

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 4377
TO BE ANSWERED ON: 19.03.2026

BENEFITS OF US TARIFFS TO MSMEs

4377. SMT. BHARTI PARDHI:
SHRI NARESH GANPAT MHASKE:
SHRI VISHALDADA PRAKASHBAPU PATIL:
SHRI RAVINDRA DATTARAM WAIKAR:
SHRI SHRIRANG APPA CHANDU BARNE:
DR. SHRIKANT EKNATH SHINDE:

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

- (a) the key provisions of the interim trade pact between India and the United States of America and the manner in which it is expected to support Micro, Small and Medium Enterprises (MSMEs) in integrating with and entering global value chains;
- (b) the details of mechanisms through which trade facilitation, tariff concessions, standards harmonisation and market access support would be extended to MSME exporters under this pact;
- (c) the details of steps taken by the Government to assist MSMEs in meeting US regulatory, quality and compliance requirements to benefit from expanded trade opportunities;
- (d) the coordination with export promotion councils, industry associations and certification bodies to ensure MSME participation in overseas tenders and supply networks; and
- (e) whether any impact assessment has been undertaken or commissioned to estimate potential export growth, job creation and competitiveness gains for MSMEs as a result of this interim trade pact and if so, the details thereof; if not, the reasons for the same?

ANSWER

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

(a) to (e): 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to US Supreme Court judgment dated 20th February 2026 invalidating reciprocal tariffs, the reciprocal tariffs are no longer in force.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.

Subject to the conclusion of the Interim Agreement, the U.S. will provide preferential market access to Indian goods, including textile and apparel, leather and footwear, plastic and rubber, organic chemicals, home décor, artisanal products, certain machinery, etc. The agreement is expected to boost MSME exports in marine products, processed food, textiles, leather, and handicrafts by improving market access and competitiveness, while protecting sensitive sectors. The interests of all sensitive sectors—dairy, agriculture, farmers, and domestic industry—have been protected. Further information regarding the interim trade deal is also available at the following web link: <https://www.commerce.gov.in/wp-content/uploads/2026/03/FTAs-achievement.pdf>.

The Government has undertaken the following initiatives to support Micro, Small and Medium Enterprises (MSMEs) to increase their share in exports 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:

- i. 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.
- ii. 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.

The Mission is designed to address structural challenges that constrain Indian exports, including limited and expensive trade finance access, high cost of compliance with international export standards, inadequate export branding and fragmented market access, and logistical disadvantages for exporters in interior and low-export-intensity regions.

- 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.
- V. The Government aims for promotion of Export Diversification and has signed sixteen (16) Free Trade Agreements (FTAs) and six (06) Preferential Trade Agreements (PTAs) with several key trading partners. Government is working with all stakeholders to enable our exporters to better utilize the benefits of India's FTAs with major markets such as Japan, Korea, UAE etc. and effectively utilize the opportunities that have been created with the recent concluded FTAs such as with the EFTA countries, UK, Oman , New Zealand and European Union.
