

Name of Paper : BUSINESS STANDARD

Published at : NEW DELHI

Dated : 26 JUN 2012

# Export sops extended, SEZ package coming

Foreign trade policy expands interest subvention, widens EPCG scheme coverage

BS REPORTER  
New Delhi, 5 June

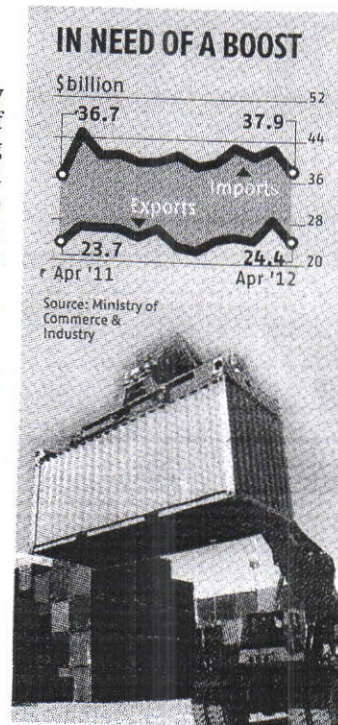
The government today came to the rescue of exporters by extending some promotion schemes and providing incentives to tap new markets, with an aim to increase outbound shipments by 20 per cent this fiscal.

A two per cent interest subvention for labour-intensive sectors and the Export Promotion Capital Goods (EPCG) scheme were extended by a year and their coverage widened.

In another significant step, Commerce and Industry Minister Anand Sharma said the ministry would issue new guidelines for promoting exports from Special Economic Zones (SEZs). He said exports from these tax-free zones had been falling for the past couple of years due to the imposition of minimum alternate tax and dividend distribution tax.

However, the government refrained from introducing any new scheme in the much-awaited annual supplement (2012-13) to the Foreign Trade Policy (FTP) 2009-2014.

To boost manufacturing, the FTP allowed "status holders" to use scrips issued to



them to pay excise duty for capital goods procured from domestic manufacturers. At present, the scheme is only allowed to be used to pay duties on imported capital goods.

Releasing the supplement, Sharma set a target of achieving 20 per cent growth in exports this fiscal to almost \$360 billion over \$303.7 billion

## Market players seek relaxation for QFIs

Market players handling foreign investment in the country have asked the finance ministry to change the tax structure for qualified foreign investors. TSI, 1▶

## Sharma urges RBI to cut interest rates

Upset over a "disturbing" decline in industrial growth, Commerce Minister Anand Sharma has made a case for the RBI to cut rates in its upcoming policy review. 4▶

## CII sets terms for economic revival

Industry chamber CII has warned the government the economic situation could worsen if it failed to act immediately, and made point-wise demands. 4▶



**Q&A**

**ANUP K PUJARI**  
Director General of Foreign Trade

**"We are taking one step at a time... the target of doubling the country's annual exports to \$500 billion by 2014 is not impossible" 4▶**

last year. The \$500-billion target for 2013-14 was retained. That would entail hefty 39 per cent growth in exports next fiscal. Exports grew just 3.23 per cent to \$24.45 billion in April. During the entire last fiscal, they expanded by almost 21 per cent. Sharma said exports would start looking up from August-September.

The two per cent interest

subvention would cover more sectors. The scheme was available only to exporters in sectors such as handlooms, handicrafts, carpets and small and medium enterprises. It has been extended to cover sectors such as toys, sports goods, processed agricultural products and ready-made garments.

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en markets under the Focus Market Scheme (FMS) and seven destinations under the Special FMS.

## Export sops...

The EPCG scheme can now also be availed by units claiming benefits under the Technology Upgradation Fund Scheme and the Status Holder Incentive Scheme.

Through the EPCG scheme, the government has been providing incentives to exporters to modernise production facilities. Under the scheme, the government has now removed the export limit threshold for sectors such as carpet, coir and jute. It will remain applicable on handicrafts, handlooms, the cottage sector, agriculture and sericulture, among others.

The supplement also extended export benefits to external trade through e-commerce.

"One of the key objectives of our Foreign Trade Policy has been to give a thrust to a technology upgrade of exports to enhance global competitiveness of our products," Sharma said.

He refused to specify a figure for revenue forgone due to measures announced in the FTP. However, senior officials of the commerce department pegged the revenue forgone due to the extension and expansion of the interest subvention and EPCG schemes at ₹1,850 crore. Last year, the government had announced an export incentive package worth ₹1,700 crore in the FTP.

With an aim to turn around manufacturing, the government went a step further and permitted 'status holders' to procure capital goods from domestic manufacturers and pay excise duty through duty credit scrips, which was not allowed earlier. 'Status holders' refers to star trading houses and large-scale exporters.

"Now, all scrips would be permitted to be sourced from the domestic market to encourage manufacturing, value-addition and employment. This will be an important measure for import substitution and help in saving forex," he said.

As the US and the euro zone, which account for 30 per cent of India's exports, remain in uncertainty, the FTP added sev-