International Journal of Advanced Research in Commerce, Management & Social Science (IJARCMSS)
ISSN :2581-7930 (Online), Impact Factor (Cosmos): 7.270 & PIF (I2OR): 5.010, Volume 09, No. 01(I), January-March, 2026, pp 75-81

Export Preparedness: Enabling Micro, Small and Medium Enterprises of India for Global Markets

Dr. Shashi Sanchiher[1] | Neelakshi Maharshi[2*]

[1]Principal (Retd.), Meera Girls College, Udaipur, Rajasthan, India.
[2]Research Scholar, Department of Economics, Mohanlal Sukhadia University, Udaipur, Rajasthan, India.

[*]Corresponding Author: shashisanchiher@gamil.com

Citation: *Sanchiher, S. & Maharshi, N. (2026). Export Preparedness: Enabling Micro, Small and Medium Enterprises of India for Global Markets. International Journal of Advanced Research in Commerce, Management & Social Science, 09(01(I)), 75–81.*

ABSTRACT

This paper identifies top ten states/UTs of India with the highest number of exporting Micro, Small and Medium Enterprises (MSMEs). It highlights key pillars of Export Preparedness Index 2024 published by NITI Aayog in January 2026. It closely studies indicators of sound export infrastructure including utilities, logistic, MSME ecosystem, human capital, finance and credit availability, export promotion and facilitation etc. The paper attempts to shows the role of export readiness and supporting infrastructure to boost export from these states and also to encourage MSMEs for their participation in global market. It also draws the attention towards the need of developing infrastructure and connectivity network to access global market considering cost effectiveness and competition.

Keywords: *Export Promotion, Trade Infrastructure, MSMEs, Policy Support, Global Market Competitiveness.*

Introduction

Micro, Small and Medium Enterprises (MSMEs) play a significant role on employment generation, economic growth, contribution to GDP of the country, innovation and international trade. Indian MSMEs provides employment to around 110 million people with its 30 percent contribution to national GDP. With their widespread presence across manufacturing, services, and trade, MSMEs play a crucial role in regional development and innovation. (Mulchandani et al., 2023). Exports offer MSMEs an opportunity to diversify markets, achieve economies of scale, enhance productivity, and improve resilience against domestic market fluctuations. Global markets also expose enterprises to new technologies, quality standards, and management practices, which can strengthen their long-term capabilities. However, despite India's strong export potential, a large proportion of MSMEs remain confined to domestic markets due to structural, financial, and knowledge-related constraints(Ragoobur et al., 2022).

In the budget of 2025-26, MSMEs have been redefined by extending the limits of investment and turnover as-

Table: 1 Definition of MSMEs

Enterprise (Both Manufacturing and Services)	Investment in Plant and Machinery or Equipment	Turnover
Micro	Not exceeding Rs. 2.5 crore	Not exceeding Rs. 10 crore
Small	Not exceeding Rs. 25 crore	Not exceeding Rs. 100 crore
Medium	Not exceeding Rs. 125 crore	Not exceeding Rs. 500 crore

Source: Budget 2025-26, Government of India

As per the reports of Ministry of MSMEs, there are 8016195 MSMEs in India including 153438 exporting MSMEs which is only 2 percent of the total. Out of this 96783 are micro, 45879 small and 10776 medium enterprises. However these exporting MSMEs contribute around 40-45 percent of total export from India. There are multiple platforms and schemes of government to boost MSME ecosystem also for building export competitiveness.

Export preparedness refers to the readiness of enterprises to initiate, sustain, and expand their participation in international markets. It encompasses a wide range of factors, including product quality, compliance with international standards, access to finance, logistics efficiency, digital readiness, managerial competence, and understanding of foreign market regulations. For MSMEs, export preparedness is not merely about the willingness to export, but about possessing the necessary capabilities, systems, and strategic orientation to compete globally. In this context, enabling export preparedness among Indian MSMEs has emerged as a strategic priority for policymakers, industry stakeholders, and academic researchers. Strengthening export readiness can help integrate MSMEs into global value chains, enhance India's export competitiveness, and support balanced economic development. This study seeks to examine the dimensions of export preparedness and explore pathways through which Indian MSMEs can be effectively empowered to access and succeed in global markets(Groner & Moradi, 2024). It is highlighted in 'Export Surge: India Steps Up on global stage (2025)' that India's merchandise export increased by 2.31 percent whereas in service sector is increased by 8.65 in April-august 2025. The World Bank Data (2024) signifies that world's export is rising at 2.5 percent but it is a progressive indicator that India's export is rising at 7.1 percent. Eventually export's share in India's GDP has also increased from 19.8% in 2015 to 21.2% in 2024 indicating towards the significance of international for Indian economy.

NITI Aayog has released 'Export Preparedness Index 2024' in January 2026. It is the 4th edition which is the latest and presents the situation of export readiness through-out India to boost export infrastructure for supporting global trade. It evaluates export eco system, identifies key challenges to address required policy actions. This index is structured in four major pillars divided into 13 sub pillars and 70 indicators. EPI 2024 analyses large and small states, North East and UTs separately as large states have better infrastructure network, labour, geographical area and broader industrial base and small states, North eastern states have their own characteristics and challenges.

Review of Literature

Esvanti, Sudarmiatin and Hermawan (2025) in 'Determinants of Business Sustainability in MSMEs: A Systematic Literature Review' have identified internal and external determinants influencing business sustainability of MSMEs. Systematic Literature Review (SLR) approach has been used in this study and it has included publication of Scopus during 2015 to 2025. It has found Knowledge Management Capability, Relational Capability, Digital Transformation, and Organizational Agility as internal factors and government policy support and strategic collaboration as external factors. The study underscores the significance of integration of internal and external capabilities to strengthen competitiveness of MSMEs.

Pandey and Chaudhary (2024) in 'The Role of Micro, Small, and Medium Enterprises in India's Economic Development: A Critical Analysis' critically examine the role of Micro, Small, and Medium Enterprises (MSMEs) in India's economic development and position the sector as a vital engine of inclusive growth, employment generation, and industrial expansion. Drawing on secondary data and macroeconomic indicators, the study highlights MSMEs' substantial contribution to GDP, exports, and workforce absorption, particularly in rural and semi-urban regions. The literature reviewed in the article emphasizes that MSMEs promote balanced regional development through low capital intensity and entrepreneurial opportunities, while also strengthening India's manufacturing and export base. The authors further underscore the importance of government initiatives and policy support in addressing structural challenges such as access to finance, technology adoption, and market integration.

Singh, Keshari, et. al (2024) in 'Green export strategies and SMEs export performance: mediating roles of innovation, readiness, and activities' examined how institutional support and sustainability-oriented strategies influenced SME export performance. The study found that institutional support enhanced green export readiness, innovation, and activities, which in turn positively impacted export performance. This work highlighted the importance of integrating environmental and institutional readiness into export capability frameworks for SMEs aiming at global markets.

Paul and Sahoo (2023) in **'**Manufacturing Productivity in Indian States: The Role of Infrastructure, Agglomeration, and Exports' have studied productivity of Indian States and the role of infrastructure, agglomeration and export. It has used Ackerburg framework of TFP estimation to study total factor productivity (TFP) for 18 states and 20 industries from 2008 to 2020. This study used data from the reports of Annual Survey of Industries (ASI). It found that TFP is positively influenced by the endowment of physical infrastructure.

Ragoobur, Ongono and Gong (2022) in 'Infrastructure and intra-regional trade in Africa' have used the Pseudo Poisson Maximum Likelihood estimator with High Dimension Fixed Effects to examine the effect of infrastructural development on bilateral trade. For this they have used a soft infrastructure index, a hard infrastructure measure and an effective infrastructure index. The hard infrastructural includes indices for transport, information and communication technologies (ICT), and electricity. It is found that soft infrastructure is more crucial and it supports the development of hard infrastructure in the study area.

Gerschewski, Kennel and Rose (2020) in their paper **'**Ready to export? The role of export readiness for superior export performance of small and medium-sized enterprises' have provided the role of export readiness factor in the success of export business of small and medium-sized enterprises (SMEs). A sample of 96 New Zealand SMEs has been taken to study export readiness in terms of trade, finance and marketing. A strong positive relationship has been found between export from SMEs and factors of export readiness.

Goldar and Paul (2018) in 'Impact of Port Infrastructure Development and Operational Efficiency of Ports on Export Performance: A study of manufactured product exports from India' have analysed the role of port infrastructure development and their operational efficiency port on export performance. It has studied 11 major ports of India handling 84 percent of total cargo by Indian ports during 2001-02 to 2014-15. The outcomes show that export of manufacturing products is positively affected by efficient operation of ports. It also found that if utilization of facilities is low then the effect of expansion of port capacity on export will also be less.

Research Objective

The study has the following objectives:

- To identify top ten States/UTs with the highest number of exporting MSMEs in India.
- To study key indicators of export preparedness in India.
- To analyze the export infrastructure in top ten states with the highest number of exporting MSMEs in India.

Research Methodology and Design

Descriptive and exploratory method is used in the present study. It is based on secondary data which majorly covers the reports of Ministry of Micro, Small and Medium Enterprises, Export Preparedness Index by NITI Aayog, research articles and report of national and international organizations and other published sources. The statistical tools are used as per the need of study, data and research objectives.

Analysis and Discussion

Ten States/UTs have been included in this study as these have the highest number of exporting MSMEs in India. Their export infrastructure is analysed with the help of Export Preparedness Index 2024 (2026). These are as follows:

- **Delhi** is the capital of India and contributed 4.7 percent to national Gross Domestic Product (GDP). Delhi's Gross State Domestic Product (GSDP) was around Rs 11.2 lakh crore in FY 2024 with an annual increase of 9.1 percent. Delhi is well connected to main economic corridors and its Indira Gandhi International Airport is the busiest air cargo hub.
- **Gujarat** is one of the most renowned industrial hub of India. Its GSDP was Rs 24.3 lakh crore in FY 2024 with which it has contributed around 9 percent in India' GDP. It is the largest producer of processed diamonds in the world. At the same time it supports the MSMEs with initiatives like 'Atmanirbhar Gujarat MSME Yojana' and 'One District, One Product'. Gujarat has an excellent infrastructure and connectivity supported by 42 ports and around 20 airports. It is also a gateway to Gulf countries.

- **Haryana** is also known as the 'Breadbasket of India' and originate export of over 60 percent of India's automobile. Its GSDP was Rs 10.9 lakh crore with an increase of 9.4 percent. Multinational companies have developed Gurugram as an IT hub. There are well developed road network which eventually helps in cost effective export.
- **Karnataka's** GSDP was around Rs 22.9 lakh crore in FY 2024. It has a sound well connected network of roads, ports and airports which is further reinforced by special economic zones and industrial parks. It exports wide range of manufacturing products and IT, software services. High-value industries including aerospace, defense, electronics, auto parts, biotechnology, and engineering are all strengths for the state.
- **Maharashtra** contributed 13 percent of the national GDP with its GSDP of Rs 40.4 lakh crore in FY 2024. It has strong infrastructure of air cargo, free trade zone, seaports and road connectivity. Maharashtra is the leader in MSME ecosystem with the highest number of exporting MSMEs in India which make a substantial contribution to employment, entrepreneurship, and regional economic development. The Maharashtra Vision 2030 aims to support MSMEs and exporters at various fronts.
- **Punjab** is also known as **'**Granary of India' and had its GSDP of Rs 7.4 lakh crore in FY 2024. There are exporting 5261 MSMEs and it mainly export in textiles, bicycles, hosiery, tractors, auto components, and leather goods sectors.
- **Rajasthan**'s GSDP was 15.2 lakh crore in FY 2024 contributing 5 percent to national GDP. This state has exporting MSMEs and mainly exports engineering goods, gems & jewelry, textiles, handicrafts and agri-products. It is the largest state of India in terms of geographical area and lags behind in logistic infrastructure and easy and direct connectivity to seaports which increase the cost and transit time of transportation. On the hand, it enjoys the trade in many Geographical Indication (GI)-tagged products like Jaipur blue pottery, Kathputlis, Molela clay plaques, Bikaneri bhujia, and Jaipur hand-knotted rugs etc.
- **Tamil Nadu** is among leading states of India with GSDP of Rs 27.2 lakh crore in FY 2024. There are 16350 exporting MSMEs extending employment to crores of people. It has strong connectivity infrastructure of road and rail network, coastline and sea ports which help the state in export of wide range of products such as electronics, automobiles, textiles, leather etc. In addition to it robust IT and services sector add advantage in global trade.
- **Uttar Pradesh**'s GSDP was Rs 25.2 lakh crore in FY 2024 and it is well connected with road network, dry ports. Developed logistic infrastructure of SEZ and industrial parks supports its industrial development. This States comes at 5th position for the number of exporting MSMEs in India.It is the highly populated state of India which helps in the supply of skilled, semi skilled labour at comparatively low cost which is of high use in labour intensive industries like textile, handicrafts, leather and agri processing. A good number of GI tagged products such as Banarasi silk, Chikankari embroidery, and Kannauj perfumes are exported worldwide.
- **West Bengal** has a good base 7773 exporting MSMEs and its GSDP was Rs 17.0 lakh crore in FY 2024. Many traditional products like Jewelry articles, Ferro alloys, Petroleum oils, Human hair and wigs, and Leather goods are exported through well connected road, rail and seaports.

Table 2: Top Ten States/UTs with the Highest Number of Exporting MSMEs and EPI Score with Rank

State/UT	Number of Exporting MSMEs #	Rank for number of Exporting MSMEs	Category	EPI Score 2022	EPI Rank 2022	EPI Score 2024	EPI Rank 2024 (Classification)
Delhi	17566	3	UT/Small States	47.69	18	35.43	29 (Challenger)
Gujarat	20246	2	Coastal	73.22	4	64.02	3 (Leader)
Haryana	8429	7	Landlocked	63.65	5	55.01	10 (Challenger)

Karnataka	10256	6	Coastal	76.36	3	59.30	6 (Leader)
Maharashtra	31318	1	Coastal	78.20	2	68.01	1 (Leader)
Punjab	5261	10	Landlocked	58.95	10	58.32	7 (Leader)
Rajasthan	7332	9	Landlocked	54.80	13	47.31	17 (Aspire)
Tamil Nadu	16350	4	Coastal	80.89	1	64.41	2 (Leader)
Uttar Pradesh	12270	5	Landlocked	61.23	7	62.09	4 (Leader)
West Bengal	7773	8	Coastal	53.57	14	53.03	12 (Challenger)

Source: Ministry of MSME, 2023 and Export Preparedness Index 2024, 2026
Note: #Top ten State/UT with the highest number of exporting MSMEs (Data till March 2023)

The above table presents top ten States/UTs with the highest number of exporting MSMEs with their EPI score and ranks for 2022 and 2024. It shows that Maharashtra has the highest number of exporting MSMEs (31318) followed by Gujarat (20246) and Delhi (17566). Most States show a decline in EPI score from 2022 to 2024 (Tamil Nadu's score dropped from 80.89 to 64.41). However, EPI rank of many states have increased. The data suggests a correlation between geographical category (costal v/s landlocked) and export performance. Coastal States such as Maharashtra, Karnataka, Tamil Nadu have quite higher EPI scores. Landlocked states like Haryana, Punjab, Uttar Pradesh show moderate performance. All states other than Rajasthan come in leader or challenger category but Rajasthan is put under aspire category which means export ecosystem development is at early stage. Maharashtra stands at first rank in EPI 2024 with 68.01score followed by Tamil Nadu (64.41) and Gujarat (64.02). Eight states out of these ten have their EPI 2024 score more than 50. However, Delhi and Rajasthan are at lower end with 35.43 and 47.31 score respectively. It highlights the need of policy intervention to improve EPI scores for improving the weak areas and sustaining strong areas.

Table: 3 Key pillars and Sub-Pillars of Export Preparedness Index 2024

Pillar	Sub-Pillar (Total Score)	Delhi	Gujarat	Haryana	Karnataka	Maharashtra	Punjab	Rajasthan	Tamil Nadu	Uttar Pradesh	West Bengal
Export Infrastructure	Utilities (10)	4.2	6.5	4.5	5.8	5.2	5.7	4.6	6.0	6.1	4.9
	Logistics (10)	4.5	5.0	4.5	4.1	4.5	4.8	2.0	6.2	5.9	2.2
Business Eco system	Macro economy (10)	5.2	5.5	4.7	4.6	4.3	3.8	4.1	4.9	2.2	4.0
	Cost competitive ness (5)	2.5	2.9	2.6	2.0	3.1	2.9	3.5	2.6	3.7	2.6
	Human capital (5)	2.6	3.2	2.4	2.8	2.6	2.5	2.6	3.1	2.9	2.7
	Finance and Credit accessibility (5)	1.8	2.3	1.7	3.5	3.6	0.9	2.0	2.8	1.9	1.2
	MSME ecosystem (10)	0.7	3.2	4.0	2.0	6.8	6.1	2.1	4.8	6.1	3.7
	Industrial and innovation environment (5)	2.1	4.1	2.1	3.9	4.4	2.2	4.1	3.8	3.1	2.0
Policy and	State policy support and governance (15)	3.0	13.2	13.0	13.3	14.8	13.1	9.4	13.0	12.2	11.9

Gover nance	Regulatory environment and compliance (5)	0.0	5.0	3.7	2.9	4.4	3.8	1.2	3.3	3.2	3.5
Export Perform ance	State level export and trends (5)	2.6	4.2	3.8	3.7	3.8	4.0	3.8	3.7	3.9	3.8
	Export promotion and facilitation (5)	0.0	3.0	1.5	4.9	4.5	3.8	1.5	3.5	4.5	4.5
	Export portfolio and market access (10)	6.3	5.6	6.4	5.8	5.9	4.7	6.4	6.7	6.4	6.0

Source: Export Preparedness Index 2024, NITI Aayog, 2026

The above table shows key pillars and sub pillars of the Export Preparedness Index (EPI) 2024 for top ten States/UTs with the highest number of exporting MSMEs in India. There are specific components in each pillar. Numbers in bracket indicate the maximum possible score for the particular sub pillar and it reflects the higher the score, the better is the export infrastructure in that State/UT. There are four Pillars and thirteen sub pillars. The First indicator is Export Infrastructure in which utilites means State's power and water availability. As per the data, Gujarat, Uttar Pradesh and Tamil Nadu perform strongly with 6.5, 6.0 and 6.1 score respectively out of 10 points. All these states/UTs have their score more than 4 which show good condition but the scope of improvement as well. Logistics indicates state's transportation network freight connectivity and storage capacity. Tamil Nadu (6.2) scores the highest followed by Gujarat (5.0) and Uttar Pradesh (5.9) whereas it is the lowest in Rajasthan (2.0) and West Bengal (2.2). Even with limited transportation network and connectivity these states comes in top ten states with the highest number of exporting MSMEs in India. But export will not scale unless logistic issues are fixed.

Second Pillar, Business Ecosystem reflects the export scenario of these States/UT with some indicators including macro economy evaluating economic output, manufacturing share and fiscal deficit. In this state's score ranging between 3.8 to 5.5 shows moderate stability but no standout excellence. Gujarat has the highest score 5.5 followed by Delhi (5.2) and Tamil Nadu (4.9). Other indicator cost competitiveness means benchmarking cost of labour, water and power. In this, scores are ranging from 2.0 - 3.7 out of 5 across states. Human capital is another indicator addressing education & employment parameters. It is the highest in Gujarat (3.2) followed by Tamil Nadu (3.1). The scores in all these ten states/UTs indicate limited difference with score of 2.4-3.2. Finance and credit accessibility include relevant government schemes and insurance which is the highest in Maharashtra (3.6) followed by Karanataka (3.5). In this scores are comparatively very low like 0.9, 1.2 etc. This is one of the most binding constraints on export growth. A crucial indicator is added in this EPI 2024 is MSME ecosystem. It assesses growth and export contribution by MSMEs. Its score range from 0.7 to 6.8 out of 10. It is very low highlighting weak MSME ecosystem causing untapped potential of MSME growth. Industrial and innovation environment is another significant indicator showing infrastructure maturity. It is the highest in Maharashtra (4.4) followed by Rajasthan (4.1) and Gujarat (4.1). States with low scores face risk of low technology absorption, dependence on low skill export.

Third pillar is Policy and governance; it includes sub pillar of state policy support and governance indicating state's export initiatives, digital first policies and ease of export documentation. Maharashtra leads with 14.8 score out of 15 indicating strong state policy supports and governance. Six states out of ten have their score around thirteen. However, it is the lowest in Delhi followed by Rajasthan (9.4). Next indicator Regulatory environment and compliance includes quality standards and certifications, IEC data readiness. Gujarat scores 5 out of 5. On the other hand, Rajasthan score only 1.2 which shows low level of regulatory compliance and environment.

Fourth pillar, Export Performance has three sub pillars including State level export and trends shows export trends, growth in exporter base. It is the highest in Gujarat (4.2) followed by Punjab (4.0). Another indicator is Export promotion and facilitation including government infrastructure and digital maturity. Karnataka, Maharashtra, Uttar Pradesh and West Bengal reflect strong export facilitation. Export portfolio and market access indicate export destinations and key export commodities. Its score is the highest in Tamil Nadu (6.7) followed by Haryana (6.4), Rajasthan (6.4) and Uttar Pradesh (6.4) reflecting high export portfolio and market access. However there is high need to diversify export destination and explore more avenues to protect our economy and trade from global disturbance and dependence on particular country.

Conclusion

It is evident from EPI that States with ports, industrial corridors, strong road, rail connectivity and power reliability help them to perform better in export readiness. Poor logistics result in higher transaction cost, slow supply chains and reduced competitiveness in global market. There is need to boost MSME ecosystem and enhance regulatory compliance with market access to boost export portfolios. There are some schemes and policies of government both at state and national level but it is requires to dram attention towards awareness and implementation of these scheme. At the same time it is also essential to learn from the experience of other states who are leading the trade at national and global level.

References

1. *NITI AAYOG, India | NITI AAYOG Releases Export Preparedness Index (EPI) 2024*. (n.d.). https://www.niti.gov.in/node/2118
2. *Export surge: India steps up on global stage*. (n.d.). https://www.pib.gov.in/PressReleseDetailm.aspx?PRID=2175702®=3&lang=2
3. *MSME Connect*. (n.d.). https://msme.gov.in/sites/default/files/MSME-Connect.htm
4. Gerschewski, S., Scott-Kennel, J., & Rose, E. L. (2020). Ready to export? The role of export readiness for superior export performance of small and medium-sized enterprises. *World Economy*, *43*(5), 1253–1276. https://doi.org/10.1111/twec.12928
5. *HIGHLIGHTS OF UNION BUDGET 2025-26*. (n.d.). https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2098353®=3&lang=2
6. *Determinants of Business Sustainability in MSMEs: A Systematic Literature review*. (n.d.). https://abadiinstitute.org/index.php/META/article/view/391/422
7. Paul, M., & Sahoo, S. R. (2023). Manufacturing productivity in Indian States: the role of infrastructure, agglomeration, and exports. In ISID, *ISID Working Paper* (No. 268). https://isid.org.in/wp-content/uploads/2023/11/WP268.pdf
8. Goldar, B., & Paul, M. (2018). Impact of Port Infrastructure Development and Operational Efficiency of Ports on Export Performance: A study of manufactured product exports from India. *Institute of Economic Growth, University Enclave, Delhi – 110007*.
9. Singh, V. K., Keshari, A., Singh, D., Singh, P. C. (2024). *Green export strategies and SMEs export performance: Mediating roles of innovation, readiness, and activities*. *Journal of Innovation and Entrepreneurship*, 13(1), 87. https://doi.org/10.1186/s13731-024-00451-y
10. Pandey, P., & Chaudhary, A. K. (2024). *The role of micro, small, and medium enterprises in India's economic development: A critical analysis*. Asian Journal of Economics, Business and Accounting, 24(7), 366–384.
11. Tandrayen-Ragoobur, V., Ongono, P., & Gong, J. (2022). Infrastructure and intra-regional trade in Africa. *World Economy*, *46*(2), 453–471. https://doi.org/10.1111/twec.13358
12. Mulchandani, K., Jasrotia, S. S., & Mulchandani, K. (2023). Determining supply chain effectiveness for Indian MSMEs: A structural equation modelling approach. *Asia Pacific Management Review*, *28*(2), 90–98. https://doi.org/10.1016/j.apmrv.2022.04.001
13. Groner, T., & Moradi, A. (2024). Sacrificing sustainability for a higher GDP growth rate. *Development and Sustainability in Economics and Finance*, *2–4*, 100015. https://doi.org/10.1016/j.dsef.2024.100015.

❑❑❑