

Exporters Get ₹8,450-Cr Boost in FTP Review

Incentives under MEIS raised to 4% from 2% for leather, textiles, agri products and carpets

Our Bureau

New Delhi: The government announced incentives worth a total ₹8,450 crore to boost exports and employment in labour-intensive sectors in the mid-term review of the five-year foreign trade policy (FTP) that was rolled out in 2015.

Incentives under the Merchandise Export from India Scheme (MEIS) have been raised to 4% from 2% for leather, textiles, agriculture products and carpets. Further, to address the capital blockage of exporters, the government plans an e-wallet from April 1, 2018. A team of experts will also be set up to assist exporters on GST.

The Centre has allowed duty free imports for exports against self-certification and raised the validity for duty credit scrips to 24 months. The scrips are incentives used by exporters to pay customs duties.

"Export is a strategic part of economic policy and should be part of the foreign policy also," said commerce and industry minister Suresh Prabhu while releasing the review. "FTP review focuses on exploring new markets and products, increasing India's share in traditional markets and products."

Referring to the implementation of the GST, Prabhu said it "would be the catalyst for spurring growth in the export sector" and added that green shoots in export growth are distinctly visible now.

Exports dipped for the first time in 15 months in October, falling 1.1% to \$23.1 billion. Shipments are expected to fall further in November, exporters have said, blaming it on the GST that was implemented on July 1. Last month's trade deficit widened the most in three years to \$14 billion.

More "simplification of procedures, single-window system will facilitate the industry," Prabhu said.

Though the review is aimed at taking corrective steps by assessing the impact of export sops on various sectors besides boosting small and medium enterprises (SMEs) that generate jobs, exporters said the package may not lead to immediate export growth but will stall the decline in growth of shipments.

"We expect the effect of these sops coming in January," said Ganesh Kumar Gupta, president, Federa-

Pre-Budget Bonanza

Labour intensive sectors get more sops

INCENTIVES	Amount (₹ cr)
Leather and footwear	749
Agriculture	1354
Marine exports	759
Telecom & electronic items	369
Handmade carpets	921
Medical, surgical equipment	193
Services	1,140
Readymade garments, madeups	2,743

SEIS, MEIS incentives increase 33.8% to ₹8,450 cr

FTP incentives now cover 8,000 of the total 12,000 products



tion of Indian Export Organisations (FIEO) and added that the group will continue to interact with the government and seek sops for handicrafts and fabrics.

The five-year FTP announced on April 1, 2015, had set an ambitious \$900 billion target for goods and services exports by 2020. It also has a goal of increasing India's share of world exports to 3.5% from 2%. India's goods exports amounted to \$170 billion in the April-October period.

SECTORAL SOPS

Under the package, incentives for goods exports is ₹4,567 crore and ₹1,140 crore for services. This is in addition to the recently announced doubling of incentives for ready-made garments and made-ups worth ₹2,743 crore under MEIS.

Exporters are given duty exemption scrips under the programme pegged at a certain percentage of the total value of their exports. The scrips can be used to pay duties on inputs including customs levies. They can also be traded in the market.

The FTP also sought to establish an Export Promotion Mission to provide an institutional framework to work with state governments to boost India's exports. The government also aimed to promote and boost export of defence goods.