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Exporters' bodies seek higher incentives, cheaper credit

OUR BUREAU

New Delhi, October 7

Export organisations have asked the government for higher export incentives, cheaper credit, faster reimbursements of input taxes and lower transaction costs to help deal with the crisis of continuously falling exports.

In a review meeting chaired by Commerce Secretary Rita Teaotia and attended by 27 export organisations on Wednesday, exporters made a strong case for the government coming to their aid.

"The major issues highlighted by the export councils related to early refund of the duty drawback amounts, credit of interest subvention, increase in the incentives under the existing schemes and agreements with specific countries to promote exports of certain items," a Commerce Ministry release said.

The Commerce Secretary, however, said that it was not likely that the incentives under the Merchandise Export from India Scheme would be enhanced as the scheme was firmed up after a lot of deliberations.

Rita Teaotia, Commerce Secretary

Export organisations from sectors including apparel, carpet, cashew, chemicals, cotton, leather, electronics & computer software, handicrafts, gems & jewellery, handloom, Indian silk, plastics, powerloom, sports goods, synthetic & rayon textiles, wool & woollen, oilseeds, telecom, pharmaceuticals and EOUs & SEZ, attended the meet.

Several export organisations stressed that the interest subvention scheme should be implemented without delay.

The Finance Ministry had made a provision for extending interest subvention — a scheme that allows loans to exporters at a lower interest rate of about 3 per cent — in this year's budget, but it is yet to be implemented.

Exporters complained that banks also had not passed on the benefits of the recent rate cuts announced by the RBI, and credit was available to them at high interest rates of 13-14 per cent.

The Engineering Export Promotion Council (EEPC) pointed out that because of repeated increases in import duty and safeguard duty on steel HR coils, the engineering industry was facing an inverted duty structure, where duties on raw materials were higher than the finished products.

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