Centre to zero in on 500 districts to boost MSME exports

MONIKA YADAV
New Delhi, 7 July

The Centre is preparing a major district-level export promotion initiative under which about 500 districts will be identified in the first phase to boost exports, with a special focus on helping micro, small and medium enterprises (MSMEs), according to people familiar with the matter.

The broad contours of the initiative were discussed at the recent Board of Trade (BoT) meeting chaired by Commerce and Industry Minister Piyush Goyal, the people said.

Sources said during the meeting that India's exports are currently concentrated in fewer than 100 districts, even though almost every district has products or sectors with export potential. The proposed exercise seeks to widen the country's export base by identifying districts that can emerge as new export hubs.

As part of the initiative, districts where MSMEs account for more than half of exports will be provided with dedicated officers to handhold enterprises, facilitate market access, and help address regulatory bottlenecks, they said.

An email sent to the commerce ministry remained unanswered until press time.

According to the people, the government also plans to establish sector-specific quality testing laboratories (labs) with full public funding. The labs will provide product testing and quality assessment facilities for exporters, particularly MSMEs, with the objective of making such services widely accessible without commercial constraints.

To help exporters meet regulatory requirements in overseas markets, the commerce ministry is also planning to provide incentives to reimburse or defray the cost of obtaining domestic and international certifications required for exports. These could include certifications related to quality, manufacturing processes, and food safety, according to the people.

To improve export logistics, the Centre is considering financial support for businesses located far from ports. Subsidies are proposed to offset higher transportation costs faced by enterprises in such districts, the people added.

Granular approach

- Districts where MSMEs account for over half of exports to be developed as new export hubs
- Sector-specific quality testing labs to aid product testing, quality assessment for exporters
- Incentives to reimburse the cost of obtaining certifications for exports
- Financial support for businesses located far from ports

According to the people, the commerce ministry is expected to notify these schemes linked to the district export initiative over the next three to four months.

Rakesh Chhabra, vice-president, Federation of Indian Micro and Small & Medium Enterprises, said the government's focus on achieving $2 trillion in exports has shifted towards leveraging the potential of around 500 districts by facilitating new MSMEs and promoting new export products. "The proposal rightly shifts the focus from a handful of established export centres to a much broader geography. If backed by quality infrastructure, certification support and logistics assistance, it could enable thousands of MSMEs to access global markets. The real test, however, will be in implementation at the district level and coordination between the Centre and the states."

However, Ajay Srivastava, founder of the Global Trade Research Initiative, said the government should clarify how the proposed initiative would differ from existing district-level export programmes. "India already has two district-focused programmes — the Districts as Export Hubs (DEH) Initiative, launched in 2019 and embedded in the Foreign Trade Policy 2023, and the One District One Product (ODOP) framework. Under DEH, export-potential products were identified across all 765 districts, District Export Action Plans were envisaged and district-level committees created. ODOP, meanwhile, has promoted local craft, food, and specialised products, with some remarkable state-level outcomes," he said.

The ministry is also working on expanding the scope of the Export Credit Guarantee Corporation of India scheme to improve credit support and risk coverage for exporters, the people said.

Separately, around 1,600 industry associations have been invited to participate in international trade exhibitions. Unlike the earlier practice, where financial assistance was routed through Export Promotion Councils, the commerce ministry will directly provide subsidies to support their participation in overseas exhibitions, the people said.

The next meeting of BoT is likely to be held in either Bihar or West Bengal, the people said.