

Exports did not increase beyond particular band with incentive schemes, says DGFT

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The Foreign Trade Policy 2023, announced on Friday, seeks to focus on tax remission (rather than incentives), promote districts as export hubs, extend measures to aid MSMEs and boost exports of e-commerce. In an interaction with *businessline*, Director General of Foreign Trade Santosh Sarangi explains the details of some of the initiatives and how these can help the country aim for \$2 trillion of exports by 2030. Excerpts:

FTP 2023 talks about moving way from incentive regime to remission-based regime. Could you please elaborate?

Moving away from incentive regime to remission-based regime is one of the major pillars of the FTP. Remission regime is based on the entitlement of exporters where taxes and duties paid in the process of exports are not to be exported. They are to be refunded. We will strengthen the remission-based regime. And this will be fully compatible with WTO provisions.

But won't moving away from incentive regime have an adverse effect on the country's exports?

Our incentive-based schemes have been going on for a long time. However, our exports did not increase beyond a particular band

We believe that our exporters should adopt principle of *Aatmanirbhar Bharat* and try to increase their competitiveness in open market.

SANTOSH SARANGI,
Director General of Foreign Trade



when those schemes were being implemented. But when we stopped subsidy and moved to remission schemes, we saw that exports increased quite a bit. We believe that our exporters should adopt principle of *Aatmanirbhar Bharat* and try to increase their competitiveness in open market.

Even when exporters get incentives, if work is not done to strengthen supply chain, then it doesn't work. That is why there is a lot of thrust on the PLI scheme and the National Logistics Policy. These will help our suppliers become more competitive, reduce logistics cost and allow us to be more competitive globally. This is what is needed for export growth.

What is the idea behind district as export hub scheme? How much resources will be allotted and how will it differ from the 'One District One Product' scheme?

District export hub initiative will bring in focus facilitation of exports at the district level. To begin with, we will focus on 75-100 districts (out of about 750

districts). In the first year, we will create institutional mechanisms. We will get regional office of DGFT to work with the district team to prepare proper district export action plan and to have regular meetings to address problems of exporters. Money allocation will happen after district export action plan is in place.

As an initiative, district export hub is similar to ODOP, but it will also cover services and more than one product. For example, if medical tourism is seen as an area with high potential, it can be covered under DEHS.

How will the amnesty scheme for exporters pan out?

The amnesty scheme has been introduced for one-time settlement of default in export obligation by Advance Authorisation and EPCG authorisation holders.

All pending cases of the default in meeting Export Obligation (EO) of authorisations, between 2009 and 2014, can be regularised by the authorisation holder on payment of all customs duties that were exempted in proportion to unfulfilled EO

and interest at the rate of 100 per cent of such duties exempted. No interest will have to be paid on the portion of Additional Customs Duty and Special Additional Customs Duty.

We will create an online platform for people who intend to avail this where they can register themselves. Once they register, they will get six months to do this. We will give them about 15-20 days to register and then six months. The online platform will be in place by the first week of April.

How is the fee regime being changed to help MSMEs?

The earlier regime had higher application fee for the AA and EPCG schemes. For getting licences of ₹10 crore, the industry had to pay licence fee of ₹1 lakh. Now, we have ensured that MSMEs don't have to pay that kind of fees. Application fee for them will range from ₹1,000 to ₹5,000. This will benefit about 55-60 per cent of MSME exporters.

How will e-commerce zones facilitate exports?

An inter-ministerial group, comprising officials from departments of revenue, post and the DGFT, is working on that. The zones will try to facilitate processing and packaging. Exports can be allowed through green channel. The return policy will also be made easier. The zones will also provide banking channel facilitation including pre-shipment and post-shipment credit. All these measures are likely to help boost e-commerce exports.