



**PHD Research Bureau**  
PHD Chamber of Commerce and Industry



## **Decisions taken by the Union Cabinet (29<sup>th</sup> September 2021)**

- **Government approves continuation of the National Export Insurance Account (NEIA) scheme and infusion of Rs. 1,650 crore Grant-in-Aid over 5 years**

Government under the leadership of Hon'ble Prime Minister Shri Narendra Modi has undertaken a series of measures to provide a boost to the exports sector. In line with this, the Government has approved capital infusion of has approved contribution of Grant-in-aid (Corpus) of Rs 1,650 Crore to National Export Insurance Account (NEIA) over a period of five years, i.e. from FY 2021-2022 to FY 2025-2026.

The capital infusion in NEIA Trust will help the Indian Project Exporters (IPE) to tap the huge potential of project exports in focus market. Support to project exports with Indian content sourced from across the country will enhance the manufacturing in India. Corpus contribution of ₹1,650 Crore will enhance the underwriting capacity of the Trust and will enable NEIA to support project exports worth ₹33,000 Crore at full capacity utilization that in turn will translate into an estimated output of domestically manufactured goods to the tune of Rs 25,000 Crore approximately.

In addition, assuming an average 75% Indian content in the projects, in terms of the report 'Export to Jobs' by World Bank and International Labour Organisation, it is estimated that around 12000 workers will move into formal sector. Further, the total workers (number of both formal and informal) will increase by 2.6 lakh in the relevant sectors as per estimates based on the report.

### **NEIA- Performance highlights**

1. The NEIA Trust was set up in 2006 to promote Medium and Long-Term (MLT)/ project exports by enabling credit and political insurance
2. NEIA supports projects which are commercially viable and are strategically important
3. The corpus commitment of GOI is Rs.4000 crore and Maximum Liability Permissible is 20 times of the actual corpus
4. The contribution received from the Government of India over the years, as of March

31,2021 was Rs.3,091 crore

5. Since inception, NEIA has extended 213 covers, with a consolidated project value of Rs. 53,000 crores, to 52 countries as of 31st August 2021
6. Its impact in enabling project exports has been most significant in Africa and South Asia.

#### **Various Export Related Schemes and Initiatives taken by Government in last few years**

1. Foreign Trade Policy (2015-20) extended upto 30-09-2021 due to the COVID-19 pandemic situation
2. Rs 56,027 crore released in September 2021 to liquidate all pending arrears under all script base Schemes to provide liquidity in the COVID-19 times
3. Roll out of a new Scheme - Remission of Duties and Taxes and Exported Products (RoDTEP). Rs 12,454 crore sanctioned for the Scheme in the FY 2021-22. It is a WTO compatible mechanism for reimbursement of taxes/ duties/ levies, which are currently not being refunded under any other mechanism, at the central, state and local level
4. Support to textiles sector was increased by the remission of Central/ State taxes through the ROSCTL scheme, which has now been extended till March 2024
5. Common Digital Platform for Certificate of Origin has been launched to facilitate trade and increase FTA utilization by exporters
6. A comprehensive "Agriculture Export Policy" to provide an impetus to agricultural exports related to agriculture, horticulture, animal husbandry, fisheries and food processing sectors, is under implementation
7. Promoting and diversifying services exports by pursuing specific action plans for the 12 Champion Services Sectors
8. Promoting districts as export hubs by identifying products with export potential in each district, addressing bottlenecks for exporting these products and supporting local exporters/manufacturers to generate employment in the district
9. Active role of Indian missions abroad towards promoting India's trade, tourism, technology and investment goals has been enhanced
10. Package announced in light of the covid pandemic to support domestic industry through various banking and financial sector relief measures, especially for MSMEs, which constitute a major share in exports
11. Trade Infrastructure for Export Scheme (TIES), Market Access Initiatives (MAI) Scheme and Transport and Marketing Assistance (TMA) schemes to promote trade infrastructure and marketing.

- **Cabinet approves doubling of Nimach-Ratlam railway line**

The Cabinet Committee on Economic Affairs, chaired by Hon'ble Prime Minister Shri Narendra Modi, has approved the doubling of Nimach-Ratlam railway line. The total estimated cost of the project will be Rs.1,095.88 crore and its escalated / completion

cost is Rs.1,184.67 crore. The total length of doubling of line is 132.92 km. The project will be completed in four years.

The line capacity utilization of Nimach-Ratlam section is up to 145.6% with maintenance blocks. Project route section has become over saturated well above optimum capacity even without maintenance block. The main inward freight traffic carried is coal for captive power plants of cement companies.

Doubling of Nimach-Ratlam section will increase the capacity of section. Thus, more goods and passenger trains can be introduced on the system. Due to proximity of cement industries, additional freight traffic of 5.67 million ton per annum is expected from 1st year which will increase to 9.45 million ton per annum in 11th year. This will provide easy connectivity as well as well result in socio-economic development of region. Project will also boost tourism in the area as many historical sites including Fort of Unchagarh are situated in the project area.

- **Government approves Rs. 4,400 crore investment in ECGC Ltd. in 5 years to provide support to exporters as well as banks**

Government under the leadership of Hon'ble Prime Minister Shri Narendra Modi has undertaken a series of measures to provide a boost to the exports sector. In line with this, the Government has today approved capital infusion of Rs 4,400 crore to ECGC Ltd. (formerly known as Export Credit Guarantee Corporation of India Ltd.) over a period of five years, i.e. from FY 2021-2022 to FY 2025- 2026. The approved infusion along with efforts made to suitably synchronize with the listing process of ECGC through the Initial Public Offering will increase the underwriting capacity of ECGC to support more exports.

ECGC was established by the Government of India under Companies Act in 1957 to promote exports by providing credit insurance services to exporters against non-payment risks by the overseas buyers due to commercial and political reasons. It also provides insurance covers to banks against risks in export credit lending to the exporter borrowers. ECGC endeavours to support the Indian export industry with its experience, expertise and underlying commitment to progress and advance of India's exports.

ECGC plays a wider role in supporting exports from labour-intensive sectors and encourage bank lending to enterprises of small exporters thereby leading to their revival. Capital infusion in ECGC will enable it to expand its coverage to export oriented industry particularly labour-intensive sectors. The approved amount will be infused in installments thereby increasing the capacity to underwrite risks up to Rs 88,000 crore and this will enable ECGC to issue covers that can support additional exports of Rs 5.28 lakh crore over the five-year period in line with the existing pattern.

In addition, in terms of the report 'Export to Jobs' published by World Bank and International Labour Organisation in February 2019, Rs 5.28 lakh crore exports will

lead to formalization of 2.6 lakh workers. Further, the total number of workers (both formal and informal) will increase by 59 lakhs as per the report.

### **ECGC - Performance highlights**

1. ECGC is a market leader with around 85% market share in export credit insurance market in India
2. Export supported by ECGC was Rs.6.02 lakh crore in 2020-21, which is around 28% of India's merchandise exports
3. Number of distinct exporters benefitted are 7,372 and 9,535 under Export Credit Insurance for Banks as of 31/3/2021, 97% of which are small exporters
4. ECGC insures around 50% of total export credit disbursement by banks, covering 22 banks (12 Public Sector Banks and 10 Private Sector Banks)
5. ECGC has a database of over five lakh overseas buyers
6. It has settled claims more than Rs.7,500 crore in the last decade
7. It has invested \$ 11.7 million in Africa Trade Insurance (ATI) so as to facilitate Indian exports to African market
8. ECGC has shown continuous surplus and made dividend payments to the Govt. for last 20 years

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3. Roll out of a new Scheme - Remission of Duties and Taxes and Exported Products (RoDTEP). Rs 12,454 crore sanctioned for the Scheme in the FY 2021-22. It is a WTO compatible mechanism for reimbursement of taxes/duties/ levies, which are currently not being refunded under any other mechanism, at the central, state and local level
4. Support to textiles sector was increased by the remission of Central/ State taxes through the ROSCTL scheme, which has now been extended till March 2024
5. Common Digital Platform for Certificate of Origin has been launched to facilitate trade and increase FTA utilization by exporters
6. A comprehensive "Agriculture Export Policy" to provide an impetus to agricultural exports related to agriculture, horticulture, animal husbandry, fisheries and food processing sectors, is under implementation
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9. Active role of Indian missions abroad towards promoting India's trade, tourism, technology and investment goals has been enhanced
10. Package announced in light of the covid pandemic to support domestic industry through various banking and financial sector relief measures, especially for MSMEs, which constitute a major share in exports
11. Trade Infrastructure for Export Scheme (TIES), Market Access Initiatives (MAI) Scheme and Transport and Marketing Assistance (TMA) schemes to promote trade infrastructure and marketing.

- **Cabinet approves doubling of Rajkot-Kanals railway line**

The Cabinet Committee on Economic Affairs chaired by the Hon'ble Prime Minister, Shri Narendra Modi has approved doubling of Rajkot-Kanals railway line. The total estimated cost of the project will be Rs.1,080.58 crore and its escalated / completion cost is Rs.1,168.13 crore. The total length of doubling of line is 111.20 km. The project will be completed in four years.

The existing goods traffic handled on the section mainly consists of POL, Coal, Cement, Fertilizer and Food grains. The freight is generated from industries connected to private sidings taking off from the project route alignment. Future substantial Goods traffic is projected by big industries like Reliance Petroleum, ESSAR oil and Tata Chemical. The single line BG section between Rajkot — Kanals has become over saturated and there is a need for additional parallel BG line to ease out operational working. 30 pairs of passenger/mail express trains are plying on the section and existing line capacity utilization with maintenance block is up to 157.5%. Detention to both Goods and Passenger traffic will be reduced considerably after doubling. Doubling of the section will increase the capacity and more traffic can be introduced on the system. The proposed doubling from Rajkot to Kanals would lead to all round development of Saurashtra region.

- **Cabinet approves Continuation/Revisions/Modifications of Centrally Sponsored National Scheme for PM POSHAN in Schools for five more years**

The Cabinet Committee on Economic Affairs chaired by the Hon'ble Prime Minister, Shri Narendra Modi has approved the continuation of 'National Scheme for PM POSHAN in Schools' for the five year period 2021-22 to 2025-26 with the financial outlay of Rs 54061.73 crores from the Central Government and Rs 31,733.17 crore from State Governments & UT administrations. Central Government will also bear additional cost of about Rs 45,000 crore on foodgrains. Therefore, the total scheme budget will amount to Rs 1,30,794.90 crore.

The PM POSHAN Scheme will provide one hot cooked meal in Government and Government-aided schools from 2021-22 to 2025-26. This is a Centrally-Sponsored

Scheme which covers all school children studying in Classes I-VIII of Government, Government-Aided Schools. The earlier name of the scheme was 'National Scheme for Mid Day Meal in Schools' popularly known as Mid Day Meal Scheme. The scheme covers about 11.80 crore children studying in 11.20 lakh schools across the country. During 2020-21, Government of India invested more than Rs 24,400 crore in the scheme, including cost of about Rs 11,500 crore on foodgrains.

**Highlights of the decision that would improve the efficiency and effectiveness of the scheme are as below:**

1. The scheme is proposed to be extended to students studying in pre-primary or Bal Vatikas of Government and Government-aided primary schools in addition to all the 11.80 crore children from elementary classes.
2. The concept of TithiBhojan will be encouraged extensively. TithiBhojan is a community participation programme in which people provide special food to children on special occasions/festivals.
3. Government is promoting development of School Nutrition Gardens in schools to give children firsthand experience with nature and gardening. The harvest of these gardens is used in the scheme providing additional micro nutrients. School Nutrition Gardens have already been developed in more than 3 lakh schools.
4. Social Audit of the scheme is made mandatory in all the districts.
5. Special provision is made for providing supplementary nutrition items to children in aspirational districts and districts with high prevalence of Anemia.
6. Cooking competitions will be encouraged at all levels right from village level to national level to promote ethnic cuisine and innovative menus based on locally available ingredients and vegetables.
7. Vocal for Local for Atmanirbhar Bharat: Involvement of Farmers Producer Organizations (FPO) and Women Self Help Groups in implementation of the scheme will be encouraged. Use of locally grown traditional food items for a fillip to local economic growth will be encouraged.
8. Field visits for progress monitoring and inspections will be facilitated for students of eminent Universities / Institutions and also trainee teachers of Regional Institutes of Educations (RIE) and District Institutes of Education and Training (DIET).

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Warm Regards,  
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