

PANEL URGES MORE SUPPORT FOR EXPORTERS

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Do-it-yourself:Panel says India must support manufacture of shipping containers to cope with shortages.C.V.SubrahmanyamC_V_SUBRAHMANYAM

A Parliamentary panel has asked the Commerce and Industry Ministry to seek more funds from the Finance Ministry for the new tax refunds scheme for exporters — the Remission of Duties and Taxes on Export Products (RoDTEP) — after expressing its displeasure at the long delay in notifying the scheme's details.

The Parliamentary Standing Committee on Commerce has also nudged the government to promote domestic manufacturing of shipping containers to cope with the container shortages hurting exports and promote Indian shipping lines which currently account for just 10% of cargo movement in the country.

In its report on augmenting infrastructure facilities to boost exports, presented on Saturday, the panel questioned the delay in implementing RoDTEP scheme, announced on January 1 but notified only in August.

“The Committee is discontented that notification of rates under the scheme has been delayed by more than seven months and benefits under the scheme have not been passed on to exporters till date. The Committee also opines that the budget allocation of Rs. 12,500 crore for the scheme would be inadequate to meet its objectives,” it noted, urging the Commerce ministry to engage with the Finance ministry for additional allocation.

Urging the Department of Revenue to adopt a more transparent approach while dealing with exporters it tags as ‘risky’, the panel has also questioned the government's indecision on the continuation of the Interest Equalisation Scheme (IES) for exporters which expired on June 30.

‘Uncertainty hurting’

Emphasising that ‘uncertainty’ is not conducive for India's overall export ecosystem, the panel indicated that the suspense over the IES's continuation makes it difficult for exporters to decide whether or not to factor the benefit of the scheme in their costing. The IES provides pre- and post-shipment rupee export credit to eligible exporters, including all micro, small and medium enterprises at a 3% lower interest rate.

The panel has suggested that the scheme be extended ‘for at least five years or till the time our interest rates are at par with rates of the competing countries’.

The committee also voiced its displeasure after exporters complained about the ‘risky’ exporters tag, which leads to 100% mandatory checks on export consignments and the suspension of IGST refunds.

While it welcomed the Revenue department's steps to identify and penalise fraudulent input tax credit claims by some exporters, the panel cautioned against punishing genuine exporters due to an error in identification.

END

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