

NITI Aayog's maiden Export Preparedness Index suggests policy steps for states

On August 26, 2020, Government of India's policy think tank NITI Aayog released its maiden edition of Export Preparedness Index (EPI) Report 2020 that examines opportunities and challenges across states for export-led growth. As expected, the leading industrialized states of Gujarat, Maharashtra and Tamil Nadu were ranked top in terms of overall export performance. Among the non-coastal states, Rajasthan, Telangana and Haryana led the top ranking in export performance.

The index assesses export performance of states across four pillars –Policy; Business Ecosystem; Export Ecosystem; Export Performance. Within these pillars, states are assessed across 11 sub-pillars – Export Promotion Policy; Institutional Framework; Business Environment; Infrastructure; Transport Connectivity; Access to Finance; Export Infrastructure; Trade Support; R&D Infrastructure; Export Diversification; and Growth Orientation.

The Index examined export oriented measures of state governments such as appointment of full time Export Commissioner, setting up a State-Centre coordination cell, introduction of sector-specific export policies, establishing grievance redressal cell and other initiatives.

A key finding of the report is that export promotion in India faces three fundamental challenges: intra- and inter-regional disparities in export infrastructure; poor trade support and growth orientation among states; and poor R&D infrastructure to promote complex and unique exports. Export infrastructure refers to Export Promotion Industrial Parks, Special Economic Zones, trade exhibition centres, number of agri-export zones and publication of trade guides. Trade support includes conducting trade fairs, capacity building workshops, membership in trade promotion councils.

R&D infrastructure refers to the number of quality testing laboratories, export inspection and certification agencies, research institutes and professional colleges across states.

Major Challenges in Export Promotion
Huge disparity in export infrastructure across states
Trade support and growth orientation lacking among states
Insufficient R&D infrastructure to promote complex and unique exports
Source: Findings of Export Preparedness Index (EPI) 2020

Based on the assessment of export performance across states and union territories, the report provides following recommendations to states to promote export in their regions:

States should conduct targeted capacity-building workshops such as the ones being conducted by Tamil Nadu did or creating a targeted retail platform such as West Bengal's Biswa Bangla, which had over USD 4.5 million in revenues over 2019.

Exporters have benefitted from specific measures such as introduction of simplified e-filing process for business applications and setting up of commercial courts in cities to resolve disputes.

There is a lot of potential for clusters, especially in land-locked states, to drive exports in many states. State governments should set up infrastructure for collaboration among co-locating firms in clusters.

States that have diversified transportation across various modes (multi-modal logistics mix), instead of increasing capacity of existing modes of transport, have reduced congestions and delays in transit of goods.

Many North Eastern states could enhance their exports by focussing on their indigenous product baskets. Therefore, states should develop potential local products, for example, turmeric, spices, handicrafts, metal works, to drive exports on one hand and also improve incomes of indigenous population on the other.

The report suggests state governments to adopt market diversification strategies, with respect to their export baskets, to find new opportunities. According to the report, many conventional markets for Indian exports are expected to experience lower demands owing to the economic slow-down. Therefore, there is a need to develop exports across a wide range of goods instead of focusing only on a few products.

Notifications

Press Information Bureau, Government of India

NITI Aayog releases report on Export Preparedness Index

<https://pib.gov.in/PressReleseDetail.aspx?PRID=1648679>

Interest on delayed payment of GST

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1648751>

Daily Bulletin on COVID 19

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1648770>