

Exporters seek ₹750 crore scheme for \$25 bn fillip

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Ahead of the FY26 Union Budget, exporters urged the finance ministry to approve a US-focused marketing scheme worth ₹750 crore to generate an additional \$25 billion in exports to the US over the next three years.

According to the Federation of Indian Export Organisations (FIEO), the US' plan to impose higher tariffs on China presents a "significant opportunity" for Indian exports, particularly in sectors where China has been a dominant supplier.

These sectors include electronics, electrical equipment, footwear, textile, garment, furniture, automotive parts, toy, and chemical. The largest gains are expected in consumer electronics, such as mobile phones, televisions, and electrical

components, with an estimated \$10 billion in additional exports.

"For that, we need to increase our presence in the US by showcasing in numerous exhibitions, holding buyer-seller meetings, and partnering large local retailer associations. A marketing scheme focusing on the US, with a corpus of ₹250 crore per year (₹750 crore overall) for three years, maybe launched to generate additional exports of \$25 billion by the end of three years," FIEO President Ashwani Kumar said.

In addition, FIEO has requested a tax deduction of 200-250 per cent for research and development spending under Section 35(2AB) of the Income-Tax Act to foster product innovation.

At a pre-Budget meeting with the finance minister and top officials from the finance ministry in North Block, exporters also called for the continuation of the interest equalisation scheme, which ends on December 31, along with additional funds for marketing and trade promotion of specific export items, and income-tax relief for micro, small and medium enterprise (MSME) manufacturing units.

The interest equalisation scheme (IES) provides interest rate benefits for pre- and post-shipment rupee export credits, with the government compensating lenders. This initiative aims to ease the

financial burden on exporters, particularly those in labour-intensive sectors and MSMEs.

Engineering Exports Promotion Council of India Chairman Pankaj Chadha proposed increasing the annual benefit cap for MSME manufacturers from ₹50 lakh to ₹10 crore. This change would offer substantial financial support to MSME exporters.

FIEO noted that a long-term IES would enable exporters to secure orders more effectively, especially in sectors with wafer-thin profit margins, as a 3 per cent interest subvention could make the difference between winning or losing an order.

Gem & Jewellery Export Promotion Council Chairman Vipul Shah underscored the need for separate funding for marketing, particularly for diamonds.

Govt weighs income tax cuts to boost consumption

The Centre is considering cutting income tax for individuals making up to ₹15 lakh a year in February's Budget to provide relief to the middle class and boost consumption as the economy slows, sources said. The move could benefit tens of millions of taxpayers, especially city dwellers burdened by high living costs, if they opt for a 2020 tax system that strips exemptions like housing rentals. Under that system, annual income of ₹3 lakhs to ₹15 lakhs is taxed at between 5 per cent to 20 per cent. The sources said they had not decided on the size of any cuts. A decision would be taken closer to the Budget, they said.

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