3. Export Promotion Mission - Economy

Amid pressure on goods exports to the US due to high 50% tariffs, the Union Cabinet has approved a six-year Export Promotion Mission with an outlay of Rs 25,060 crore

Background & Context of the Mission

Need for the Export Promotion Mission

India's export sector faces growing challenges -

1. Rising global tariff barriers and protectionism by importing countries.
2. Non-tariff measures (NTMs) such as quality standards, environmental norms, and traceability requirements.
3. High logistics costs, especially for MSME exporters.
4. Restricted access to low-cost export credit, particularly for small and medium exporters.

To achieve the government's goal of making India a $2 trillion export economy, a coordinated institutional mechanism became necessary.

Budget Announcement (2025–26) - Finance Minister announced a dedicated Export Promotion Mission (EPM). Aimed at -

1. Unifying export financing schemes.
2. Improving ease of exporting.
3. Strengthening MSME capacity to meet global standards.
4. Enhancing India's competitiveness in global markets.

Institutional Framework of EPM

Inter-Ministerial Collaboration - EPM is jointly anchored by -

Ministry of Commerce & Industry → Policy direction, export strategies.

Ministry of MSME → MSME exporter support, sectoral outreach.

Ministry of Finance → Budget allocation, credit guarantee structure, bank-level directives.

Implementing Agency

Directorate General of Foreign Trade (DGFT) will be the nodal body. Manages -

1. Application processing
2. Eligibility assessment
3. Approval and benefit disbursal
4. Monitoring of export outcomes

Digitally Driven Governance - A dedicated EPM Digital Portal will - Integrate with ICEGATE, GSTN, RBI Export Data Processing, and DGFT systems. Offer end-to-end online processing. Use AI-based risk assessment for credit and compliance support. Provide exporters with dashboards for -

1. Real-time application status
2. Market intelligence
3. Guidance on NTBs and global standards

3. Priority Sectors Under EPM

Sectors Affected by Global Tariff Escalations - EPM offers priority support to sectors hit by tariff increases and sourcing disruptions -

1. Textiles & Apparel
2. Leather & Footwear
3. Gems & Jewellery
4. Engineering Goods
5. Marine Products

Why These Sectors Need Support - These sectors are -

1. Labour-intensive → High employment generation.

2. Vulnerable to sudden shifts in global trade policies.
3. Critical to India's export diversification strategy.

They also face intense competition from -

1. Vietnam
2. Bangladesh
3. China
4. Thailand

Major Components of EPM

A. Financial Support Measures

1. Credit Guarantee Scheme for Exporters (CGSE)

Key Features - 100% government-backed credit guarantee by National Credit Guarantee Trustee Company (NCGTC). Covers -

1. Working capital loans
2. Packing credit
3. Pre-shipment and post-shipment finance

Eliminates need for collateral → reduces cost of credit.

Scale of Support - Additional credit access up to ₹20,000 crore for eligible exporters. Priority for -

1. MSMEs
2. First-time exporters
3. Exporters from emerging districts under ODOP and Districts as Export Hubs.

Expected Impact

1. Improves liquidity and cash flow.
2. Reduces dependency on informal credit.
3. Enhances global competitiveness of Indian MSMEs.

2. Merging of Schemes Under EPM

Interest Equalisation Scheme (IES) - Offers 2–5% interest subvention on export credit. Helps counter the high cost of Indian credit vs. global markets.

Market Access Initiative (MAI) - Supports -

1. Participation in international fairs
2. Buyer–seller meets
3. Branding and promotional activities

Integration Under EPM - Both schemes are unified into a common digital interface. Benefits -

1. Streamlined approvals
2. Reduced paperwork
3. Synergy between credit and market access support

B. Non-Financial Support Measures

Tackling Non-Tariff Barriers (NTBs)

Global Rise in NTBs

Countries increasingly impose -

1. Sanitary and phytosanitary norms (SPS)
2. Technical barriers to trade (TBT)
3. Environmental, sustainability, and ESG standards
4. Social compliance (labour laws, ethical sourcing)
5. Traceability (digital, chemical, carbon footprint)

EPM Measures

Provides subsidised support for - Certifications (ISO, HACCP, CE, Fair Trade)

1. Lab testing

2. Quality improvements
3. Safety and traceability systems

Outcome - Helps MSMEs meet stringent global norms. Reduces shipments getting rejected or downgraded.

Market Access & Branding

Support for Global Presence - Funding for -

1. International exhibitions
2. Buyer outreach programs
3. Design and packaging improvement
4. Branding and market positioning

Objective - Strengthen India's brand identity in global markets. Help MSMEs compete with established global brands.

Logistics Cost and Efficiency Support

Rationale - India's logistics cost (~13–14% of GDP) is higher than -

1. China
2. Vietnam
3. EU

This impacts export competitiveness.

EPM Interventions

Supports -

1. Digital tracking systems
2. Multi-modal connectivity adoption
3. Container management systems
4. Port clearance efficiency

Expected Benefits

1. Shorter shipment cycles
2. Reduced transportation costs
3. More predictable delivery timelines

Expected Outcomes and Impact of EPM

1. Easier and Affordable Trade Finance - MSMEs gain timely access to working capital. Reduces interest burden and enhances profitability.

2. Enhanced Export Readiness - Better compliance with global standards. Higher success rate for shipments. Fewer rejections at foreign ports.

3. Improved Global Market Access - Greater Indian presence in international trade events. Better branding and premium positioning. Entry into high-value markets like EU, Japan, and the US.

4. Boost to Exports From Non-Traditional Sectors and Districts - Aligns with - ODOP (One District One Product) , District Export Hubs. Encourages rural, tribal, and small-town manufacturers to enter global markets.

5. Employment Generation - Higher production for export → more jobs in -

1. Manufacturing
2. Logistics
3. Packaging
4. Warehousing
5. Shipping and freight services

6. Long-Term Export Competitiveness - Moves India towards -

1. Export-led growth
2. Global value chain integration

3. Diversified export basket

Source - https - //indianexpress.com/article/business/economy/amid-us-tariff-hit-cabinet-clears-6-year-rs-25000-crore-export-mission-10362058/