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**EDITORIAL ANALYSIS**

# India's Export Preparedness — What the EPI 2024 Rankings Reveal About the USD 1 Trillion Trade Goal

 MINT

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MAINS RELEVANCE:

GS Paper 3



## INTERVIEW ANGLE

"NITI Aayog's Export Preparedness Index 2024 ranked Maharashtra first for the third consecutive year. What does this reveal about India's export potential and the structural gaps preventing smaller states from participating? Can India realistically achieve USD 1 trillion in merchandise exports by 2030?"

## WHY IN NEWS

NITI Aayog released the 4th edition of the Export Preparedness Index (EPI) 2024, ranking states and UTs on their readiness to participate in global trade. Maharashtra topped large states for the third consecutive time, while Uttarakhand led small states — reinforcing a persistent geographic and structural divide in India's export capacity.

## WHAT THE EPI IS — AND WHAT IT IS NOT

The Export Preparedness Index is not a trade ranking. It does not directly measure how much each state exports. It measures **readiness** — the quality of infrastructure, regulatory environment, business ecosystem, and governance that would allow a state to export more if it developed the will and capacity to do so.

This distinction matters for interpretation. A state can score high on EPI and still export relatively little (if its businesses are not yet internationally oriented), and a state can export large volumes despite a mediocre EPI score (if it has one dominant sector with dedicated export infrastructure, like a large port). EPI is a diagnostic tool for identifying where policy intervention would most accelerate export growth.

### The four-pillar framework:

**Export Infrastructure (20%):** Port capacity, air cargo, multimodal connectivity, logistics parks, cold chain, SEZs, warehousing

**Business Ecosystem (40%):** EODB, financial access for exporters, industry clustering, MSME presence, private sector dynamism

**Policy & Governance (20%):** State export policy existence, institutional mechanisms (export councils, trade promotion bodies), single-window clearance, regulatory efficiency

**Export Performance (20%):** Actual export quantum and diversification, share of non-commodity exports, growth trajectory

The 40% weight on Business Ecosystem reflects a deliberate conceptual choice: NITI Aayog recognises that infrastructure is necessary but not sufficient for export competitiveness. A port without manufacturers to use it is infrastructure waste.

## MAHARASHTRA'S DOMINANCE — STRUCTURAL ADVANTAGE OR POLICY SUCCESS?

Maharashtra's three-time EPI championship is real but not straightforwardly a policy success story — it is substantially structural. Maharashtra hosts:

**JNPT (Jawaharlal Nehru Port Trust)** — India's largest container port by volume (~56% of India's containerised cargo)

**Mumbai and Pune industrial clusters** — India's largest concentrations of pharmaceuticals, chemicals, engineering, electronics, and automotive manufacturing

**SEEPZ SEZ (Santacruz Electronics Export Processing Zone)** — one of India's oldest and most productive SEZs by export value per hectare

**Financial infrastructure** — headquarters of India's major banks, insurance companies, and export-finance institutions (EXIM Bank, ECGC)

A state inheriting this concentration of port, manufacturing, and financial infrastructure would score well on EPI regardless of governance quality. Maharashtra's EPI score reflects decades of investment accumulation, not a recent policy pivot.

**The relevant question is not why Maharashtra tops the EPI, but why other large states do not close the gap.** Uttar Pradesh, Madhya Pradesh, and Rajasthan — large states with substantial agricultural and artisanal production potential — score significantly below Maharashtra, Tamil Nadu, and Gujarat. The gap is structural: inland states without port access pay a “distance penalty” in logistics costs that fundamentally constrains their export competitiveness regardless of governance quality.

## THE USD 1 TRILLION TARGET — AMBITION MEETS ARITHMETIC

India's merchandise exports in FY 2024-25 were approximately **USD 437 billion** — a respectable but insufficient level for an economy aspiring to USD 1 trillion by 2030. Reaching USD 1 trillion in five years requires **CAGR of approximately 18%**, sustained across a challenging global trade environment characterised by:

**Demand headwinds:** The US and EU — India's two largest export markets — face slower growth, rising protectionism (US tariff escalation, EU CBAM), and onshoring pressures. India cannot simply grow exports by selling more of the same products to the same markets.

**Structural composition problems:** India's export basket is dominated by petroleum products (refinery re-exports), gems and jewellery, pharmaceuticals, and chemicals. High-value manufacturing exports — electronics, capital goods, complex engineering — remain underdeveloped relative to India's economic size. China's electronics exports alone exceed India's total merchandise exports.

**The PLI opportunity:** The Production-Linked Incentive scheme, launched in 2020–21 across 14 sectors, is the most significant structural intervention to shift India's export basket toward manufactured goods. Electronics PLI, in particular, has begun to bear fruit: Apple's India production (via Foxconn and Tata) is now a genuine export contributor. But PLI benefits accrue primarily to states with existing industrial infrastructure — Maharashtra, Tamil Nadu, Karnataka — rather than resolving the spatial concentration problem.

## THE STATE-LEVEL TRADE POLICY GAP

One of EPI's most important findings concerns **state export policy existence**. Remarkably, a significant number of Indian states still do not have a dedicated state export policy — a document articulating which sectors the state intends to promote for export, what incentives exporters receive, and which institutional mechanism (state export council, industries department export cell) coordinates implementation.

The absence of state export policies is not trivial. In India's federal structure, many of the most relevant levers for export promotion are state subjects: land acquisition, electricity tariff and reliability, water access, factory approvals, labour regulation implementation (before the Labour Codes are fully operationalised), and road/rail connectivity within the state. A central government scheme for export promotion cannot substitute for a state that has not decided to make export growth a priority.

## UPSC RELEVANCE

**Prelims:** EPI 2024 (4th edition; NITI Aayog; Maharashtra #1 large states; 4 pillars; 70 indicators); JNPT (largest container port; Navi Mumbai); EXIM Bank (Export-Import Bank of India; established 1982; Ministry of Finance); ECGC (Export Credit Guarantee Corporation; provides credit risk insurance for Indian exporters);

PLI scheme (14 sectors; launched 2020-21); India's merchandise exports FY 2024-25 (~USD 437 billion); target USD 1 trillion by 2030.

**Mains GS-3:** India's export strategy — structural constraints vs policy gaps; PLI scheme and manufacturing exports; India's trade composition and competitiveness; CBAM (EU Carbon Border Adjustment Mechanism) impact on Indian exports; role of states in export promotion; logistics cost as export barrier; agriculture exports and NTBs.

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## ★ FACTS CORNER — KNOWLEDGEPEDIA

### EXPORT PREPAREDNESS INDEX (EPI) 2024:

Publisher: NITI Aayog (4th edition; first published 2020)

Framework: 4 pillars × 13 sub-pillars × 70 indicators

Pillar weights: Business Ecosystem (40%), Export Infrastructure (20%), Policy & Governance (20%), Export Performance (20%)

Large States top 5: Maharashtra (#1), Tamil Nadu, Gujarat, Uttar Pradesh, Andhra Pradesh

Small States/UTs leaders: Uttarakhand, J&K, Nagaland

### INDIA'S EXPORT TARGETS:

FY 2024-25 merchandise exports: ~USD 437 billion

Target: USD 1 trillion merchandise exports by 2030

FY 2024-25 services exports: ~USD 340 billion (India is world's 7th largest services exporter)

Combined goods + services: ~USD 777 billion (FY 2024-25)

### KEY EXPORT INFRASTRUCTURE:

JNPT: Jawaharlal Nehru Port Trust; Navi Mumbai; largest container port in India (~56% of containerised cargo)

Other major ports: Mundra (Gujarat; Adani; largest private port), Paradip (Odisha), Visakhapatnam (AP)

SEZs: 271 operational SEZs in India; ~5,600 units; ~10% of India's total exports

### PLI SCHEME:

Full name: Production-Linked Incentive Scheme

Launched: FY 2020-21; 14 sectors; total outlay ~Rs 1.97 lakh crore

Key sectors: Mobile phones & electronics (#1 by outlay), pharmaceuticals, medical devices, textiles, food processing, automotive, solar panels, white goods, specialty steel

Apple/Foxconn/Tata Electronics India: major beneficiaries; India now produces >10% of global iPhones

### EXPORT FINANCE INSTITUTIONS:

EXIM Bank: Export-Import Bank of India; established 1982; provides lines of credit to foreign governments to buy Indian goods

ECGC: Export Credit Guarantee Corporation; insures Indian exporters against payment default risk; ~Rs 3.5 lakh crore cover outstanding

EDFC: Dedicated Freight Corridor (Eastern + Western) — reduces logistics time for exports from hinterland to ports

### OTHER RELEVANT FACTS:

National Logistics Policy 2022: target logistics cost reduction to <8% of GDP (from ~13-14%)

As of 2026, India's logistics costs ~8% of GDP (reduced); global benchmark: ~8-10%

CBAM (EU Carbon Border Adjustment Mechanism): applies from January 2026; covers steel, aluminium, cement, fertilisers, electricity, hydrogen — sectors where India exports to EU

Sources: NITI Aayog, Mint, DPIIT, PIB



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