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# RELIEF Scheme — India's ₹497 Crore Support for Exporters Hit by West Asia Disruptions

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**SUBJECTS COVERED****ECONOMY****IR****CURATED & WRITTEN BY****Bharat Choudhary**

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# RELIEF Scheme — India's ₹497 Crore Support for Exporters Hit by West Asia Disruptions

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## ✎ WHY IN NEWS

The Government of India approved the RELIEF (Resilience & Logistics Intervention for Export Facilitation) scheme to support Indian exporters facing higher freight costs and rerouting of cargo due to Houthi rebel attacks on Red Sea shipping and broader West Asian geopolitical tensions. The scheme provides targeted logistics subsidies to help export-dependent MSMEs stay competitive.

## THE RED SEA CRISIS — WHY INDIAN EXPORTS ARE HIT

Since **late 2023**, Yemen's **Houthi rebels** (formally Ansar Allah) — backed by Iran — have been attacking commercial vessels transiting the **Red Sea and Bab-el-Mandeb Strait**, targeting ships they claim are linked to Israel amid the Israel-Gaza war.

### CONSEQUENCES FOR GLOBAL TRADE:

The **Red Sea** → **Suez Canal route** handles ~12% of global trade and ~30% of global container traffic

Ships forced to reroute via the **Cape of Good Hope** (southern Africa), adding:

**10–14 extra sailing days** per voyage

**\$1–3 million** in additional fuel costs per round trip

**200–300% increase** in freight rates on affected routes (Europe-Asia lanes)

## Insurance premiums (war risk) surged for Red Sea transits

### IMPACT ON INDIA:

India's exports to **Europe, North America (via Suez)**: ~30% of total merchandise exports (~\$130–140 billion/year)

**Most affected sectors:** Textiles & garments, pharmaceuticals, engineering goods, marine products, gems & jewellery

**MSMEs** (which account for ~48% of India's exports) are most vulnerable as they cannot absorb freight cost increases

**US-led response: Operation Prosperity Guardian** (December 2023) — a multinational naval coalition in the Red Sea to deter Houthi attacks. India deployed INS warships (under Operation Sankalp) in the region for merchant vessel protection.

## WHAT IS THE RELIEF SCHEME?

### RELIEF = Resilience & Logistics Intervention for Export Facilitation

**Total outlay:** ₹497 crore **Ministry:** Ministry of Commerce and Industry **Implementing agency:** **ECGC Ltd.** (Export Credit Guarantee Corporation of India Ltd.) — a wholly government-owned export credit agency under the Ministry of Commerce & Industry, headquartered in **Mumbai**. Originally set up as Export Risks Insurance Corporation (ERIC) in **July 1957**; renamed ECGC in 1964 and to its current name in 1983 **Parent programme:** Export Promotion Mission (EPM)

**Covered markets (10 countries):** UAE, Saudi Arabia, Qatar, Oman, Kuwait, Bahrain, Israel, Iraq, Iran, Yemen

### THREE COMPONENTS:

Component	Beneficiary	Coverage
<b>Component I</b> (₹56 crore)	Exporters already insured by ECGC (Feb 14–Mar 15, 2026 shipments)	Up to 100% additional risk coverage
<b>Component II</b> (₹159 crore)	Future shipments (Mar 16–Jun 15, 2026)	Up to 95% risk coverage with stable premiums
<b>Component III</b> (₹282 crore — largest)	MSME exporters NOT previously insured (Feb 14–Mar 15, 2026)	50% reimbursement of freight & insurance surcharges

An **Inter-Ministerial Group (IMG)** with a real-time ECGC dashboard will monitor claims and fund utilisation.

## INDIA'S EXPORT ECOSYSTEM — KEY DATA

Indicator	Data
India's total merchandise exports (2024-25)	~\$437 billion
India's services exports (2024-25)	~\$340 billion
MSME share of merchandise exports	~48%
India's target (National Trade Policy)	\$2 trillion by 2030
Top export destinations	US, UAE, Netherlands, China, UK
India's global rank in merchandise exports	~17th

### DGFT (Directorate General of Foreign Trade):

Under Ministry of Commerce and Industry

Administers India's Foreign Trade Policy (FTP)

Current FTP: **Foreign Trade Policy 2023** (released April 2023, valid for 5 years)

Key FTP 2023 features: Towns of Export Excellence, Amnesty Scheme for exporters, Remission of Duties and Taxes on Exported Products (RoDTEP)

## EXISTING EXPORT SUPPORT SCHEMES — CONTEXT

Scheme	Purpose
<b>RoDTEP</b> (Remission of Duties and Taxes on Exported Products)	Refunds embedded taxes/duties on exports — WTO-compliant replacement for MEIS
<b>EPCG</b> (Export Promotion Capital Goods)	Zero customs duty on machinery import for export production
<b>Advance Authorisation</b>	Duty-free import of inputs used in export products
<b>Interest Equalisation Scheme</b>	Subsidised interest rates for MSME exporters
<b>Trade Infrastructure for Export Scheme (TIES)</b>	Grants for export infrastructure (cold chains, testing labs, ports)

**RELIEF is additive** to these schemes, specifically targeting the logistics cost shock from the Red Sea disruption.

## WEST ASIAN GEOPOLITICS — UPSC CONTEXT

### Houthi Movement:

Formal name: Ansar Allah

Origin: North Yemen (Saada province); emerged in 1990s as a Zaydi Shia revivalist movement

In power in Sanaa (Yemen's capital) since 2014 coup

**Iran link:** Part of Iran's "Axis of Resistance" (alongside Hamas, Hezbollah, PIJ)

**UN arms embargo** on Houthis under UNSC Resolution 2216 (2015)

### India's Position:

India does not support Houthi attacks on commercial shipping (against freedom of navigation, UNCLOS)

India has deployed **INS Vikrant** carrier battle group elements and independent warships under **Operation Sankalp** (since June 2019, expanded in 2023–24)

India is not part of the US-led Operation Prosperity Guardian (India maintains strategic autonomy)

### UPSC RELEVANCE

RELIEF scheme full form, nodal ministry (Commerce & Industry), implementing agency (ECGC Ltd.), Houthi = Ansar Allah, Operation Prosperity Guardian, India's export value (~\$437 billion), FTP 2023, RoDTEP.

### MAINS GS3:

Export promotion policy, MSME resilience, India's trade policy amid global disruptions, supply chain diversification.

### GS2:

West Asia geopolitics, Red Sea conflict, India's strategic autonomy, Operation Sankalp.

## ★ FACTS CORNER — KNOWLEDGEPEDIA

### RELIEF SCHEME:

Full form: Resilience & Logistics Intervention for Export Facilitation

Ministry: Commerce & Industry

Implementing agency: ECGC Ltd. (Export Credit Guarantee Corporation of India Ltd.; HQ: Mumbai; originally ERIC, est. July 1957; renamed ECGC 1964)

Parent programme: Export Promotion Mission (EPM)

Total outlay: ₹497 crore (Component I: ₹56 crore; Component II: ₹159 crore; Component III — MSME: ₹282 crore)

Disruption window I: Feb 14–Mar 15, 2026; Window II: Mar 16–Jun 15, 2026

Covered markets: 10 countries (UAE, Saudi Arabia, Qatar, Oman, Kuwait, Bahrain, Israel, Iraq, Iran, Yemen)

Monitored by: Inter-Ministerial Group (IMG) + ECGC real-time dashboard

### RED SEA CRISIS:

Houthis (Ansar Allah) attacking ships since late 2023

Route impacted: Red Sea → Suez Canal (handles ~12% of global trade)

Alternative route: Cape of Good Hope (+10–14 days, +200–300% freight)

US-led response: Operation Prosperity Guardian (December 2023)

India's response: Operation Sankalp (warship deployment, not part of US coalition)

### INDIA'S TRADE DATA:

Merchandise exports 2024-25: ~\$437 billion

Services exports: ~\$340 billion

MSME share of exports: ~48%

Export target (2030): \$2 trillion

### KEY EXPORT SCHEMES:

RoDTEP: WTO-compliant tax refund on exports (replaced MEIS)

EPCG: Zero duty on capital goods import for export production

FTP 2023: Valid 2023–2028; released April 1, 2023

### OTHER RELEVANT FACTS:

Bab-el-Mandeb Strait: 29 km wide; connects Red Sea to Gulf of Aden

UNCLOS (UN Convention on Law of the Sea): Freedom of navigation applies in international straits

India's DGFT administers FTP; under Ministry of Commerce

Houthis under UN arms embargo: UNSC Resolution 2216 (2015)

Sources: [PIB](#), [Ministry of Commerce](#), [The Hindu](#), [Indian Express](#)

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