

Govt has taken specific steps to boost exports: FM

Country's exports contracted for the fifth month in a row by 1.8 per cent in Dec to \$27.36 billion

PRESS TRUST OF INDIA
NEW DELHI, 11 FEBRUARY

The government has taken several steps, including tax refund scheme and enhanced credit to exporters, to boost outbound shipments, Union finance minister Nirmala Sitharaman said today.

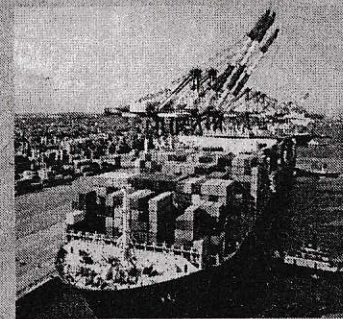
Replying to a debate on the Union Budget, Ms Sitharaman mentioned six specific steps taken for improving the country's exports.

She said that 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," Ms Sitharaman said, adding that now the concerns raised

BUDGET TAKEAWAYS



▶ The finance minister said that 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

▶ She 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 government has also announced Nirvik (Niryat Rin Vikas Yojana) scheme to provide enhanced insurance cover and reduce premium for small exporters

over withdrawal of MEIS is addressed.

"I am making it plain that RoDTEP, which is now coming in, will more than adequately compensate and incentivise exporters than all the existing schemes put together," she added.

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 overall cost of export credit, including interest rates, specially to the MSMEs," the minister said.

Further, Ms Sitharaman said that the government has approved a sugar export pol-

icy 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 ton 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 the fifth month in a row by 1.8 per cent in December 2019 to \$27.36 billion.

During April-December period of fiscal 2019-20, exports slipped by 1.96 per cent to \$239.29 billion, while imports declined by 8.9 per cent to \$357.39 billion, leaving a trade deficit of \$118.10 billion.