

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE

RAJYA SABHA
UNSTARRED QUESTION NO. 697
ANSWERED ON 05/12/2025

IMPACT OF TARRIFFS ON MERCHANDISE EXPORTS

697. Smt. RAJANI ASHOKRAO PATIL:

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:

- (a) whether merchandise exports declined in recent months due to Tariff war;
- (b) sectors contributing most to the fall;
- (c) measures taken to support MSME exporters;
- (d) impact of global logistics disruptions; and
- (e) steps proposed to stabilise export growth.

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI JITIN PRASADA)

- a) & b) India's merchandise exports during April to October 2025 have demonstrated resilient performance despite challenging global conditions. Several key sectors like electronic goods grew strongly by 41.94 percent, driven by robust demand for smartphones and consumer electronics in major markets including the USA, UAE, and China. Agricultural exports such as rice, fruits, spices, coffee, and marine products also expanded steadily, while pharmaceutical exports increased moderately by 6.46 percent supported by orders from countries like Nigeria and the USA. The engineering goods sector, the largest export category, posted a growth of 5.35 percent

aided by higher shipments to Germany, the UK, and South Africa. Overall, merchandise exports for the fiscal year so far remain positive compared to the previous year, reflecting underlying resilience despite global economic volatility, geopolitical disruptions, and softened demand in some markets. There is, as of yet, no conclusive evidence that the export trends are attributable specifically to any tariff-related action. India's export sectors continue to demonstrate strength and diversification amid challenging external conditions.

While India successfully expanded exports in several high-growth and high-value sectors, the decline in a few key commodities underscores the lingering impact of global demand softness and price-driven corrections. The mix of strong performers and stressed categories highlights the need for continued export diversification, value addition, and deeper market access efforts to sustain growth momentum in the coming quarters.

- c) The Ministry of Commerce & Industry have taken multiple measures to support MSME exporters in India. These include:
- i. The Export Promotion Mission (EPM), approved by the Union Cabinet on 12.11.2025, is a flagship initiative of the Department of Commerce with a total budgetary outlay of ₹ 25,060 crores over six years (FY 2025–31). It seeks to address key bottlenecks faced by Indian exporters, especially MSMEs, and unlock India's potential as a globally competitive export powerhouse
 - ii. Bharat Trade Net (BTN), announced in the Union Budget 2025, is a flagship digital public infrastructure by DGFT under the Ministry of Commerce & Industry. It seeks to digitize trade documents, improve export finance access, and integrate India's trade ecosystem with global standards. The initiative enhances MSME competitiveness by enabling simpler, paperless documentation, reducing compliance burdens, and facilitating faster, secure trade transactions recognized globally. This creates easier access to export finance and supports MSMEs in overcoming trade barriers efficiently.

- iii. The introduction of grassroots programs like Districts as Export Hubs (DEH) and E-Commerce Export Hubs (ECEHs) enables MSMEs, start-ups, and artisans to access international markets with lower costs and simplified export processes.
 - iv. Strengthening infrastructure through the National Logistics Policy and PM Gati Shakti enhances multimodal connectivity and reduces logistics costs, directly benefiting MSME exporters by easing supply chain bottlenecks.
- d) Global logistics disruptions have posed challenges to timely delivery, increased transportation costs, and supply chain reliability, impacting exporters across sectors. These disruptions, driven by pandemic aftereffects, geopolitical tensions, and port congestions, have led to delays and increased operational costs. The Government, in coordination with stakeholders, continues to actively work on improving logistics infrastructure and streamlining procedures to mitigate these impacts and support the export sector's efficiency and competitiveness.
- e) The Government's strategy for stabilizing export growth includes focused efforts on market diversification, strengthening trade infrastructure, and enhancing access to affordable trade finance, especially for MSMEs. The recently launched Export Promotion Mission (EPM) with an outlay of ₹25,060 crore from FY 2025–26 to FY 2030–31 aims to provide a digitally driven, comprehensive framework that supports exporters in navigating global markets and improving competitiveness. Initiatives such as the Foreign Trade Policy 2023, RoDTEP reimbursements, and the Districts as Export Hubs scheme complement these efforts by enabling smoother logistics, market access, and compliance support.

Additionally, the Government continues to actively pursue and negotiate Free Trade Agreements (FTAs) to enhance market access for Indian exporters. Recently, the Comprehensive Economic Partnership Agreement (CEPA) with the United Kingdom was signed. These FTAs are designed to reduce tariff and non-tariff barriers, promote investment, and create a predictable trade environment. Alongside these, India is strengthening regional trade agreements and participating in multilateral forums to open new markets and diversify export destinations.
