F. No. 20/3/2010-SC
Government of India
Ministry of Commerce & Industry
Department of Commerce (DoC)
(States Cell)

Udyog Bhavan, New Delhi - 110011
Dated the 28th October, 2010

To,

The Chief Secretary,
All State Governments (Govts.) / UT Administrations (Admns.)

Subject: Guideline for Incentivising States / UTs under "Assistance to States for Developing Export Infrastructure and Allied Activities (ASIDE) Scheme".

Based on observations of Parliamentary Public Accounts Committee (PAC) on ASIDE Scheme in its 23rd Report (Presented to Lok Sabha on 31.8.10), I am directed to issue following guidelines for incentivising better performance among States / UTs within existing framework of ASIDE:

1. 10% of ASIDE annual allocation would be set aside for the incentive scheme. Funds out of State component will be for States other than NER (North Eastern Region, i.e., 8 North-Eastern states including Sikkim) and same out of Central component for NER States.

2.1 Out of such 10% pool, projects forwarded by eligible State Govts. / UT Administrations will be sanctioned in DoC.

2.2 Under this Scheme funding will be project specific, rather than block funding (as existing for ASIDE State component at present).

3.1 Selection of States will be based on performance in implementation of ASIDE projects.

Successful and timely implementation of ASIDE largely depends on:

a) Leveraging funds from other sources,
b) Healthy pace of expenditure of funds by States / UTs, and
c) Timely completion of sanctioned projects to avoid cost over-run etc.

3.2 Selection of States on above three parameters will be finalized by DoC.

4.1 Implementation of ASIDE during the past 9 years has also brought into focus following needs:-

a) Quality of output needs to be emphasized, and
b) A system must be institutionalized wherein such situation must be avoided to recur, wherein State Governments implement in contradiction to ASIDE guidelines.

Wherever such deviation is noticed, concerned States / UTs would be made ineligible for funding under the proposed Incentive Scheme.

4.2 In so far as ensuring quality output is concerned, this will be basically based on report from Joint Secretaries' site-visits to their nodal states and reports on visits by other officials of Govt. of India and concerned State Govt. / UT Admn.

5.1 Projects to be sanctioned must be visible and tangible and must fall within the current guidelines of ASIDE Scheme.

5.2 The basic thrust is to bring up big projects under this incentive scheme, having perceptible visibility and tangible impact on export front, with active participation of concerned State Govt. / UT Admn. on foreign trade related infrastructure development. It may be mentioned here that such projects may take about 2 to 3 years for complete implementation and commissioning.

6. For States / UTs other than NER:

6.1 Normally each project size should be of the order of Rs. 30 cr. app. This can be for more than one project also. Project would be implemented with funding on matching basis (1:1) by DoC and concerned State Govt. / UT Admn. However, for the current fiscal, the floor limit would be minimum Rs. 20 cr.

To illustrate for financial year 2011-12, project size should be minimum Rs. 30 cr. Of this maximum 50% can be given by the Govt. of India – GoI- (DoC) under this incentive scheme.

In case of projects, implemented under ‘Public Private Participation’ (PPP) mode, whenever viability gap funding is sanctioned, the Central (DoC) and State Government contribution would also be on 1:1 basis.

6.2 For the current fiscal each eligible State may be given within a ceiling of Rs. 20 cr. by DoC. That is Government Contribution would be Rs. 40 cr. (with Rs.20 cr. minimum from State Govt. exchequer).

7. For NER States including Sikkim:

7.1 Normally each project size should be of the order of minimum Rs. 5 cr. app. However, for the current fiscal, the floor limit would be Rs. 2 cr.

7.2 Of the project cost, maximum 80% can be given by DoC under this scheme. Balance 20% would be contributed by concerned State Govt. in NER. That is the funding would be on matching (4:1) basis.

For current fiscal, however, matching contribution would be on matching (9:1) basis. That is concerned NER State Govt. must contribute only 10% of project cost.

Yours Sincerely,

(A. K. Bamba)
Director
(Tel: 2306 2109, Fax: 2306 3418)

Copy to:

(1) Principal Secretary, Industries / Commerce, State Govt. / UT Admn. (All States / UTs).
(2) Nodal Agency, All States.
(3) PPS to CS / AS (DKM) / AS (PKC) / AS&FA, DoC.
(4) All JSs, Nodal Officers, DoC.
(5) DGFT, All Zonal JDGFTs / JDGFTs