

INDIA'S EXPORT GROWTH ON A STABLE MOMENTUM: ONE DISTRICT ONE PRODUCT – DISTRICT EXPORT HUB INITIATIVE HAS USHERED IN NEARLY 4 TIMES JUMP IN EXPORTS ON AN AVERAGE ACROSS STATES SINCE FY19Issue No. 39, FY23
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India's merchandise exports touched a record \$420 billion in FY22. In FY23, exports have so far recorded \$229 bn in H1FY23 and at this rate, India's exports are on par to overtake \$420 bn in current fiscal. Various factors such as exports of finished or intermediate goods, push from Production Linked Incentives scheme, and multi-year high commodity and food prices are contributing to this export growth. For example, Government of India's consistent and concerted endeavours to usher in reforms for boosting agricultural exports have been highly fruitful and currently showing results. India's agricultural exports rose remarkably despite COVID-19 and crossed the \$50 billion mark in FY22. Efforts are being made to expand India's agri-export basket and promote export of products unique to India.

The present Foreign Trade Policy which came into force on 1st April 2015, was for 5 years and has been further extended by 6 months upto 31st March, 2023. Implementation of new Foreign Trade Policy has been deferred due to prevailing, volatile global economic and geo-political situation. It is expected that new foreign trade policy, will provide the rates and conditions of the WTO compliant RoDTEP scheme, launched on January 1, 2020 replacing MEIS. It is also expected that new FTP will add new chapters/sections on easy credit access, R&D services exports, e-commerce exports, infrastructure upgradation and digitisation through District Export Hub Scheme.

Government of India is implementing the Trade Infrastructure for Export Scheme (TIES) w.e.f. FY18 with the objective of assisting Central and State Government agencies in the creation of infrastructure for growth of exports. **Government of India is on the right path for targeting massive export growth with the launch of new logistics policy and One District One Product – District Export Hub (ODOP-DEH) initiative.** New logistics policy aims at reducing logistics cost in India, improve the Logistics Performance Index ranking to be among top 25 countries by 2030, and create data driven decision support mechanism. **As compared to disbursement of only around 200 crore in 17 states under TEIS scheme for trade infrastructure projects during March 2019 – July 2022, ODOP-DEH looks more promising with the massive expected injection of funds for selected districts in phase 1 for strategic interventions for boosting exports.**

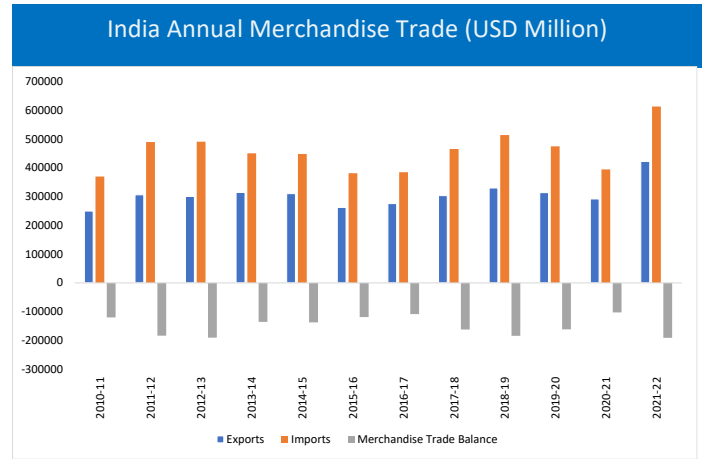
ODOP– DEH is a transformational step towards realizing the true potential of a district, fuelling economic growth, generating employment and rural entrepreneurship, aimed at fostering balanced regional development across all districts of the country enabling holistic socio-economic growth across all regions, enabling MSMEs, farmers and small industries to get benefit of export opportunities in the overseas markets. Interventions under ODOP-DEH are proposed in the form of institutional and strategic measures. **Under ODOP-DEH, Products/Services with export potential have been identified in 733 Districts across the country Including Agricultural & Toy clusters and GI products in these Districts. Toy manufacturing clusters have been identified in 12 Districts.**

With the introduction of ODOP-DEH in FY20, exports have seen tremendous increase in nearly all states. Exports of Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Sikkim, Telangana, Uttar Pradesh and West Bengal have increased more than thrice since the introduction of ODOP-DEH initiative. These states include all top 10 states with export preparedness except Tamil Nadu whose export increased more than twice.

However, so far, services identified for export promotion are not large and only pertain to Tourism, IT/ITES. Indian Economy is service based and around 55% of GDP coming from service sector, Services Exports may be given more prominent place under ODOP-DEH. Focus of ODOP-DEH on GI products is good however it can also focus more on capitalizing on raw materials and intermediate goods for integrating in Global Value Chains. India should capitalize on the "China+1" strategy, along with avoiding of protectionism and corrections of inverted duty structures for boosting export competitiveness of India's Economy. **Furthermore, progress result of District level Export indicators has to be published on monthly/quarterly basis in comparison with baseline data of September 2020.**

TRADE SCENARIO INDIA

- ◆ India’s merchandise exports touched a record \$420 billion in FY22. It took the country a decade to incrementally add another \$100 billion (\$300 billion mark was touched in FY12) as against reaching \$200 billion from \$100 billion in only 5 years (FY06 to FY11). Various factors such as exports of finished or intermediate goods, push from Production Linked Incentives scheme, and multi-year high commodity and food prices contributed to this achievement.
- ◆ The top 10 essential commodity groups – engineering goods, petroleum products, gems and jewellery, organic and inorganic chemicals, pharmaceuticals and drugs, electronic products, ready-made garments (RMG) of all textiles, cotton yarn, plastic, and linoleum and rice – accounted for 81% of total exports in FY22.
- ◆ Government of India’s consistent and concerted endeavours to usher in reforms for boosting agricultural exports have been highly fruitful and is currently showing results. India’s agricultural exports rose remarkably despite COVID-19 and crossed the \$50 billion mark in FY22. Efforts are being made to expand India’s agri-export basket and promote export of products unique to India.
- ◆ The present Foreign Trade Policy which came into force on 1st April 2015, was for 5 years and has been further extended by 6 months upto 31st March, 2023. Implementation of new Foreign Trade Policy has been deferred due to prevailing, volatile global economic and geo-political situation.
- ◆ It is expected that new foreign trade policy, will provide the rates and conditions of the WTO compliant RoDTEP scheme, launched on January 1, 2020 replacing MEIS. It is also expected that new FTP will add new chapters/sections on easy credit access, R&D services exports, e-commerce exports, infrastructure upgradation and digitisation through District Export Hub Scheme.
- ◆ India needs to invest in upgrading export infrastructure such as ports, warehouses, quality testing and certification centres to stay ahead of technology-advanced countries such as China.
- ◆ Niti Aayog’s Export Preparedness Index ranks Gujarat, Maharashtra, Karnataka, Tamil Nadu and Haryana as top 5 states in terms of Export preparedness index.
- ◆ Government of India is implementing the Trade Infrastructure for Export Scheme (TIES) w.e.f. FY18 with the objective of assisting Central and State Government agencies in the creation of infrastructure for growth of exports.

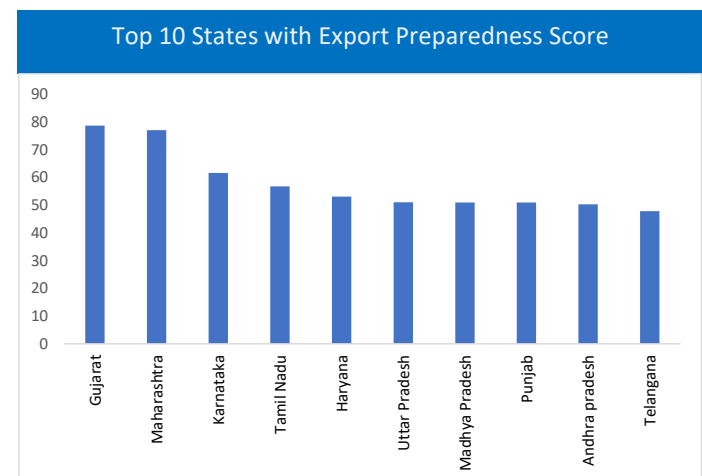


Source: DGCIS, SBI Research

Major Commodity groups of Exports (USD Billion)

Commodity Groups	2021-22	2020-21
Engineering Goods	111.6	76.7
Petroleum Products	65	25.8
Gems and Jewellery	38.9	26
Organic and Inorganic chemicals	29.2	22.1
Drugs and Pharmaceuticals	24.5	24.4
RMG of All Textiles	15.9	12.3
Electronic Goods	15.6	11.1
Cotton Yarn	15.2	9.8
Plastic and Linoleum	9.8	7.5
Rice	9.6	8.8
Other Commodities	82.3	67.2

Source: IBEF, SBI research



Source: Niti Aayog, SBI Research

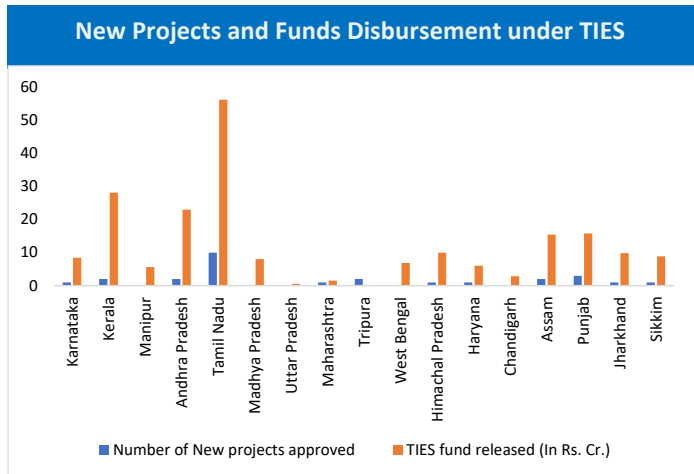
- ◆ Infrastructure projects with significant export linkages like border haats, land customs stations, quality testing and certification labs, cold chains, trade promotion centres, export warehousing and packaging, SEZs and ports/airports cargo terminuses are financed under TIES scheme. With 27 new projects sanctioned and disbursement of 206.904 crore during March 2019 – July 2022, TIES is a good scheme however this is not enough to compete with countries like china.

NEW INITIATIVES FOR EXPORT GROWTH

- ◆ Government of India is on the right path for targeting massive export growth with the launch of new logistics policy and One District One Product – District Export Hub (ODOP-DEH) initiative.
- ◆ New logistics policy aims at reducing logistics cost in India, improve the Logistics Performance Index ranking to be among top 25 countries by 2030, and create data driven decision support mechanism.
- ◆ As compared to disbursement of only around 200 crore in 17 states under TEIS scheme for trade infrastructure projects during March 2019 – July 2022, ODOP-DEH looks more promising with the massive expected injection of funds for selected districts in phase 1 for strategic interventions for boosting exports.

ONE DISTRICT ONE PRODUCT – DISTRICT EXPORT HUB (ODOP-DEH) INITIATIVE

- ◆ ODOP– DEH is a transformational step towards realizing the true potential of a district, fueling economic growth, generating employment and rural entrepreneurship, aimed at fostering balanced regional development across all districts of the country enabling holistic socio-economic growth across all regions, enabling MSMEs, farmers and small industries to get benefit of export opportunities in the overseas markets and shift focus on District led Export Growth for self-sufficiency and self-reliance.
- ◆ Interventions under ODOP-DEH are proposed in the form of institutional and strategic measures. Institutional interventions are in the form of bottom- up approach of involving all district machinery in preparation of Export Action plan with measurable targets in comparison with baseline scenario. Strategic interventions include Infrastructure and logistics support, E-Commerce/Marketing/Branding, Skill Development/ Training/ Testing facilities, Research and Development/Technology Upgradation.
- ◆ Under ODOP-DEH, Products/Services with export potential have been identified in 733 Districts across the country including Agricultural & Toy clusters and GI products in these Districts. Toy manufacturing clusters have been identified in 12 Districts.



Source: PIB, SBI Research

Toy Clusters identified for Export Promotion under ODOP-DEH	
Andhra Pradesh	Krishna - Kondapalli Toys Visakhapatnam - Etikoppakka Toys
Assam	Dhubri - Terracota Toys
Karnataka	Koppal - Kinhal Toys Ramanagara - Lacquer Toys
Madhya Pradesh	Indore – Leather Toys
Manipur	Bisnupur - Toys and Dolls Imphal east - Toys and Dolls Imphal west - Toys and Dolls
Rajasthan	Jaipur – Toys
Telangana	Nirmal - Nirmal Toys
Uttar Pradesh	Chitrakoot - Wooden Toys

Source: Export Hub Portal, SBI research

PROGRESS OF ODOP-DEH IN BOOSTING INDIA'S EXPORTS

- ◆ With the introduction of ODOP-DEH in FY20, exports have seen tremendous increase in nearly all states. Exports of Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Sikkim, Telangana, Uttar Pradesh and West Bengal have increased more than thrice since the introduction of ODOP-DEH initiative.
- ◆ These states include all top 10 states with export preparedness except Tamil Nadu whose export increased more than twice.
- ◆ It may be inferred that states with export infrastructure and export preparedness are capturing the momentum provided by ODOP-DEH initiative.
- ◆ So far, services identified for export promotion are very few and only pertain to Tourism, IT/ITES. Indian Economy is service based and around 55% of GDP coming from service sector, Services Exports should be given more prominent place under ODOP-DEH.
- ◆ Countries such as Japan, China, South Korea, Singapore have integrated well in the Global value Chains (GVC) achieve continuous export led economic growth.
- ◆ Focus of ODOP-DEH on GI products is good however it can additionally focus more on capitalizing on raw materials and intermediate goods for integrating in Global Value Chains.
- ◆ India should capitalize on the “China+1” strategy, along with avoiding of protectionism and corrections of inverted duty structures for boosting export competitiveness of India’s Economy.
- ◆ Progress result of District level Export indicators may be published on monthly/quarterly basis in comparison with baseline data of September 2020.

State wise Exports (USD Million)				
State	2018-19	2019-20	2020-21	2021-22
Andhra Pradesh	4644	14788	9229	19312
Bihar	57	1661	780	2309
Chhattisgarh	298	1279	1426	3389
Goa	889	2000	1355	2433
Gujarat	27159	63440	36573	126805
Haryana	3750	12056	6876	15550
Himachal Pradesh	395	1393	1012	2147
Jharkhand	396	1168	1000	2449
Karnataka	5898	16642	8927	25875
Kerala	4103	10147	2398	4578
Madhya Pradesh	2119	5318	3825	7835
Maharashtra	22986	64915	34019	73120
Punjab	1830	5606	3202	7096
Rajasthan	2193	6630	3979	9655
Tamil Nadu	12033	30015	16079	35169
Uttar Pradesh	4958	16989	9967	21034
Uttarakhand	958	2280	1241	1934
West Bengal	3583	9491	5187	13895

Source: DGCIS EXIM Analytics Portal, SBI Research

Services identified for Export Promotion under ODOP-DEH	
Bihar	Tourism
Goa	Tourism
Gujarat	Tourism
Haryana	Tourism
Himachal Pradesh	Tourism
Jharkhand	Tourism, BPO
Karnataka	Tourism, Hospital/Health/Welness, Educational Services, Engineering Services, Global Research and Development, IT/ITES
Punjab	Tourism, IT
Rajasthan	Tourism, Services Export
Tamil Nadu	Tourism, Software Services
Telangana	Religious Tourism
Uttar Pradesh	Religious Tourism
Uttarakhand	Tourism
West Bengal	Tourism, IT/ITES

Source: Export Hub Portal, SBI Research

GI Products/Clusters identified for Export Promotion under ODOP- DEH	
Andhra Pradesh	Andhra Pradesh Leather Puppetry, Dharmavaram Handloom Pattu Sarees And Paavadas, Srikalahasthi Kalamkari, Tirupathi Laddu, Uppada Jamdani Sarees, Guntur Sannam Chilli, Bobbili Veena
Assam	Assam Karbi Anglong Ginger
Bihar	Bhagalpur Silk, Bhagalpuri Zardalu, Madhubani Painting, Shahi Litchi of Bihar
Goa	Khola Chilli, Feni
Gujarat	Kutch Embroidery, Kutch shawls, Patan, Patola, RajKot Patola, Surat Zari Craft
Himachal Pradesh	Chamba Rumal, Kangra Tea, Kangra Paintings, Kinnauri Shawl, Kullu Shawl, Himachali Chulli Oil
Karnataka	Kolhapuri Chapels, Bangalore Blue Grapes, Bangalore Rose Onion, Bidriware, Kamalapur banana, Chikmagalur Arabica Coffee, Molakalmur silk saree, Dharwad Pedha, Navalgund Carpets, Karnataka Kasuti, Coffee, Turdal, Coorg Madrin, Cardamom, Mysore Silk, Mysore Agarbathi, Mysore Rosewood Inlay, Mysore Sandalwood Oil, Mysore Sandal soap, Mysore Traditional Paintings, Mysore Betel leaf, Mysore Malligae, Ganjifa Cards of Mysore, Nanjangud Banana, Channapattana Toys and Dolls, Udupi Malligae, Udupi MattuGulla Brinjal, Udupi Sarees, Udupi jasmine
Kerala	Vazhakulam Pineapple, Chendamangalam Dhoties & Set Mundu, Pokkali Rice, Kaipad Rice, Marayoor Jaggery, Cannanore Home Furnishings, Payyannur Pavithra Ring, Nilambur Teak, Tirur Betel Leaf (Tirur Vettla), Palakkadan Matta Rice, Navara Rice, Maddalam of Palakkad, Wayanad Jeerakasala Rice, Wayanad Gandhakasala Rice, Wayanad Robusta Coffee
Madhya Pradesh	Leather Toys of Indore, Ratlami Sev, Bell Metal Ware of Datia and Tikamgarh
Maharashtra	Paithani Sarees and Fabrics, Marathwada Kesar Mango, Beed Custard Apple, Jalgaon Banana, Jalgaon Bharit Brinjal, Jalna Sweet Orange, Kolhapur Jaggery, Kolhapuri Chappal, Nagpur Orange, Nashik Grapes, Nashik Valley Wine, Lasalgaon Onion, Sindhudurg & Ratnagiri Kokum, Sangli Raisins, Sangli Turmeric, Mahabaleshwar Strawberry, Waghya Ghevada, Solapur Pomegranate, Solapur Chaddar, Solapur Terry Towel, Mangalwedha Jowar
Mizoram	Mizo Chilli
Nagaland	Naga Mircha
Odisha	Ganjam Kewda Root, Ganjam Kewda Flower, Kandhamal Turmeric, Pipli Applique Work, Sambalpuri Bandha Saree & Fabrics
Rajasthan	Bikaneri Bhujia, Blue Pottery of Jaipur, Kota Doria, Makrana Marble
Sikkim	Sikkim Large Cardamom
Tamil Nadu	Kovai Kora Cotton Sarees, Coimbatore Wet Grinder, Dindigul Locks, Sirumalai Hill Banana, Virupakshi Hill Banana, Kodaikanal Malai Poonducts, Handloom & Powerloom Products, Erode Manjal (Erode Turmeric), Kancheepuram Silk, Temple Jewellery of Nagarcoil, Eathomozhy tall coconut, Madurai Sungudi, Madurai Malli, Salem Fabric, Salem Silk known as Salem Venpattu, Chettinad Kottan, Thanjavur Paintings, Thanjavur Art Plate, Thanjavur Doll, Thanjavur Veenai, Thanjavur Pith Works, Swamimalai Bronze Icons, Toda Shawls, Pattamadai Pai
Telangana	Adilabad Dokra, Silver Filigree of Karimnagar, Nirmal Furniture, Nirmal Paintings, Warangal Durries
Tripura	Tripura Queen Pineapple
Uttar Pradesh	Agra Durrie, Hand Made Carpet, Khurja Pottery, Farrukhabad Prints, Firozabad Glass, Ghazipur Jute Wall hangings, Gorakhpur Terracota, Kalanamak Rice, Kannauj Perfume, Saddlery, Lucknow Chikan craft, Mango Malihabadi Dusseheri, Lucknow Zardozi, Meerut Scissors, Mirzapur Handmade Carpet, Moradabad Metal Craft, Saharanpur WoodCraft, Banaras Brocades and Sarees, Banaras Gulabi Meenakari Craft, Varanasi Wooden Lacquerware & Toys, Banaras Metal Repouse Craft, Varanasi Glass beads, Varanasi Soft Stone Jali Work
West Bengal	Bankura Panchmura Terracotta Craft, Bengal Patachitra, Joynagar Moya, Darjeeling Tea, Malda Laxman Bhog Mango, Malda Khirsapati (Himsagar) Mango, Malda Fazli Mango, Madur kathi, Bardhaman Sitabhog, Bardhaman Mihidana, Purulia Chau Mask
Chandigarh	Phulkari
Jammu & Kashmir	Kashmir Saffron, Kashmir Paper Machie, Kashmir Walnut Wood Carving, Kashmir Pashmina, Kashmiri Hand Knotted Carpet, Kashmir Sozani Craft
Ladakh	Kashmir Pashmina
Source: Export Hub Portal, SBI research	

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