

Exporters urge Centre for fiscal incentives, lower Customs duty

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A little over two months before the 2023-24 Union Budget, exporters on Thursday urged the government to provide fiscal incentives, reduce customs duty on certain products, and sought support to boost export competitiveness.

In a virtual pre-Budget meeting with the Finance Minister Nirmala Sitharaman, along with top officials from the finance ministry, exporters sought certain tax benefits such as 200 per cent tax deduction on the expenditure made by exporters for overseas marketing, and extension of tax incentives for the private sector to set up a global Indian shipping line to tap the market.

“We will urge the government to provide fiscal support to units who provide additional employment in the export sector. Such a scheme will also help the workers to move from informal employment to formal employment, which is a priority of the government. Incentives may be provided based on twin criteria of growth in exports and growth in workers so that while on the one hand exports are increased, on the other, the employment-intensive units also get a boost,” Federation of Indian Export Organisations (FIEO) said.

The meeting took place at a time when external demand is waning as exporters are facing global headwinds of high inflation, currency depreciation and geopolitical tensions. India's merchandise exports

contracted for the first time in two years in October to \$29.78 billion, down 16.65 per cent.

During October, 24 of 30 key export items showed contraction, while only six — electronic goods, rice, tea, oil seeds, oil meals, and tobacco — witnessed growth, the data showed. Contraction in key commodity groups such as engineering goods, gems and jewellery, chemicals, and ready-made garments dragged down the overall exports.

In an official statement, FIEO sought ₹200-crore support under Market Development Assistance (MDA) scheme. “Therefore, for aggressive marketing, there is a need for the creation of an Export Development Fund with a corpus of minimum 0.5 per cent of preceding year's exports,” it said, adding that a special scheme for goods exported by small businesses can be rolled out.

It also sought restoration of the interest equalisation (subsidy) benefit of 5 per cent to manufacturer MSMEs and 3 per cent to all 410 tariff lines (broad sectors) as existed prior to October 2021, as cost of credit has crossed the pre-Covid level.

Exporters also suggested reducing customs duties on raw silk, silk yarn, raw cotton, and copper ores.

Bipul Chatterjee, executive director of global public policy research and advocacy group, CUTS International, said there was a need to adopt a targeted approach to expand and diversify services exports. There is also a need to identify new mar-

KEY DEMANDS

■ **200% tax deduction** on expenditure by exporters for overseas marketing

■ **Fiscal support to units that provide additional employment** in the export sector

■ **Incentives may be based on twin criteria** of growth in exports and workers

■ **FIEO sought ₹200-crore support** under Market Development Assistance

■ **Reducing Customs duties** on raw silk, silk yarn, raw cotton, and copper ores



kets wherein services exports could be promoted, build capacity and closely coordinate with Indian missions in such markets, to leverage the potential in a time-bound manner.

“With the proposed Development of Enterprise and Services Hub (DESH) Initiative, adequate consideration needs to be given to promoting the ‘servicification’ of manufacturing and creating an effective framework to support it,” Chatterjee said.

The meeting was attended by trade and industry bodies, including Wipro, Gem and Jewellery Export Promotion Council, FIEO President A Sakthivel, chambers of commerce from Tamil Nadu and Calcutta, North Assam, National Restaurant Association and Apollo Hospitals Group also attended the meeting.

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2023-24**