

Cabinet approves ECGC listing, ₹6,000 cr. capital for export cover



Union Commerce and Industry Minister Piyush Goyal briefs the media on Cabinet decisions, at National Media Centre in New Delhi, on Wednesday. | Photo Credit: PTI

Decisions will push exports and create nearly 62 lakh more jobs, says Piyush Goyal

The Cabinet on Wednesday approved an infusion of over ₹6,000 crore into entities providing export insurance cover to facilitate additional exports worth over ₹5.6 lakh crore over the next five years. It also approved the listing of state-run Export Credit Guarantee Corporation (ECGC) on the stock exchanges.

Apart from pushing exports, these decisions will also create nearly 62 lakh more jobs, the Commerce Ministry said in a statement after the Cabinet meeting.

“By September 21, India’s exports had touched \$185 billion [in 2021-22]. This is the highest ever in India’s history in the first six months of a financial year and 10 days are still remaining,” said Commerce, Industry and Textiles Minister Piyush Goyal, before announcing fresh measures to spur exports.

“The Cabinet has decided to give the Export Credit Guarantee Corporation (ECGC) ₹4,400 crore as capital, which will enable it to provide insurance policies worth ₹88,000 crore,” Mr. Goyal said, adding that 97% of ECGC beneficiaries are micro, small and medium enterprises (MSMEs).

The Commerce Ministry said this will help ECGC issue covers to support additional exports of ₹5.28 lakh crore over five years, create jobs for 59 lakh workers and “lead to formalisation” of 2.6 lakh workers.

The Minister said the capital infusion, which will be done in phases over five years, starting with ₹500 crore each to be released this year and next year, will improve ECGC’s solvency.

“The process of listing ECGC on the stock market is also being initiated so that it can raise more funds. It has been delivering surpluses for 20 years, has been very profitable for the last three years and it has been a regular dividend payer,” Mr Goyal pointed out.

The Cabinet Committee on Economic Affairs approved a contribution of ₹1,650 as grant-in-aid to the National Export Insurance Account (NEIA), which provides cover for project exports, over five years. The Commerce Ministry estimated that this will create 2.6 lakh jobs and help move 12,000 workers into the formal sector.

This can enable insurance cover for project exports for ₹33,000 crore and will enhance demand by ₹20,000-₹30,000 crore because project exports typically include 70-75% of Indian-made components, the Minister said.

“These three decisions – ₹4,400 capital for ECGC, ₹1,650 crore for the NEIA trust and the listing of ECGC – will embolden our exporters to export more. The Modi government is continuously committed to increasing the pace of economic activity and exports,” Mr. Goyal said.

Rail line doubling

Information and Broadcasting Minister Anurag Thakur said the Cabinet has approved the doubling of two railway lines in Madhya Pradesh and Gujarat at an outlay of over ₹2,100 crore.

“The Neemuch-Ratlam rail line which has a lot of traffic and a lot of industry is still a single line. The doubling of this 133 km line at the cost of ₹1,096 crore has been approved,” he said.

Similarly, the Rajkot-Kanalus railway line in Gujarat will be doubled at a cost of ₹1,080 crore for a 111-km stretch. This will link Dwarka and Porbandar better to the rest of the State, Mr. Thakur said.

“These lines will benefit passengers, industrial belts around the lines and it has been decided that all efforts will be taken to complete these two lines within three years,” the Minister said.