



## Export Preparedness Index 2021: NITI Aayog

**For Prelims:** Export Preparedness Index, NITI Aayog, Components of Gross Domestic Product

**For Mains:** Government Policies & Interventions, Mobilisation of Resources, Export for achieving rapid growth in the economic growth rate, challenges and way forward to issues of export promotion

### Why in News?

**Gujarat has been named India's top State** in terms of export preparedness for the **second year** in a row as per the [Export Preparedness Index \(EPI\) 2021](#) released by the [NITI Aayog](#).

- **Maharashtra, Karnataka, Tamil Nadu were ranked second, third and fourth** in the index, as coastal States with higher industrial activity and access to sea ports account for a majority of India's exports.

### What is the Export Preparedness Index(EPI)?

- **Aim:** To identify challenges and opportunities, enhance the effectiveness of government policies and encourage a facilitative regulatory framework for export.
- The index entails **four pillars, eleven sub pillars and sixty indicators** and covers across 28 states and 8 UTs.
- **Four Pillars:**
  - **Policy:** A comprehensive trade policy providing a strategic direction for exports and imports.
  - **Business Ecosystem:** An efficient business ecosystem helping states attract investments and create an enabling infrastructure for individuals to initiate start-ups.
  - **Export Ecosystem:** Assess the business environment, which is specific to exports.
  - **Export Performance:** This is the only output-based parameter and **examines the reach of export footprints** of States and Union Territories.
- **Eleven Sub-pillars:**
  - The index also took into **consideration 11 sub-pillars** - export promotion policy, institutional framework, business environment, infrastructure, transport connectivity, access to finance, export infrastructure, trade support, R&D infrastructure, export diversification, and growth orientation.
- **Features of Index:** The EPI is **a data-driven effort to identify the core areas crucial for export promotion at the sub-national level** (states and union territories).
  - It explores and highlights India's export potential by examining the different contributions made by each state and union territories
- **Performance of Indian States/UTs:**

Himalayan		
State	Score	Rank
Uttarakhand	40.79	1
Himachal Pradesh	40.43	2
Tripura	27.46	3
Sikkim	27.41	4
Manipur	15.78	5

Coastal		
State	Score	Rank
Gujarat	78.86	1
Maharashtra	77.14	2
Karnataka	61.72	3
Tamil Nadu	56.84	4
Andhra Pradesh	50.39	5

Landlocked		
State	Score	Rank
Haryana	53.20	1
Uttar Pradesh	51.09	2
Madhya Pradesh	51.03	3
Punjab	50.99	4
Telangana	47.92	5

UT/City States		
State	Score	Rank
Delhi	43.66	1
Goa	41.95	2
Jammu and Kashmir	30.06	3
Chandigarh	28.41	4
Puducherry	22.19	5

## What is the Significance of Export Preparedness Index(EPI) ?

- **Examines the Export Performance of States and UTs:** It aims to examine the export performance and the export readiness of the states and union territories.
  - The idea behind the index is **to create a benchmark to rank these states and UTs to help them individually promote a conducive export environment** in the region.
- **Helps in Identifying Obstacles to Export:** The index is an **essential tool for policymakers and exporters** to identify the drivers and obstacles, and examine the same to strategize a viable export map for the state.
- **A guide to State Government:** The Index would be a helpful guide for the state governments to benchmark regional performance with respect to export promotion and thus deliver key policy insights on how to improve and enhance the exports.
- **Instil Competition Among States:** Its primary goal is to **instil competition among all Indian states** ('Coastal', 'Landlocked', 'Himalayan', and 'UTs/City-States') to bring about favourable export-promotion policies, ease the regulatory framework to prompt subnational export promotion, create the necessary infrastructure for exports, and assist in identifying strategic recommendations for improving export competitiveness.

## What are the Challenges to Indian Exports?

- The EPI identifies **three major challenges** to India's export promotion efforts.
  - Intra- and inter-regional differences in export infrastructure,
  - Weak trade support and growth orientation across States,
  - Lack of R&D infrastructure to promote complex and unique exports.

## What EPI Says About Indian Export?

- **Export Drives Indian Economy:**
  - **Gross Domestic Product (GDP)** = Consumption + Investment + Government Expenditure + **(Exports - Imports)**.
  - Thus, **export is an essential component to increase the GDP values.**
  - Export is an inalienable component of India's economic growth as **exports have been contributing roughly 20% on average to the GDP of India for the past decade**

- **Recovery From Covid-19:** The [Covid-19 pandemic](#) upended the existing economic structures and exposed the fragility of global trade and economy.
  - After two years of the Covid-19 pandemic, **the recovery from adverse effects on economies is still far from achieved.**
  - However, **India has shown great resilience in exports and achieved record high growth.** India has been showing positive statistics in exports since the beginning of FY 2021-22 and in December 2021 India achieved the highest ever export of 37 billion USD, a **37% jump over December 2020.**



- **Suggestion to Increase Export:**
  - **Export Infrastructure and Market Concentration:** For better export performance, it is necessary to invest in developing reliable and efficient export infrastructure, which will help in cost reduction and improve efficiency in the supply of exports
  - **Need for export diversification:** It plays an important role in achieving stability and growth in the export sector.
  - **Emphasis on key strategies** like a development of export infrastructure, strengthening industry-academia linkages and creating state-level engagements for economic diplomacy to address the challenges in exports.
  - **The private sector** can also play an important role in export promotion.

### UPSC Civil Services Examination, Previous Year Questions (PYQs)

**Q. The SEZ Act, 2005 which came into effect in February 2006 has certain objectives. In this context, consider the following: (2010)**

1. Development of infrastructure facilities.
2. Promotion of investment from foreign sources.
3. Promotion of exports of services only.

Which of the above are the objectives of this Act?

- (a) 1 and 2 only
- (b) 3 only
- (c) 2 and 3 only

(d) 1, 2 and 3

**Ans: (a)**

**[Source:PIB](#)**

PDF Refernece URL: <https://www.drishtias.com/printpdf/export-preparedness-index-2021-niti-aayog>