

Govt has taken specific steps to boost exports: Nirmala Sitharaman

PTI New Delhi Published on February 11, 2020

The government has taken several steps, including a tax refund scheme and enhanced credit to exporters, to boost outbound shipments, Finance Minister Nirmala Sitharaman said on Tuesday.

Replying to a debate on the Union Budget, the Finance Minister mentioned six specific steps taken for improving the country's exports.

New schemes

She said that the Remission of Duties or Taxes on Export Product (RoDTEP) scheme will replace the existing Merchandise from India Scheme (MEIS), which is considered as non-compliant to global trade rules. The Minister said textiles and all other sectors, which currently enjoy incentives up to 2 per cent over MEIS, will transit to RoDTEP.

“In effect, RoDTEP will more than adequately incentivise exporters than the existing schemes all put together,” Sitharaman said, adding that now the concerns raised over withdrawal of MEIS is addressed.

Under the Foreign Trade Policy, MEIS was introduced in 2015. This incentivises merchandise/goods exports of over 8,000 items and it was the biggest scheme of its kind. Exporters get duty credits at fixed rates of 2 per cent, 3 per cent, and 5 per cent, depending upon the product and target country.

The Finance Minister also said that in order to boost credit to export sectors, the RBI has enhanced the sanctioned limit to the eligible under priority lending norms. “The limit has been raised from Rs 25 crore to Rs 40 crore per borrower. Furthermore, the existing criterion of units having a turnover of up to Rs 100 crore has been totally removed. So, it is applicable to anybody who wants to approach and take this priority sector lending,” she said.

The government has also announced Nirvik (Niryat Rin Vikas Yojana) scheme to provide enhanced insurance cover and reduce premium for small exporters. She said this scheme will expand the scope of export credit and it will offer high insurance cover.

“This will enable reduction in over all cost of export credit, including interest rates speciality to the MSMEs,” the minister said.

Addressing specific sectors

Sitharaman said that the government has approved a sugar export policy for evacuation of surplus stocks during the sugar season 2019-20. “This shall involve providing lump sum export subsidy of Rs 10,448 crore per tonne to sugar mills. The total estimated expenditure is about Rs 6,268 crore that will be incurred for this purpose,” she said.

The Minister also said that to enable handicraft industry to effectively harness e-commerce for exports, mass enrolment of artisans across India will be carried out in collaboration with the Textiles Ministry.

She informed that the government has also amended SEZ law under which trusts are allowed to set up units in special economic zones.

The country’s exports contracted for a fifth month in a row by 1.8 per cent in December 2019 to USD 27.36 billion. During April-December 2019-20, exports slipped 1.96 per cent to USD 239.29 billion, imports declined 8.9 per cent to USD 357.39 billion, leaving a trade deficit of USD 118.10 billion.