

# Commerce dept may seek more funds to help MSME exporters

Current allocation may not be enough to design and implement support schemes

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The Department of Commerce may need to seek additional funds towards schemes to support especially micro, small and medium enterprise (MSME) exporters amid ongoing global uncertainties.

This is because the allocated funds under the Export Promotion Mission announced in the Union Budget may not be sufficient to design and implement adequate support schemes, a person aware of the matter said.

As much as ₹2,250 crore has been allocated towards the Mission, as Finance Minister Nirmala Sitharaman emphasised exports as a key engine of growth in her Budget speech. The Mission aims to boost MSME exports, which account for 45 per cent of India's total exports.

Three of the ongoing export promotion schemes — interest equalisation scheme (IES), market access initiative (MAI), and support for lab-grown diamonds — have been merged into this Mission, according to a commerce department official.

Along with this, there's a man-



date that the ministries of MSME, Commerce, and Finance will work towards facilitating higher export credit, cross-border factoring as well as support to MSME exporters to tackle non-tariff barriers in the overseas market. Currently, inter-

## MISSION ON MIND

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■ However, this may not be sufficient to design and implement adequate support schemes

■ MSME exports account for 45 per cent of India's total exports

ministerial consultations are going on. Thereafter, the contours of the scheme will be prepared and approval of the Union Cabinet sought.

“A budgetary allocation of ₹2,250 crore has been made for all

of these, which may not be enough. If the finance ministry is convinced that more funds are needed to support exporters, the allocation can then see an increase,” the person cited above told *Business Standard*.

For instance, the government is expected to spend as much as ₹2,482 crore towards IES, and ₹200 crore towards MAI schemes during the current financial year (FY25), according to the Budget Estimates. These two schemes, however, did not get fresh allocation for FY26.

As far as the new support schemes are concerned, the government is designing them, especially to help small exporters avail collateral-free loans, since after repeated surveys, it has been observed that four out of five MSMEs face collateral-related issues.

The government also plans to promote factoring services that would help reduce the dependence of exporters on banks. Export factoring services, a widely used financing instrument globally, have low adoption in India due to high factoring costs involving higher rates of interest, higher risk premiums, and lack of parity with subvention schemes.