

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 2661
TO BE ANSWERED ON: 16.03.2026

**IMPACT OF INDIA - U.S INTERIM TRADE
AGREEMENT ON INDIAN MSMEs**

2661. DR. JOHN BRITTAS:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) key sectors and product categories within the MSME ecosystem that will be significantly affected by the India - U.S interim Trade Agreement;
- (b) steps taken by Government to support affected MSMEs in sustaining competitiveness; and
- (c) details of financial assistance, incentives or policy interventions provided by Government in this regard?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SUSHRI SHOBHA KARANDLAJE)

(a): India and the United States (U.S.) announced a framework for trade deal on 2nd February 2026. A Joint Statement for the same was released on 7th February 2026. The agreement delivers comprehensive tariff rationalisation, zero-duty access across large product categories, enhanced digital and technology cooperation, and a carefully calibrated framework to safeguard India's farmers, MSMEs and domestic industry. Additional ad valorem tariffs of 25% imposed by the U.S. on certain India's exports were removed on 7th February 2026. Pursuant to US Supreme Court judgement dated 20th February 2026 invalidating reciprocal tariffs, the reciprocal tariffs are no longer in force. The US Government has issued Executive Orders imposing 10% tariffs on all countries. The Government is studying all the developments thereafter for their implications and remains engaged with the US Government.

(b) and (c): The Government has undertaken the following initiatives to support Micro, Small and Medium Enterprises (MSMEs) and boost their competitiveness in global value chain:

- i. Export Promotion Mission (EPM): - The Mission will provide a comprehensive, flexible, and digitally driven framework for export promotion, with a total outlay of Rs.25,060 crore for FY 2025–26 to FY 2030–31. EPM marks a strategic shift from multiple fragmented schemes to a single, outcome- based, and adaptive mechanism that can respond swiftly to global trade challenges and evolving exporter needs.

The Mission will operate through two integrated sub-schemes:

- NIRYAT PROTSAHAN – focuses on improving access to affordable trade finance for MSMEs through a range of instruments such as interest subvention, export factoring, collateral guarantees, credit cards for e-commerce exporters, and credit enhancement support for diversification into new markets.

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- NIRYAT DISHA – focuses on non-financial enablers that enhance market readiness and competitiveness, including export quality and compliance support, assistance for international branding, packaging, and participation in trade fairs, export warehousing and logistics, inland transport reimbursements, and trade intelligence and capacity-building initiatives.
- ii. In addition, Credit Guarantee Scheme for Exporters has also been approved to provide 100% credit guarantee coverage by National Credit Guarantee Trustee Company Limited (NCGTC) to Member Lending Institutions (MLIs) for extending additional collateral free credit facilities up to Rs.20,000 crore to eligible exporters, including MSMEs. The Scheme is expected to enhance the global competitiveness of Indian exporters and support diversification into new and emerging markets. Enabling collateral-free credit access will strengthen liquidity and ensure smooth business operations.
 - iii. International Cooperation Scheme: The scheme aims to build capacity of MSMEs by facilitating their participation in international exhibitions/fairs/conferences/seminar/buyer-seller meets abroad as well as reimbursement of various costs involved in exports.
 - iv. Comprehensive GST rationalisation recently done by the government will strengthen MSMEs fortifying local supply chains in critical sectors like automobiles, textiles, food processing, logistics, and handicrafts. Lower GST rates have made raw materials and services more affordable, motivating small and medium enterprises and start-ups to scale up operations, invest in innovation, and compete both domestically and globally.
