

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE
RAJYA SABHA
UNSTARRED QUESTION NO. 3239
ANSWERED ON 20/03/2026

IMPACT OF TARIFF BARRIERS ON MSMEs ENGAGED IN EXPORTS

3239. SHRI VIVEK K. TANKHA:

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

- (a) the impact of rising global tariff barriers on Micro, Small and Medium enterprises engaged in export activities, particularly with regard to their cash flows, profitability and employment generation;
- (b) the MSME dominated sectors that have been most adversely affected and the estimated impact on production capacity utilisation, employment levels and export earnings; and
- (c) the targeted policy interventions being implemented or proposed, including enhanced credit support, interest subvention, export incentives, technology upgradation, and hand holding support, to mitigate the adverse effects of such tariff measures on MSMEs?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY

(SHRI JITIN PRASADA)

(a) & (b) The Government closely monitors export performance and the impact of global economic developments on India's international trade, including the imposition of tariff barriers by countries, and continuously assesses their implications for Indian exporters. To proactively safeguard the interests of exporters and navigate these challenges, it is the constant endeavour of the Government to boost India's exports, including the promotion of MSME participation in global trade.

In this regard, the Government maintains proactive engagement with key MSME-dominated sectors to understand their evolving requirements and strengthen their long-term resilience. Detailed sectoral performance of India's global merchandise exports can be viewed at the following link:https://tradedstat.commerce.gov.in/ftspcc/export_commodity_wise.

Additionally, to effectively counter global trade challenges and expand market opportunities for Indian exporters, a major thrust has been placed on expanding preferential market access through Free Trade Agreements (FTAs). Notably, the India-UK Comprehensive Economic and Trade Agreement (CETA), signed on July 24, 2025, provides duty-free access for more than 99% of

Indian exports, significantly lowering costs and expanding market reach for MSMEs. Furthermore, the India-EU FTA, concluded on January 27, 2026, provides preferential access to more than 99% of India's exports by trade value. It features immediate duty elimination on key labour-intensive sectors, flexible Product Specific Rules (PSRs), and allows self-certification of origin, thereby reducing compliance costs and improving MSME competitiveness in global value chains.

(c) The Government has adopted a multi-pronged and proactive strategy to strengthen the overall export ecosystem for MSMEs and enhance their competitiveness and resilience. Key targeted policy interventions in this regard are as follows:

a. **Export Promotion Mission:** The Export Promotion Mission (EPM) approved by Cabinet on 12.11.2025 is a flagship initiative announced in the Union Budget 2025–26 to strengthen India's export competitiveness, particularly for MSMEs, first-time exporters, and labour-intensive sectors 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:

(i) **NIRYAT PROTSAHAN**, which 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.

(ii) **NIRYAT DISHA**, which 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.

b. **Districts as Export Hubs (DEH):** The Districts as Export Hubs (DEH) initiative helps identify and promote district-specific products and build capacity in export logistics and infrastructure at the local level, aimed at fostering district-level export growth across the country.

c. **Trade Connect ePlatform** has been launched to provide trade-related information to Indian exporters particularly MSMEs. This platform also serves as an online hub for integrating efforts from the Department of Commerce, Indian Missions abroad, Export Promotion Councils, Commodity Boards, and other organisations to deliver comprehensive support to Indian exporters, in the form of information, answering queries and online services such as issuance of Certificate of Origin.

d. **RoDTEP and Duty Drawback Scheme** provides a mechanism to reimburse indirect/levies taxes borne on exported products. By refunding these indirect duties on exported goods, including those belonging to first-time and small exporters, the scheme directly enhances their price competitiveness in the global market.

- e. **Extension of Export Obligation Periods:** In a proactive move to insulate exporters, particularly MSMEs, from the impact of prevailing geopolitical developments, an automatic extension of the Export Obligation (EO) period has been granted by DGFT, without the requirement of any composition fee, for specified Advance and EPCG Authorisations.
- f. Additionally, the Export Credit Guarantee Corporation of India (ECGC) has recently introduced several measures to support MSME exporters including:
- i. **Collateral-Free Cover under WT-ECIB:** ECGC introduced 'Collateral-Free Cover' w.e.f. 01.07.2025 for MSME exporters, supporting bank lending up to ₹10 crore working capital without additional premium or collateral.
 - ii. **Enhanced Cover without additional premium under WT-ECIB:** Enhanced 90% cover for banks on export credit loans up to ₹50 crore (earlier ₹20 crore) without incremental cost, w.e.f. 01.10.2025.
 - iii. **Enhanced cover for Banks (for MSMEs):** ECGC is offering enhanced cover of 90% to the banks availing WT-ECIB covers (70% earlier), in respect of small exporter accounts having aggregate export credit working capital limit up to ₹80 crore, with a condition that they pass on this benefit through lower interest rate applicable to accounts with 'AA' and equivalent rating, thus facilitating availability of adequate credit at cost effective rates, particularly for MSME exporters.
 - iv. **MoU with Ministry of Micro, Small and Medium Enterprises (MoMSME):** Under CBFTE component of IC Scheme, premium refund up to ₹10,000/year for eligible first-time MSE exporters holding 'Small Exporter's Policy' with Udyam registration.
