

Report on Export Preparedness Index

August 27, 2020

The Indian economy holds immense potential to become a strong exporter on the world stage. To realize this potential, **it is crucial that India turns to its states and union territories and makes them active participants in the country's export efforts.** In an attempt to realize this vision, the Export Preparedness Index 2020 **evaluates states' potentials and capacities.** It is hoped that the detailed insights from this Index will guide all stakeholders towards strengthening the export ecosystem at both the national and sub-national levels.

Export Preparedness Index

The structure of the EPI includes 4 pillars

- Policy
- Business Ecosystem
- Export Ecosystem
- Export Performance

and 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
- Growth Orientation

Overall, most of the **Coastal States are the best performers. Gujarat**, Maharashtra and Tamil Nadu occupy the top three ranks, respectively. Six of eight coastal states feature in the top ten rankings, **indicating the presence of strong enabling and facilitating factors to promote exports.** In the **landlocked states, Rajasthan** has performed the best, followed by Telangana and Haryana. Among the **Himalayan states, Uttarakhand** is the highest, followed by Tripura and Himachal Pradesh. Across the **Union Territories, Delhi** has performed the best, followed by Goa and Chandigarh.

The report also highlights that export orientation and preparedness are not just restricted to prosperous states. Even **emerging states can undertake dynamic export policy measures, have functioning promotional councils, and synchronize with national logistical plans to grow their exports.** Chhattisgarh and Jharkhand are two landlocked states that had initiated several measures to promote exports. Other states facing similar socio-economic challenges can look at the measures taken by Chhattisgarh and Jharkhand and try to implement them to grow their exports.

Many northeastern states under the **Growth Orientation sub-pillar** were able to export more by **focusing on the indigenous product baskets.** This shows that a focused development of such baskets (like spices) can drive exports on one hand and also improve farmer incomes on the other in these states. Based on the findings of the report, 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.**

There is a need to emphasize on key strategies to address these challenges: a **joint development of export infrastructure; strengthening industry-academia linkages; and creating state-level engagements for economic diplomacy.** These strategies could be supported by revamped designs and

standards for local products and by harnessing the innovating tendencies to provide new use cases for such products, with adequate support from the Centre.

The final framework of the EPI was based on essential feedback from states, UTs and organizations like EXIM Bank, IIFT and DGCIS. The data has been primarily provided by state governments. For some of the indicators, RBI, DGCIS and Central ministries were consulted.