

INDUSTRY URGES DUTY REMISSION REVAMP IN FOREIGN TRADE POLICY

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

Pradeep Multani

Industry is hoping for concrete measures from the new foreign trade policy to give a fillip to India's exports amid slowing global demand, including an overhaul of the duty remission scheme introduced last year and removal of the levy of GST on global trade intermediaries.

The Commerce and Industry Ministry is expected to unveil the new policy next week as the 2015 policy, currently in operation, expires on September 30 after being extended for two and a half years.

The Remission of Duties and Taxes on Export Products (RoDTEP) scheme was supposed to take care of various duties and taxes outside GST that add to the cost of exports, but is unable to do so because of various anomalies, restrictions and very low rates, PHD Chamber of Commerce and Industry president Pradeep Multani said on Friday.

The industry chamber has urged the government to consider tweaking the scheme so that exporters are specifically reimbursed on the basis of actual taxes and duties paid by them on outbound shipments.

Mr. Multani also pointed out that buying agents and consultants hired by foreign buyers are key intermediaries who facilitate exports of over a billion-plus dollars for micro, small and medium enterprises (MSMEs), but their services are being taxed at 18% under the GST Act.

"We expect removal of this GST levy as it is akin to "Export of Taxes" which is against the basic premise of the GST law as well as against the international trade practices," he said on Friday.

'Reboot of SEIS'

Seeking a continuation of the capital goods export promotion scheme, given that engineering products have driven a large part of the uptick in exports over the past year, the PHDCCI chief also mooted a reboot of the discontinued Services Export Incentive Scheme, especially for sectors like travel, tourism and construction.

Last week, the Federation of Indian Exporters' Organisations (FIEO) sought a review of the interest equalisation benefits for exporters.

"There is an urgent need to restore the interest equalisation benefit of 5% to manufacturers in the MSME segment and 3% to all tariff lines (instead of 410 tariff lines) as cost of credit is equally adversely impacting all exporters," FIEO president A. Sakthivel had said, emphasising that credit costs for smaller players are now 10%-11%.

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