

Export sops get ready

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New Delhi: The Centre plans to work out export incentive packages worth Rs 15,000 crore in the coming weeks as global trade picks up. The packages will be compliant with the World Trade Organisation norms. The officials of the finance and commerce ministries will meet to discuss the measures and this could be announced as part of the Foreign Trade Policy review next month, a senior commerce ministry official said.

Union commerce minister Suresh Prabhu in a communication to finance minister Arun Jaitley has listed out the incentives. The officials of the two ministries will meet to work out the fine print.

The proposed measures include allowing the scrips earned under the popular Merchandise Exports from India Scheme (MEIS) to be used to pay the Goods and Services Tax (GST), increasing incentive rates and interest subsidy rates for labour-intensive sectors, reducing the GST rate on MEIS/SEIS scrips and infus-

IN THE WORKS

■ Scrips under Merchandise Exports from India scheme to be used for GST

■ Higher incentive rate, interest subsidy for labour-intensive units

■ More funds into ECGC

■ Sops to be WTO-compliant

■ Total sop size Rs 15,000cr



ing more capital into the Export Credit Guarantee Corporation of India.

The country would have to phase out export subsidies at it has breached an income threshold stipulated by the WTO to end such sops. According to the special and differential provisions in the WTO's Agreement on Subsidies and Countervailing Measures, when a member's per capita gross national income (GNI) exceeds \$1,000 per annum (at the 1990 exchange

rate) for the third straight year, it has to phase out its export subsidies. There is, however, no clarity on the time frame to end such subsidies.

Twin compliances

Officials said the Merchandise Exports from India Scheme (MEIS) is being redesigned to make exports GST and WTO compliant.

Duty-drawbacks are basically taxes foregone and that is considered a "prohibited subsidy" by the WTO.

The five-year foreign trade policy (2015-20) provides a framework to boost the exports of goods and services, besides the creation of more jobs.

Exports are showing signs of picking up as they soared 25.67 per cent to \$28.61 billion in September, the highest growth in six months on the back of expansion in the the shipments of chemicals, petroleum and engineering products.

Exports had grown 27.5 per cent in March. Imports, too, rose 18.09 per cent to \$37.6 billion in September.