remains an unsolved issue.

The companies at radar during this period are the ones which are reliant on foreign trade during this tough times. The biggest export market of India is with Europe and US which are continuously increasing the lockdown period. India has now only started with unlock 1 phase, but still many markets are yet to open. It has already seen 4 lockdowns around 2.5 months.

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Every nation has tried hard to fight this deadly virus but we cannot forget to take care of our export market as more loss to economy cannot be afforded.

To protect the market, government has been announcing several policies to benefit the economy. The foreign trade policy benefits which had an expiry date of 1/04/2020 are extended. It was announced that export and import should be classified as an essential service and free movement of cargo should be ensured between nations. The filing of bills of entry and custom duty payments are being given relaxation for one time of 3-6 months. Exporter are also facing problem of credit access. Interest subvention schemes which are given to MSME exporters are given by government to overcome this critical situation, it is provided to all exporters as well as those who are manufacturing for exports.

Imports having relations with exports, here the banks are giving priority to credit documents and giving special cash credit funding. Extensive help is given by countries to exporters and importers during this crucial times. China has already increased export refund facility with 2%. It would result in Indian goods being less competitive in world trade which were to be compensated by levying additional duty drawback of 3% in coming 6 months for mass closure of enterprise.

Delays in approval of import containers and container freight station charges is also a major challenge for exporters during this period. Charges like this should be waived off to avoid cost increase also time constraint should be lifted for document submission. Amenities like export inspection council which works to provide origin certificates, there is need to continue operations to avoid the unwanted delays in export and import.

To overcome this, port and airports should be identified for handling export import on priority basis. It is to ensure that products reach these exit points and self-certificate should be given valid consideration for valid inter-state movements. The global value chains will deteriorate after this pandemic which will lead to countries seeking diversity in their markets and source of import.

India has strong chances to expand its export market and reduce the domestic and procedural costs. In order to bring diversity, agricultural products have a good opportunity. 21 products have been targeted by ministry to make it priority. Targets can be set on few nations per product and their standards of specific needs should be looked at along with sanitary and phytosanitary requirement of imports which can be accomplished by government industry taskforce standards. Special flights should be started with apt sanitation and disinfectant provision to facilitate exports.

Sectors like meat, fisheries, agriculture can see high export demands. Facilitation of trade by farm simplification registration procedures so that there is great traceability. Cold storage should be given easy access along with providing warehousing amenities at concessive rates which could help and provide greater revenue and value addition. World's best pharmacy is available in India as it is dominant and quality of generic medicines are very high. Drugs supply to fight this pandemic was welcomed by US and Brazil as it enforced India as efficient source of pharma products. An incentive program of 10,000 crore was announced by the government to promote domestic production. Indian companies and biotech firms are also looking at tie up with global companies to roll out COVID-19 by its treatment medicines. India can become one of the most efficient partner.

Global trade governance will be a critical area in the world to minimise distortions and bring coordination. WTO can bring a better mechanism for this. India should realise its potential in this sector.

II. SALIENT FEATURES IN FTP ARE AS FOLLOWS-

1. For policy regime continuity, FTP is extended till 31/03/2021, also validity of hand book procedures is extended.
2. Export promotion schemes and similar schemes shall be made available for the next 12 months.
3. Period of validity of status holder certificate was also extended. Herein status holder will get specific benefits.
4. Payment from IGST and status holder certificates validity period was also extended upto 31/03/2021.
5. Scheme transport marketing assistance on specific agro-products is extended to one year.
6. Validity for making imports under duty free import was automatically extended for 6 months.
7. Period for export expiration under different authorizations was extended to another 6 months without any extra fees levied.
8. Duty credit scrips last dates like MEIS/SEIS/ROSCCTL were extended.
9. Late cuts impositions and applications dates were relaxed.
10. Validity of Letter of permission and intent is extended till 31/12/2020

11. Refund filing last date and transport, marketing assistance has been further extended.

12. Extension for time being allowed for filing various report and returns.

India having Free trade agreements with different countries have allowed import of goods with certificate of origin as domestic authorities were not issuing document because of this pandemic. Government has allowed certificate permission to origin retrospective to eligible exports under trade agreements of India with other nations because new certificate issuance has become a problem.

India is ready to honour PTA imports, certificates shall be issued in retrospective manner by concerned agencies once the office is opened. Certificate of origin establishes evidence on origin of goods imported in any country.

III. INDIA-CHINA RELATIONS-

China was always the major partner in trade to India since 2003. It has seen massive growth up to 18 times till 2018-19. Most of India's import comes from China. It is one the significant market for India's entertainment, aviation industry and electronics exports. India imports huge amount of goods from Chinese traders. Prime sector being electronics, cars, chemicals. \$4.6 billion is the worth of goods which are imported. Also \$7.6 billion worth goods like minerals, fuels, cotton is being exported as well. The ratio to each being, organic chemicals worth \$3.2 billion, minerals and fuels \$2.8 billion and for cotton \$1.8 billion.

There has always been constant relationship of trade between India and China. It is inevitable that coronavirus is a danger to importer and exporter of India. Monetary losses and inbound relations of both the country will be highly impacted. But with problems sometimes come a golden opportunity where in India can provide electronic goods to china. As Businessmen here exports 6-8% of its e-goods and imports 60% goods from china yearly. 80% of all parts of mobile comes from China only, hence this sector will be affected due to pandemic. Electronic prices may rise and also longitivity of delivery of products may also increase. India has imported 57% of electronics from China which had fallen down to 37%. India does import many electronics from China but overall value is not very high. Indian car sector would also face problem because of manufacturing difficulties.

Assembly line would work only when the essential component to manufacture a car are available. Even if a single product is absent, the whole process can be affected. Also China has great market for luxury cars. This current scenario will also impact Chinese demand for services and goods which have an adverse impact on Tata motors as they export JLR cars to

nation. In the year 2018-19 India has imported ingredient for pharmaceuticals worth \$2.4 billion from China. Also China is a big market for chemical manufacturers for India. This outbreak will cause a long pause in this industry as well.

Shortage can make medicine costly, which could also cause life-saving drugs shortage in country.

In every crisis lies hidden the opportunity to grow faster.

IV. CONCLUSION

Such disruptions in import could help the firms/companies of India in becoming independent while the exporters can widen the market. Coronavirus has created an irreversible crisis situation for India, but looking at some positive aspect there might be some opportunities like Make in India can be promoted. Businessmen of India can offer their products and services at global market which are now facing issues because of Chinese market. Effort altogether will bring problem under control, if domestic manufacturing is expanded, India can have long term benefits.
