

# Export Preparedness Index 2022

The third edition of the "Export Preparedness Index (EPI) 2022" for States/UTs of India has been released by NITI Aayog. Vice Chairman of NITI Aayog, Shri. Suman Bery, issued the report.

The EPI 2022 report aims to present state governments with region-specific insights to aid decision-making, highlight strengths, correct deficiencies, and promote overall growth throughout India's States and UTs. The comparative analysis of export preparedness among states and UTs showcases a framework that fosters national competitiveness. This index enables stakeholders to discover strategies and improve parameters that affect a state's exports, ultimately enhancing its export competitiveness. Using its data-driven methodology, it delivers a comprehensive analysis for policy changes and the development of a favorable export ecosystem. EPI 2022 edition highlights the accomplishments made in surpassing export targets despite challenging scenarios, and recognizes collective efforts of central and state governments in creating a volatile export ecosystem. The EPI 2022 Report evaluates the performance of the states across four pillars – Policy, Business Ecosystem, Export Ecosystem, and Export Performance.

The overview of the four pillars of the index–

- **Policy Pillar** evaluates states and UTs' performance based on its adoption of export-related policy ecosystem at a state and district level as well as the institutional framework surrounding the ecosystem.
- **Business Ecosystem** assesses the prevailing business environment in a state/UT, along with the extent of business-supportive infrastructure, and a state/UTs' transport connectivity.
- **Export Ecosystem** focuses on the export-related infrastructure in a state along with the trade support provided to the exporters, and the prevalence of research and development in the state to foster innovation.
- **Export Performance** is an output-based indicator which gauges the growth of a state's export over the previous year and analyses its export concentration and footprint in the global markets.

These pillars are further based on ten sub-pillars – Export Promotion Policy, Institutional Framework, Business Environment, Infrastructure, Transport Connectivity, Export Infrastructure, Trade Support, R&D Infrastructure, Export Diversification, and Growth Orientation. The index also comprises 56 indicators which holistically capture the export preparedness of States and UTs in terms of exports at both the state and district-level.

**The key learnings of the EPI 2022 are as follows:**

- Coastal states have fared the best across all indicators with six out of the top states in the index coming from the coastal region of the country. States such as Tamil Nadu, Maharashtra, Karnataka, and Gujarat have demonstrated remarkable performance across all pillars, with each doing best in at least one.
- Landlocked states performed satisfactory on the ranking, with Uttar Pradesh and Haryana standing out as favorable outliers.
- In terms of strengths, the policy ecosystem is a positive story with multiple states adopting the necessary policy measures to drive exports in their states.
- States have lagged in terms of transport connectivity. The absence of air connectivity hampers the movement of goods across regions, especially in states which are landlocked or geographically disadvantaged.
- The unsatisfactory performance of the country in terms of research and development indicates the lack of attention given to the role of innovation in exports.
- 26 states in the country have registered a decrease in the gross value addition by their manufacturing sector. Furthermore, 10 states have registered a decrease in the inflow of Foreign Direct Investment.
- Lack of capacity building workshops for exporters hampers their ability to penetrate the global markets as 25 of 36 states have organized less than 10 workshops across a year.
- There exists high export concentration in the country, with ten of our commodities accounting for nearly 80 percent of our total exports. In terms of market penetration, 49 percent of our exports go to only ten destinations in the world, leaving the rest of the world to be a market which the states are yet to explore.

## **Recommendations:**

- 1. Location-specific strategies to boost exports-** Targeted action in areas where a state is lagging, either devised by the state itself or with the central government's assistance, is crucial for the growth of the states performing below average upon standards of performance indicators.
- 2. Diversification of Export Markets-** States should identify new international markets for their existing exporting products as well as Geographical Indication (GI) products as it provides new opportunities for the Indian exporters.
- 3. High Growth Sectors and Manufacturing Competitiveness-** Identifying and promoting high-growth sectors such as information technology, pharmaceuticals, automotive, textiles, and renewable energy can enhance India's export potential.
- 4. Leveraging Foreign Markets using Foreign Trade Agreements (FTAs)-** India has signed multiple FTAs in recent years, states can leverage these markets by identifying the countries' needs to orient their products to meet these requirements.

# EXPORT PREPAREDNESS INDEX 2022

## EPI's FOUR PILLARS

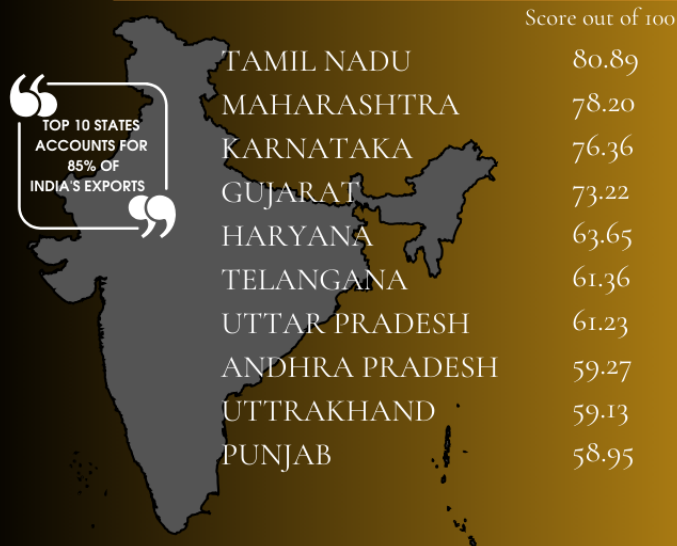
POLICY PILLAR

BUSINESS ECOSYSTEM

EXPORT ECOSYSTEM

EXPORT PERFORMANCE

## EPI 2022 OVERALL RANKINGS



## TOP PERFORMERS OF PREVIOUS EPIs



## KEY INSIGHTS

- 6 out of the top 10 states in the index are the coastal region of the country, signifying that easy access to ports has positive impact on exports.
- Gujarat had highest share in exports during 2021-2022 i.e 30.05%, indicating \$127 billion of exports by value solely.
- Odisha elevated its exports by 156% and Karnataka by 56% over 2019-2020.