

COMMERCE MINISTRY MOVES CABINET NOTE

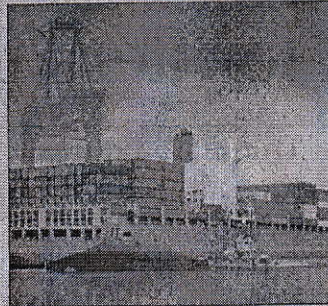
Select districts to get aid under export hubs scheme

Central support of ₹3,000-5,000 crore on the cards

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THE COMMERCE MINISTRY has floated a Cabinet note on a new scheme to develop select districts across the country as export hubs, official sources told FE. Under the scheme, the Centre could extend a total assistance of ₹3,000-5,000 crore to not just states but also eligible private players for creating export infrastructure in select districts, they said.

The move comes at a time when India's merchandise exports are faltering due to a demand slowdown in top markets like the US and the EU. Goods exports contracted 16.7% on year in October, the first drop in 20 months and the worst



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■ The Centre could extend a total export assistance of ₹3,000-5,000 crore to states

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since May 2020. So, any support to boost exports of goods and services, which account for over a fifth of the country's GDP, assumes significance at this juncture.

"The new scheme could have the characteristics of a centrally-sponsored scheme (where state governments will also pitch in with their funds) but it would include interested private players as well," said

one of the sources. The Cabinet could take up the proposal for approval before the next Budget, he added. "Also, it would definitely be a part of the next foreign trade policy (which will be adopted from April 2023)," he added.

The assistance could be in the form of grants. Usually in a centrally-sponsored scheme (CSS), the Centre extends about 60% of the

funds and 40% is borne by the states. Sources had earlier told FE that the commerce ministry could initially run pilot projects in about 50 districts across the country and gradually widen the initiative to cover more districts. Of course, a precise estimate of the assistance under the scheme would be firmed up after the concurrence of the finance ministry.

The move follows Prime Minister Narendra Modi's call for developing each district into an export hub. Commerce and industry minister Piyush Goyal has held several rounds of deliberations with stakeholders for this purpose, said the sources.

At present, while states are encouraged to develop key districts into export hubs, there is no specific central government support for this purpose. The new scheme is expected to encourage states to pitch in to further boost their exports as well.