

# Exporters seek rollout of promotion schemes

## ₹2,250 crore Export Promotion Mission awaits Cabinet nod

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New Delhi, 3 August

With the United States (US) set to impose a 25 per cent tariff on Indian goods starting August 7, exporters have urged the government to shoulder a part of the burden and expedite the rollout of the ₹2,250 crore Export Promotion Mission that has been pending since its announcement.

The mission was announced in the Budget for 2025-26 (FY26) but has not been rolled out yet. This has raised concerns among exporters bracing for a potential hit not only from the impending tariffs but also from an unspecified penalty that may be imposed on India for its energy purchases from Russia.

A government official said that various schemes have been designed under the Export Promotion Mission to include World Trade Organization (WTO)-compliant interventions, focusing on trade finance and to make market access easier for exporters. However, the schemes will be rolled out as per the 'need and priority' after the Cabinet's approval.

"The department of commerce has sent its proposal to the Expenditure Finance Committee (under the finance ministry). It is pending for



**UNDER EXPORT PROMOTION MISSION, ANNOUNCED IN FY26 BUDGET, SCHEMES HAVE BEEN DESIGNED TO MAKE MARKET ACCESS EASIER FOR EXPORTERS**

approval, after which the Cabinet's nod will be sought," the official told Business Standard.

However, firming up a mechanism where the increased duty is partially absorbed and the remainder supported by the government may be tricky. A direct subsidy-based approach is difficult to implement, raising concerns of 'moral hazard'. This is because it will be difficult to assess the actual impact on exporters and justify the corresponding subsidy that would be received. That apart, it may potentially violate WTO norms.

"Currently, there has been no discussion on this and the government is yet to take a call," the official said.

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## Nayara, state refiners keep pump supplies steady

With the firm coming under the EU's latest bout of sanctions 18 days ago, Rosneft-run Indian refiner Nayara Energy may have temporarily lost its export market and reshuffled top management persons, but has kept India's domestic fuel market well supplied, writes S DINAKAR

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■ Opec+ slated to increase oil output in bid to regain market share

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India will face relatively higher tariffs as compared to most nations as New Delhi and Washington failed to finalise an interim trade agreement before US President Donald Trump's August 1 deadline.

On August 2, Commerce and Industry Minister Piyush Goyal met exporters representing several sectors like engineering goods, marine, textiles, leather, and food processing.

According to a report released by rating agency ICRA, textiles, auto components, tyres, chemicals, agrochemicals, and cut and polished diamonds sectors could be worst-hit.

On August 1, Indian apparel exporters had raised the alarm. The steep US tariffs, they red flagged, may result in mass layoffs in manufacturing units and sought government intervention.

"We request immediate government intervention to offset this huge setback. Exporters have their backs against the wall and will have to sell below cost to keep their factories running and avoid mass layoffs," Sudhir Sekhri, chairman of the Apparel

Export Promotion Council (AEP), had said.

"For instance, the US accounts for 27 per cent of India's auto component exports, and around 36 per cent of cut and polished diamond (CPD) exports are directly routed to the US. CPD also faces indirect risks due to potential transshipment tariff enforcement on intermediaries like Dubai or Israel. Tyre exports to the US (17 per cent of total) and agrochemical exports (18 per cent) are exposed similarly, with Indian firms now facing tariff disadvantages relative to key regional competitors," the report said.

The US is India's biggest trade partner and export destination. During FY24, India exported goods worth \$86.5 billion, up 11.6 per cent year-on-year. Imports stood at \$45.7 billion, taking the surplus at \$40.8 billion.

Delhi-based think tank Global Trade Research Initiative (GTRI) has said that quick estimates suggest that India's goods exports may come down by 30 per cent from \$86.5 billion in FY25 to \$60.6 billion in FY26.