

Govt mulls over ₹5,000-cr scheme to develop key districts into export hubs

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THE NEW FOREIGN trade policy (FTP), which will come into force in October, is likely to provide support of at least ₹5,000 crore to develop select districts as export hubs, official sources told FE.

This could be the most significant announcement by the government in the new FTP as far as fiscal assistance is concerned, given that most of the other key schemes involving even greater outlays have already been declared.

The assistance could be in the form of grants to states. The scheme to develop export hubs in various districts may be designed as a centrally-sponsored scheme (CSS) under which the Centre may extend about 60% of the funds and 40% will have to be borne by the states, one of the sources said. Initially, the commerce ministry may run pilot projects in about 50 districts across the country and gradu-



ally widen the initiative to cover more districts, he added. "A precise estimate of the assistance is still being worked out by the commerce ministry," he added.

Currently, while states are being encouraged to develop key districts into export hubs, there is no specific central government support for this purpose.

The likely aid under the new FTP is expected to encourage states to do their bit as well.

The move is part of the commerce ministry's plan to implement the idea, mooted by Prime Minister Narendra Modi, to develop each district into an export hub.

"Commerce and industry minister Piyush Goyal is very keen on making this a reality and is monitoring initiatives for this purpose," one of the sources said.

In the extant FTP, announced in 2015, the government had declared the Merchandise Export from

India Scheme (MEIS) by merging five different schemes and sharply raising budgetary allocation for it. It had allocated ₹39,097 crore for exporters under the MEIS for the pre-pandemic year (FY20). This scheme was replaced with the Remission of Duties and Taxes on Exported Products (RoDTEP) programme from January 2021. The validity of the current FTP, which was to expire in 2020, was extended until September 2022 in the wake of the Covid outbreak.

The government has already earmarked ₹21,340 crore for tax remission schemes for exporters like RoDTEP and RoSCTL in the Budget for FY23. This has substantially reduced the scope for any new big programme, apart from the one for services exporters. As such, Goyal has repeatedly exhorted exporters to shun the crutches of subsidies and instead boost their competitiveness, which would be key to achieving sustainable export growth.