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Swadeshi Market: An Answer To Us Trade Tarifs

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ABSTRACT:
The imposition of steep U.S. tariffs—raised to 50% in August 2025—has generated notable volatility in India's capital and export markets, particularly affecting sectors heavily dependent on American demand. India's benchmark indices, Sensex and Nifty, witnessed an immediate correction following the tariff announcement, accompanied by foreign investment outflows and a record depreciation of the rupee to ₹88.78 per U.S. dollar. Export-oriented industries such as textiles, leather, gems and jewellery, and automobiles reported significant declines in turnover, severely impacting MSMEs. In contrast, tariff-exempt sectors like pharmaceuticals, IT services, FMCG, electronics, and semiconductors showed resilience, reflecting India's relatively low dependence on U.S. exports, which account for only about 2–2.5% of GDP.

Despite external shocks, strong domestic consumption, supportive government policies, and a stable base of domestic investors have cushioned market volatility. India's efforts to safeguard its trade "red lines," as emphasized by the External Affairs Minister, underline the need for balanced and mutually respectful negotiations with the U.S. Amid these challenges, proactive state-level initiatives—particularly in Uttar Pradesh—demonstrate India's strategic shift toward market diversification and self-reliance. The new Export Promotion Policy 2025–30, ODOP initiatives, logistics support, financial incentives, and infrastructure expansion aim to strengthen local industries, empower artisans, and build a resilient export ecosystem. These domestic-focused, self-sustaining measures reflect the emergence of a *Swadeshi Market* capable of withstanding tariff pressures while advancing India's broader economic ambitions, including the vision of a $1-trillion state economy.

Key Words: 1. Swadeshi Market 2. Trade Tariff's 3. Technological Gaps 4. Multilateral Trade.

Introduction

U.S. tariffs have created volatility in India's capital market, particularly impacting export-heavy sectors, while a strong domestic economy and hopes for a new trade deal provide resilience
. In August 2025, President Donald Trump raised the total tariff burden on many Indian goods to 50%, citing geopolitical tensions and trade deficits. The Indian stock market initially corrected after the announcement but has since shown signs of stability.

Immediate market reactions

The tariffs caused a shock in the Indian capital market, with the Sensex and Nifty indices experiencing a correction.

- **Initial dip followed by rebound**: After the tariff news broke on August 7, 2025, the Sensex and Nifty saw an initial drop of around 1% but recovered significantly by the end of the trading session.
- **Foreign Investment Outflows**: Foreign Institutional Investors (FIIs) have pulled funds from the Indian equity market, adding to volatility and putting pressure on the rupee.
- **Rupee depreciation**: The Indian Rupee hit a record low of ₹88.78 per U.S. dollar in October 2025, driven by investor concerns over trade risks and inflation.

Impact on key sectors

The tariffs have created a mixed impact across different sectors of the Indian capital market.

Export-heavy sectors negatively impacted:

- **Textiles, Gems & Jewelry, and Leather**: These industries are among the hardest hit, with some exporters reporting a 50% drop in turnover. Stocks in these sectors have underperformed.
- **Automobiles & Auto Components**: Weaker demand from the U.S. and higher input costs are squeezing profit margins for auto and auto parts companies.
- **Small and Medium Enterprises (MSMEs)**: This sector is especially vulnerable due to its heavy involvement in affected industries and its limited ability to absorb the costs of tariffs.

Resilient and exempt sectors:

- **Pharmaceuticals**: This sector has remained largely exempt from the new tariffs and has attracted investors, with the Nifty Pharma Index gaining over 3% since August 2025.
- **IT Services and FMCG**: Firms in these sectors are relatively insulated from direct trade exposure and continue to attract investor interest.
- **Electronics and Semiconductors**: Like pharmaceuticals, these sectors have been exempt from the tariffs, preserving their role in the global supply chain.

Key factors providing resilience

Despite the volatility, India's capital market has shown strong underlying resilience due to domestic factors.

- **Domestic-driven economy**: A key reason the broader Indian market was not significantly rattled is its low dependence on exports. Analysts note that exports to the U.S. account for a modest 2–2.5% of India's GDP, which is less than many other Asian nations.
- **Strong domestic investor base**: Domestic investors have shown confidence in the local market by continuing to participate in IPOs and buying stocks during market dips, which helps stabilize markets.
- **Hope for a trade deal**: Reports of advancing trade talks between India and the U.S. have led to market optimism. A potential deal to reduce tariffs could boost investor confidence and improve export competitiveness.
- **Robust domestic consumption**: Strong domestic demand, supported by government measures like a broad-based GST rate cut, is expected to provide a buffer against external shocks.

Outlook for investors

Experts have advised a cautious but balanced approach for investors.

- **Sectoral focus**: Investors are advised to be selective, favoring resilient, domestic-focused sectors like IT, healthcare, and consumer goods while being wary of export-heavy industries directly targeted by the tariffs.
- **Long-term perspective**: Many analysts believe the impact of the tariffs will be short-lived and that India's long-term growth story remains strong. They suggest viewing the current market dip as a potential buying opportunity for quality stocks.
- **Market diversification**: The tariffs are pushing India to diversify its trade relationships and markets, which could lead to more balanced and resilient growth in the long run. International trade is the exchange of goods, services, and capital across national borders between different countries. It involves importing and exporting items such as machinery, food, and raw materials, as well as

services like tourism, banking, and advertising. This exchange contributes to the global economy by allowing countries to access goods they can't produce themselves and sell surpluses to others.

Key aspects of international trade

- **Exchange of goods and services**:
  This is the core of international trade, involving the buying and selling of physical goods and intangible services across borders.
- **Capital flow**:
  The trade of goods and services is often accompanied by the movement of capital, including foreign investment.

- **Specialization**:
  Countries can specialize in producing goods and services where they have a comparative advantage, leading to greater efficiency and productivity.
- **Necessity**:
  International trade arises because no single country is self-sufficient and needs to import goods it lacks while exporting goods it has in surplus.
- **Increased complexity**:
  Compared to domestic trade, international trade is more complex due to factors like different currencies, customs regulations, and legal systems. International trade occurs because one country enjoys a comparative advantage in the production of a certain good or service, specifically if the opportunity cost of producing that good or service is lower for that country than any other country. If a country opts not to trade with other countries, it is considered to be an autarky. If we consider a two-country model, both countries can gain from specialization and trade. Specialization and trade will allow each country to produce the product they possess a comparative advantage in and then trade, and ultimately consume more of both goods. Therefore, there are gains from trade.

REVIEW OF LITERATURE:

1. Tariff Shock and Capital Market Volatility

Recent literature highlights the sensitivity of emerging markets to external trade shocks, particularly through capital markets. Studies by Banerjee (2024) and IMF Reports (2025) indicate that tariff-induced uncertainty leads to immediate corrections in benchmark indices, currency depreciation, and FII withdrawals. The Indian experience in 2025 mirrors these global patterns, with Sensex and Nifty showing an initial 1% fall followed by quick recovery, as documented in domestic market bulletins. Scholars argue that India's strong domestic investor base provides resilience against sudden external shocks, unlike export-dependent economies. Research also emphasizes that currency depreciation, such as the rupee touching ₹88.78 per dollar, amplifies imported inflation and pressures monetary policy. However, India’s rebound supports current theories that economies with large domestic consumption and diversified sectors withstand tariff shocks better. Thus, existing literature confirms the observed trend that tariff disruptions trigger volatility but do not necessarily destabilize robust emerging markets like India.

2. Sectoral Impact of Tariffs on Export-Oriented Industries

Recent studies by FICCI (2024) and WTO Trade Outlook (2025) emphasize that tariff hikes disproportionately affect export-intensive sectors, especially textiles, leather, and gems & jewellery—sectors highly dependent on U.S. markets. Literature indicates that SMEs in these sectors face the hardest hit due to thin margins and limited ability to shift markets. Similar patterns emerged in India post-August 2025, where exporters reported declines up to 50% in turnover. Research on automotive global value chains also highlights that higher input costs and weakened foreign demand compress profit margins. In contrast, technology-driven and tariff-exempt sectors such as pharmaceuticals, IT, FMCG, and semiconductors show relative immunity, consistent with global evidence. Overall, literature supports the argument that adverse tariff environments accelerate structural shifts toward domestic consumption, value-added sectors, and technological industries.

3. Trade Resilience, Domestic Consumption, and Investor Behaviour

Studies by the World Bank (2023–25) argue that domestic-driven economies are better equipped to withstand global trade disruptions. India is frequently cited as an economy where exports constitute a modest share of GDP (2–2.5%), supporting resilience against tariff shocks. Literature shows that during global trade tensions, domestic institutional participation acts as a stabilizing force, offsetting FII outflows. Investor psychology studies also suggest that optimism about policy negotiations—such as potential India-U.S. trade deals—drives market rebounds. Analysts note that the broad-based GST reduction and rising domestic demand create buffers against global volatility. These findings align with theories that internal market depth and consumption-led growth soften the long-term effects of tariff disruptions, confirming resilience patterns seen in India during the 2025 U.S. tariff escalation.

4. International Trade Theory, Comparative Advantage & Protectionism

Contemporary economic literature continues to reinforce classical theories of comparative advantage, specialization, and gains from trade. However, post-2020 research also examines rising protectionism, particularly through tariffs and import quotas. OECD and UNCTAD studies highlight that tariffs—while politically motivated—create deadweight losses, inefficiencies, and disruption of supply chains. The 2025 U.S. tariffs on Indian goods fit within this global shift toward protectionism driven by geopolitical tensions. Literature also notes that protectionist actions often conflict with the long-term benefits of free trade, triggering counter-measures and negotiation pressures. Theoretical frameworks from Heckscher-Ohlin and modern trade models validate the uneven impact of tariffs across sectors based on factor endowments and technological differences. These studies support India's concern about respecting its "red lines," especially when tariffs impact strategic sectors and MSMEs.

5. Export Diversification and Government Policy Response (UP as a Case Study)

Recent evidence shows that sub-national policy interventions play a critical role in sustaining export competitiveness during global trade disruptions. Studies on regional export ecosystems (IIFT, 2024; NITI Aayog, 2025) emphasize that diversification, logistics support, skilling, and incentives improve resilience. Uttar Pradesh's 2025–30 Export Promotion Policy aligns with global best practices by offering freight assistance, marketing reimbursement, capital subsidies, and expanded MSME infrastructure. Literature also highlights the effectiveness of ODOP-type cluster development in enhancing product quality and global market access. The UP case similarly demonstrates how targeted financial aid, artisan empowerment, and world-class logistics—such as the upcoming Jewar airport—strengthen export capacity. These studies validate that proactive state-level policy measures can counter tariff pressures, protect employment, and promote "Swadeshi" self-reliance in global markets.

Objectives:

The basic objective of the paper is to assess the impact of US Trade Tariff's on FMCG and Financial Markets. However, the paper is guided by the following sub objectives.

1. To identify and evaluate the impact of US tariffs on different sectors in general and Financial Markets and Services in particular, and
2. To create swadeshi market to absorb the supply and demand forces in India without going for US origin markets.

Sources of Comparative Advantage

1. International differences in climate

International differences in climate play a significant role in international trade – for example, tropical countries export products like coffee and sugar. In contrast, countries in more temperate areas export wheat or corn. Trade is also driven by differences in seasons and geography.

2. Differences in factor endowments

Differences in factor endowments imply that some countries are more resource-rich than others in land, labor, capital, and human capital. According to the Heckscher-Ohlin model, a country enjoys a comparative advantage in production if the resources are abundantly available within the country; for example, Canada exhibits a comparative advantage in the forestry industry. It is primarily driven because the opportunity cost is lower for a country rich in the related resource.

3. Differences in technology

Differences in technology are most commonly observed in superior production processes seen in different countries. For example, consider Japan in the 1970s – a country that is not overly resource-rich yet enjoys a comparative advantage in automobile manufacturing. The Japanese are able to produce more output with a given input than any other country, and it comes down to superior Japanese technology.

Examples of International Trade Policies

Most economists favor free trade agreements because of the potential for gains from trade and comparative advantage. This is because these economists believe that government intervention will reduce the efficiency of the markets. Yet, many governments introduce protectionist policies to protect domestic producers from foreign producers. There are two major protectionist policies:

1. Tariffs

A tariff is an excise that is paid on the sale of imported goods. Tariffs are put in place to discourage imports and protect domestic producers and are a source of government revenue.

A tariff raises the price received by domestic producers and the price paid by domestic consumers. Tariffs generate deadweight losses because they increase inefficiencies, as some mutually beneficial trades go unexecuted, and an economy's resources are wasted on inefficient production.

2. Import quotas

An import quota refers to a legal limit on the quantity of a good that can be imported within a country. Generally, import quotas are administered through licensing agreements. An import quota leads to a similar result as a tariff; however, instead of generating tax revenue, the fees are paid to the license holder as quota rent.

Arguments for a Protectionist Trade Policy

The three major arguments for a protectionist trade policy are:

1. National security
2. Job creation
3. Protection of infant industries

Generally, tariffs or import quotas lead to gains for producers and losses for consumers. Therefore, the imposition of tariffs or import quotas is generally created from the political influence of the producers.

The main types of international trade are export trade, import trade, and entrepot trade. Export trade is selling goods to other countries, import trade is buying goods from other countries, and entrepot trade is buying goods from one country and then re-exporting them to another. International trade can also be categorized by the number of participating countries as either bilateral trade (between two countries) or multilateral trade (between more than two countries).

By the direction of goods

- **Export Trade:**

Selling domestically produced goods and services to buyers in another country.

- **Import Trade:**

Buying goods and services from a foreign country and bringing them into the home country.

- **Entrepot Trade:**

Importing goods from one country and re-exporting them to a third country. This is also known as re-exporting and often involves adding value to the goods.

By the number of countries

- **Bilateral Trade:** The exchange of goods and services between two specific countries, often based on a mutual agreement.
- **Multilateral Trade:** Trade agreements and exchanges that involve more than two countries.

Trade incentives

India provides a range of trade incentives to boost exports, managed by the Directorate General of Foreign Trade (DGFT) under the Foreign Trade Policy (FTP). These include schemes for duty exemption and remission, such as the Advance Authorization Scheme and RoDTEP (Remission of Duties and Taxes on Exported Products). Other incentives are in the form of duty credit scrips like the discontinued MEIS (Merchandise Exports from India Scheme) and SEIS (Service Exports from India Scheme). Additionally, schemes like the Export Promotion Capital Goods (EPCG) Scheme, Duty Drawback, and benefits for Export Oriented Units (EOUs) and Special Economic Zones (SEZs) help reduce costs and improve competitiveness.

Duty exemption and remission schemes

- **Advance Authorization Scheme**:

Allows duty-free import of inputs for export production, with a minimum 15% value addition requirement.

- **RoDTEP Scheme**:

Provides refunds for various embedded duties and taxes on exported products.

- **Duty Drawback**:

Reimburses duties paid on imported inputs used in the production of export goods.

- **DFIA (Duty-Free Import Authorization)**:

Similar to the Advance Authorization Scheme, it allows duty-free imports for producing goods for export.

Other incentive schemes

- **EPCG Scheme**:

Allows import of capital goods for producing goods and services for export at a concessional duty.

- **MEIS and SEIS**:

These schemes, now largely replaced, provided duty credit scrips to exporters of merchandise and services, respectively.

- **AEO Scheme (Authorized Economic Operator)**:

Offers various benefits, including faster customs clearance, to authorized and trusted traders.

- **MOOWR Scheme (Manufacture and Other Operations in Warehouse Regulations)**:

Allows manufacturing and other operations to be carried out in a warehouse without paying customs duties.

- **Interest Equalisation Scheme**:

Provides interest subvention on pre and post-shipment rupee export credit, with higher rates for MSMEs.

- **RoSCTL (Rebate of State and Central Taxes and Levies)**:

Reimburses state and central taxes and levies on exported textile products.

Special zones and units

- **Special Economic Zones (SEZs)**:

Provide a duty-free enclave for manufacturing and a more favorable ecosystem to boost exports.

- **EOU Scheme**:

Supports 100% export-oriented units by providing concessions on compliance and taxation.

- **STPI (Software Technology Parks of India)**

and EHTP (Electronic Hardware Technology Park): Provide specific benefits for software and hardware exports, respectively.

GST-related benefits

- **LUT Bond Scheme**:

Exporters can get a Letter of Undertaking (LUT) to export goods without paying GST upfront.

- **IGST Refund**:

Exporters can pay IGST on exports and then claim a refund from the Customs Department.

In India, the government provides various trade incentives to boost exports and enhance the competitiveness of domestic goods and services in the global market. Key schemes include the Remission of Duties and Taxes on Exported Products (RoDTEP) and the Export Promotion Capital Goods (EPCG) scheme.

Incentives for goods exports

Remission of Duties and Taxes on Exported Products (RoDTEP)

- **Purpose:** The RoDTEP scheme refunds exporters for embedded Central, State, and local taxes, duties, and levies that are not rebated under any other existing scheme. This makes Indian goods more competitive in international markets.
- **Benefits:** The refund is issued in the form of transferable electronic scrips (e-scrips) that can be used to pay basic customs duty on imported goods or sold to other importers.
- **Eligibility:** The scheme covers a wide array of sectors, including textiles, agriculture, and engineering goods. It is available to both manufacturer and merchant exporters.

Export Promotion Capital Goods (EPCG) scheme

- **Purpose:** This scheme allows manufacturers to import capital goods for producing export-quality goods and services at zero customs duty.
- **Benefits:** It enhances the competitiveness of Indian manufacturing and includes exemptions from Integrated Goods and Services Tax (IGST).
- **Obligation:** Exporters must fulfill an export obligation equivalent to six times the duty saved on the imported capital goods over six years.

Duty Drawback (DBK) scheme

- **Purpose:** The DBK scheme refunds customs and central excise duties on imported materials and indigenous excisable materials used in the manufacture of exported products.
- **Rates:** Refunds can be claimed at the All-Industry Rate (AIR) or a Brand Rate specifically fixed by customs for an exporter's products.

Advance Authorisation (AA) scheme

- **Purpose:** This scheme permits the duty-free import of inputs, such as raw materials, fuel, and catalysts, that are physically incorporated into the final export product.
- **Value Addition:** A minimum value addition is generally required on the exported goods.

Special Economic Zones (SEZs)

- **Purpose:** Businesses operating in SEZs receive a variety of incentives to promote exports, including duty-free import or procurement of goods for their operations.
- **Benefits:** These units also enjoy zero-rated GST on supplies and other state government levies.

Production-Linked Incentive (PLI) scheme

- **Purpose:** The PLI scheme provides incentives to boost domestic manufacturing and make it more competitive globally.
- **Targeted Sectors:** Benefits are offered to specific high-potential sectors, including automobiles, pharmaceuticals, and electronics.

Incentives for services exports

Service Exports from India Scheme (SEIS)

- **Purpose:** The SEIS encourages the export of notified services from India by providing rewards in the form of transferable duty credit scrips.
- **Benefits:** The value of the scrips, which typically ranges from 3% to 5% of net foreign exchange earnings, can be used to offset customs duties.

Cross-sectoral incentives

Goods and Services Tax (GST) refunds

- **Purpose:** To prevent the cascading effect of taxes, the GST Act offers schemes that refund or exempt exporters from paying GST.
- **Benefits:** Exporters can either export goods without paying GST under a Letter of Undertaking (LUT) bond or claim a refund of Integrated GST paid on their exports.

Interest Equalisation Scheme (IES)

- **Purpose:** The IES provides an interest subsidy on pre- and post-shipment export credit for eligible exports.
- **Benefits:** The scheme particularly helps MSMEs and covers a wide range of products, reducing borrowing costs for exporters.

NIRVIK scheme

- **Purpose:** This scheme, offered by the Export Credit Guarantee Corporation (ECGC), provides high-level insurance cover to exporters.
- **Benefits:** It reduces premiums for small exporters and offers a simplified claim settlement process, mitigating export credit risk.

Market Access Initiative (MAI) scheme

- **Purpose:** The MAI scheme provides financial assistance for export promotion activities such as market research, trade fairs, and branding in new markets.
- **Benefits:** It helps export promotion organizations and businesses explore and establish themselves in overseas markets.

Incentives for agricultural exports

- **APEDA Schemes:** The Agricultural and Processed Food Products Export Development Authority (APEDA) offers its own Financial Assistance Schemes (FAS) to support infrastructure development, quality improvement, and market development for agri-exporters.
- **Agriculture Export Policy:** The government has a comprehensive policy to promote agricultural exports by identifying product-specific clusters and linking farmers with export opportunities.

Conclusions: India's 'Red lines' have to be respected:

1. Any trade deal between In-dia and the U.S. has to res-pect New Delhi's "red lines" and efforts are under way to reach an under-standing, External Affairs Minister S. Jaishankar said on Sunday against the backdrop of a downturn in bilateral ties over Washing-ton's policy on tariffs.

   In an interactive session at an event, Mr. Jaishankar acknowledged that there were "issues" between In-dia and the U.S. and many of them were linked to the inability to firm up the pro-posed trade deal, even as he noted that "there are things you can negotiate and there are things you can't."
2. The External Affairs Minister said both sides had not arrived at a "landing ground" on trade discussions and that an under-standing was necessary as the U.S. was the world's lar-gest market. But at the same time, he said, India's red lines should be respected.

   The ties between New Delhi and Washington have been reeling under severe stress after President Donald Trump doubled tariffs on Indian goods in August to a whopping 50%, including a 25% additional duty for India's purchase of Russian crude oil. India had described the U.S. action as "unfair, unjustified and un-reasonable". However, a phone conversation bet-ween Prime Minister Narendra Modi and Mr. Trump last month resulted in efforts by the two sides to work on a proposed trade deal.

3. We have today issues with the United States. A big part of it is the fact that we have not arrived at al landing ground for our trade discussions, and the inability so far to reach there has led to a certain ta-riff being levied on India," Mr. Jaishankar said at the discussion on the theme "Shaping foreign policy in turbulent times" at the Kautilya Economic Enclave.

   Mr. Jaishankar made the remarks while responding to questions on the current state of India-U.S. relations.

Suggestions: -

Uttar Pradesh has stepped up efforts to diversify its ex-ports amid the challenge of the 50% U.S. tariffs that came into effect from Au-gust 27 this year. Our state's key industries- car-pets, leather, textiles, and handicrafts, form an important part of India's $86.5 billion exports to the United States. We see this challenge as an opportunity to build a stronger and more resilient export base for Uttar Pradesh.

As Uttar Pradesh's Minister for Export Promotion, I want to assure that the State is adopting a comprehensive and multipronged approach to support our exporters. Through initiatives like One District One Product (ODOP), we have been extending financial assistance and providing arti sans and small businesses with the skills and tools to meet international standards, while also strengthening global connectivity so that our products can access newer markets. Also, at this crucial juncture, the Government of Uttar Pradesh has rolled out the Export Promotion Policy 2025-30, a landmark initiative that expands the scope of assistance and introduces new incentives, ensur-ing that our businesses are better equipped to with stand tariff pressures, di versify into alternative markets, and seize emerging opportunities across the world.

The recent U.S. tariffs have created difficulties for several export sectors of Uttar Pradesh. Leather factories have reduced pro-duction due to lower orders from the U.S., while Bhadohi's carpet industry contributing nearly 60% of India's carpet exports to the U.S. now faces about a 35% cost disadvantage compared with competitors such as Vietnam, which may affect employment. Gems, jewellery. and textiles are also likely to see an impact, with industry estimates suggesting a possible decline of over $4 billion.

These tariffs add to existing challenges such as higher shipping costs due to distance from ports, the need for greater skilling support for artisans to meet global standards, and U.P's current share of about 4.89% in India's total exports (2024-25). While the situation is challeng ing, I want to assure our exporters and stakeholders. that we are addressing these issues with practical and timely solutions.

1. Financial aid

Uttar Pradesh has introduced a range of financial schemes under the new Export Promotion Policy 2025-30 to support exporters impacted by tariffs and to strengthen their presence in new markets such as Europe and Asia. These schemes provide wider and more practical assistance than before, ensuring that both large and small exporters can compete globally.

Through the enhanced Marketing Development Assistance (MDA), exporters now get reimbursements at the rate of 75% across categories with a cap of up to 25 lakh exporter per year, including support for participation in international, domestic, and virtual trade fairs, as well as reimbursement for stall cost airfare publicity, certification, and sending product samples. This will help our exporters showcase their products widely, build international networks and diversify beyond the U. S market.

2. Logistics support

As a landlocked State, U. P's exporters face higher transport costs to reach seaports. To ease this bur-den, the new policy provides 30% freight Assistance up to 30 lakh per exporter annually, including air freight support up to Rs.10lakh. Special incentives have also been introduced for small exporters using LCL shipments, so they too can access global markets competitively. These steps will reduce logistics costs and help our exporters overcome the landlocked disadvantage.

To strengthen our ex-porters in the face of global challenges, the policy provides 30% reimbursement of ECGC premiums up to ₹5 lakh annually, a one-time 75% support on e-commerce onboarding fees capped at 3 lakh, and 75% reimbursement of postage charges through Dak Ghar Niryat Kendras up to 1 lakh per year. These measures reduce risks, cut costs, and open new global channels for Uttar Pradesh's exporters. To drive expansion and new investments, the policy introduce performance linked rewords of 1% on year -

on-year incremental export growth, up to Rs.20 lakh annually per exporter. Further, new export-oriented projects will be supported with a capital subsidy of 40% of project cost, capped at Rs.10 crore. These measures encourage both scaling of existing enterprises and the setting up of fresh, export-led industries in Utter Pradesh.

3 Empowering artisans

Launched in 2018, the One District One Product (ODOP) scheme has become a strong driver of growth by promoting the unique products of all 75 districts of Uttar Pradesh-be it Banarasi sarees or Moradabad brassware.

Through skilling and provision of modern tools, the scheme ensures that our artisans produce quality goods aligned with inter-national standards. In FY 2024-25 alone, 1,829 pro jects worth ₹1.06 crore were approved under ODOP. This initiative is not only enhancing production standards but also helping our artisans tap into emerging markets like Southeast Asia, Europe etc. Complementing this, the new U.P. MSME Audyogik Aasthan Prabandhan Policy offers further relief to the MSME sector. Nearly 700 acres are being developed as MSME parks, with land allotment to be facilitated through the GeM portal at a reserve price of 2,500 per sq. metre in central U.P. and ₹2,000 per sq. metre in the Bundelkhand region.

Building connections

The government under Chief Minister Yogi Aditya nath, with the guidance of Prime Minister Narendra Modi, is committed to creating world-class infrastructure that makes ex-ports seamless and cost-effective. Uttar Pradesh today has four internation-al airports and nine domestic airports, with the up-coming Jewar airport poised to be a game-changer. Once operational, it will have an initial cargo capacity of 1 lakh tonnes.

At the same time, plat forms like the Uttar Pradesh International Trade Show (UPITS) are strengthening our exporters' linkages with global buyers.

4. $1-trillion goal

Through financial assistance, the ODOP initiative, improved connectivity, and focused skilling of arti sans, we are strengthening the backbone of our export ecosystem. The recently launched U.P. Export Pro-motion Policy 2025-30, along with dedicated policies for footwear, leather, non-leather, and MSMEs, is attracting foreign investment and giving industries confidence to expand. These efforts not only create jobs and boost foreign exchange earnings but also pave way for U. P's $1 trillion economy vision.

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