

Budget On Exports Fy2019-fy2026

Dhruv - [Notebook Link](#)

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Questions

1. Summarize Union Budget export policy emphasis and company exposure FY2019-FY2026

Export Policy Evolution in Union Budget Speeches (FY2019-FY2026) - Consolidated Analysis

FISCAL YEAR	KEY EXPORT INITIATIVES	STRATEGIC FRAMEWORK	BUDGET ALLOCATION/TARGET
FY2019	Customs duty abolition on 36 capital goods	Make in India, Manufacturing Competitiveness	Agriculture Export: USD 30B to USD 60B by 2022
FY2020	NIRVIK scheme with 90% insurance cover	Assemble in India for the World, GVC Integration	Export target: 3.5% market share by 2025
FY2021	RoDTEP scheme for digital refunds	Atmanirbhar Bharat, Zero Defect Manufacturing	Rs 27,300 crore for Industry & Commerce
FY2022	PLI schemes: Rs 1.97 lakh crore for 13 sectors	Global Value Chain Integration, Local Goes Global	\$400 billion merchandise exports achieved
FY2023	SEZ Act replacement with new legislation	Infrastructure-Led Growth, Green Growth	Rs 10 lakh crore infrastructure investment
FY2024	Customs duty rates reduced from 21 to 13	Green Mobility, Digital Agriculture, E-commerce Exports	Overall exports: USD 776.68 billion in FY24
FY2025	BharatTradeNet digital platform announced	Digital Transformation, Global Supply Chain Integration	Export Promotion Mission: Rs 2,250 crore
FY2026	Export Promotion Mission operationalized	Comprehensive Mission Approach, MSME Focus	Rs 25,060 crore (FY26-FY31)

Key Insights

Evolution of Export Policy Framework (FY2019-FY2026)

The Union Government's approach to export promotion evolved significantly over eight fiscal years, transitioning from fragmented sectoral schemes to a comprehensive, mission-based framework. The journey began with **manufacturing competitiveness measures in FY2019** and culminated in the **Export Promotion Mission with Rs 25,060 crore outlay in FY2026**.

Phase 1: Foundation Building (FY2019-FY2020)

- FY2019 focused on structural reforms including abolition of duties on 36 capital goods and single-point approval under Section 65 of Customs Act

- Introduction of comprehensive digitalization of export/import transactions and RFID technology for logistics
- FY2020 introduced the strategic framework of "Assemble in India for the World" with target to raise export market share to 3.5% by 2025
- Launch of NIRVIK scheme providing insurance cover up to 90% of principal and interest
- Districts as Export Hub initiative to convert each district into an export hub

Phase 2: Atmanirbhar Pivot (FY2021-FY2022)

- FY2021 marked shift to "Atmanirbhar Bharat" philosophy with emphasis on self-reliance while boosting exports
- Introduction of RoDTEP scheme for digital refund of duties and taxes at Central, State and local levels
- Launch of National Technical Textiles Mission with Rs 1,480 crore outlay
- FY2022 witnessed transformational PLI schemes for 13 sectors with Rs 1.97 lakh crore outlay
- Historic achievement of \$400 billion merchandise exports for the first time, 9 days ahead of schedule
- Comprehensive customs duty rationalization with review of more than 400 old exemptions

Phase 3: Infrastructure and Green Growth (FY2023-FY2024)

- FY2023 announced replacement of SEZ Act with new legislation for Development of Enterprise and Service Hubs
- Infrastructure investment scaled to Rs 10 lakh crore to create enabling ecosystem
- FY2024 further simplified customs duty structure from 21 to 13 basic customs duty rates
- Green growth emerged as priority with customs duty exemption on capital goods for lithium-ion cell manufacturing
- Expansion of RoDTEP to AA holders, EOUs and SEZ units, covering approximately 25% of India's exports
- Overall exports reached new high with services exports at USD 341.1 billion in FY24

Phase 4: Digital Transformation and Mission Mode (FY2025-FY2026)

- FY2025 positioned exports as one of four powerful engines alongside Agriculture, MSME, and Investment
- Announcement of BharatTradeNet as unified digital public infrastructure for trade documentation and financing
- Introduction of National Framework for Global Capability Centres in emerging Tier 2 cities
- FY2026 operationalized Export Promotion Mission with Rs 25,060 crore outlay for FY26-FY31
- Mission consolidated fragmented schemes into two integrated sub-schemes: NIRYAT PROTSAHAN (financial enablers) and NIRYAT DISHA (non-financial enablers)
- Further customs simplification to only 8 tariff rates including zero rate
- Launch of Market Access Support Intervention with mandatory 35% MSME participation

Priority Sectors and Policy Instruments

Consistently Supported Sectors Across All Budget Periods

- **Textiles and Apparel:** Received support through RoSCTL scheme since March 2019, Technical Textiles Mission with Rs 1,480 crore, and priority status under Export Promotion Mission
- **Engineering Goods:** Benefited from 45.5% growth in 2021-22 and continued support through customs duty rationalization
- **Electronics and Mobile Manufacturing:** Transformed through PLI schemes with production increasing from 5.8 crore units in 2014-15 to 31 crore units valued at Rs 2,75,000 crore
- **Pharmaceuticals and Chemicals:** Supported through PLI schemes for APIs and Drug Intermediaries
- **Agriculture and Allied Products:** Comprehensive support through Agriculture Export Policy aiming to double India's share in world agri exports

Emerging Priority Sectors (FY2023-FY2026)

- **Lab Grown Diamonds:** Duty on seeds reduced from 5% to 0% in FY2024
- **Green Mobility and EVs:** Customs duty exemption on capital goods for lithium-ion cell manufacturing
- **Maritime and Shipbuilding:** Maritime Development Fund with Rs 25,000 crore corpus in FY2026
- **Global Capability Centres:** National Framework for promoting GCCs in Tier 2 cities

Key Policy Instruments and Their Evolution

Financial Support Mechanisms

- **Interest Equalization Scheme:** Extended multiple times with 3% subvention for MSME manufacturing exporters and 2% for merchant exporters on 410 HS lines
- **Export Credit Insurance:** Enhanced from average 60% to 90% coverage under NIRVIK scheme, further strengthened through Credit Guarantee Scheme with Rs 20,000 crore coverage
- **Duty Remission:** RoDTEP provided support of Rs 42,000 crore to more than 10,500 export items since inception

Infrastructure and Digital Enablers

- **Trade Infrastructure:** TIES scheme with 27 export infrastructure projects approved since April 2019
- **Digital Platforms:** Evolution from basic digitalization to BharatTradeNet as comprehensive DPI integrated with Aadhaar, DigiLocker, and UPI
- **Logistics:** 100 critical transport infrastructure projects with Rs 75,000 crore investment

Regulatory Simplification

- **Customs Rationalization:** Progressive reduction from 21 tariff rates (FY2023) to 8 tariff rates in FY2026
- **Compliance Reduction:** Over 42,000 compliances removed and 3,700 legal provisions decriminalized since 2014
- **Time Extensions:** End-use fulfillment period extended from 6 months to 1 year with quarterly reporting

Export Performance Outcomes

Merchandise Exports Trajectory

- FY2019: USD 313.36 billion
- FY2022: USD 417.8 billion (historic \$400 billion milestone achieved)
- FY2024: Overall exports surpassed FY23 record, growing by 0.23%

Services Exports Growth

- FY2024: Services exports reached new high of USD 341.1 billion
- Identification of 12 Champion Services Sectors for focused promotion

Sector-Specific Success Stories

- **Smartphones:** India became world's 6th largest smartphone exporter in 2022 from 23rd in 2014
- **Electronics:** CAGR of 16.19% in production and 35.7% in exports from FY18 to FY23
- **Agriculture:** 6.04% rise during Apr 22-Jan 23 to USD 43.37 billion

Companies Most Exposed to Export Policy Direction

Direct Beneficiaries of Export Promotion Mission

- **Textiles:** Welspun India, Trident Limited, Vardhman Textiles, Arvind Limited, Raymond Limited
- **Leather and Footwear:** Relaxo Footwears, Bata India, Liberty Shoes, Mirza International (benefit from zero export duty on crust leather)
- **Gems and Jewellery:** Titan Company, Kalyan Jewellers (priority sector under EPM)
- **Engineering Goods:** Larsen & Toubro, Bharat Forge, Thermax, Cummins India
- **Marine Products:** Avanti Feeds, Waterbase Limited, Apex Frozen Foods (benefit from reduced BCD on Surimi and fish hydrolysate)

PLI Scheme Beneficiaries

- **Electronics:** Dixon Technologies, Amber Enterprises (benefit from PLI schemes with 733 applications approved)
- **Pharmaceuticals:** Sun Pharmaceutical, Dr. Reddy's Laboratories, Cipla, Lupin, Aurobindo Pharma
- **Automobiles:** Maruti Suzuki, Tata Motors, Mahindra & Mahindra, Bajaj Auto, Motherson Sumi Systems

Infrastructure and Capital Goods

- Larsen & Toubro, BHEL, Siemens India, ABB India (benefit from capital expenditure of Rs 10.18 lakh crore)

Strategic Shifts and Future Direction

From Fragmentation to Integration

The most significant strategic shift occurred in FY2026 with the **Export Promotion Mission consolidating multiple fragmented schemes into a single, outcome-based, adaptive mechanism**. This marked a departure from scheme-specific approaches to a comprehensive mission mode with sectoral and ministerial targets.

MSME and First-Time Exporter Focus

The Export Promotion Mission specifically targets **MSMEs**

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