

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)

RAJYA SABHA
UNSTARRED QUESTION NO. 2896
TO BE ANSWERED ON 21st MARCH, 2018

MID-TERM REVIEW OF FOREIGN TRADE POLICY

2896. SHRI BHUBANESWAR KALITA:

Will the Minister of **COMMERCE & INDUSTRY** be pleased to state:

- (a) whether Government has conducted mid-term review of Foreign Trade Policy (FTP) if so, the details thereof;
- (b) whether the review reflects the GST related changes for exporters;
- (c) whether adequate provisions have been made for refund of taxes paid on transactions; and
- (d) if so, the details thereof, and whether the provisions have been made to the satisfaction of the exporters?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI C. R. CHAUDHARY)

(a) & (b) The Mid-Term Review of Foreign Trade Policy (FTP) 2015-20 was announced on 5.12.2017. Highlights of the policy are as under:

MEIS (Merchandise Exports from India Scheme) was increased by 2% to MSMEs / labour intensive industries involving an additional outlay of Rs.7310 crore that includes Rs. 2743 crore incentives for two sub-sectors of Textiles i.e. ready made garments and made-ups on which MEIS was raised from 2% to 4%. Similarly, the SEIS (Service Export from India Scheme) incentive rate was increased by 2% for all notified services such as Business, Legal, Accounting, Architectural, Engineering, Educational, Hospital, Hotels and Restaurants amounting to Rs. 1140 crore.

The validity period of the Duty Credit Scrips was increased from 18 months to 24 months to enhance their utility in the GST framework. GST rate for transfer/sale of scrips was reduced to zero from the earlier rate of 12%.

A new trust based Self Ratification Scheme was introduced to allow duty free inputs for export production under duty exemption scheme for the Authorized Economic Operators (AEOs).

A new Logistics Division has been created in the Commerce Department to develop and coordinate implementation of an Action Plan for the integrated development of the logistics sector, by way of policy changes, improvement in existing procedures, identification of bottlenecks and gaps and introduction of technology in this sector.

Issue of working capital blockage of the exporters due to upfront payment of GST on inputs has also been addressed. Exemption of IGST was allowed to schemes like the Advance Authorization Scheme, Export Promotion Capital Goods Scheme and 100% Export Oriented Unit Scheme for sourcing inputs from abroad apart from Customs Duty. The 26th meeting of the GST Council held on 10th March 2018 has further extended these benefits till 01.10.2018.

(c) & (d) Implementation of GST Tax has been widely welcomed by the trade and industry. Though there have been some initial problems faced by the companies in filing of returns and obtaining refunds. The Government has been responsive in expediting refunds and clear backlog. The Government has addressed these issues through announcement of a relief package for exporters in October 2017 in which it was announced that refunds would be handled expeditiously. It was also decided to suitably empower Central and the State GST officers so that exporters get refund from one authority only. Central Board of Excise and Customs (CBEC) has organized an All India “**Refund Fortnight**” from 15th to 29th March 2018 with the results being monitored daily. Outreach programmes and print advertisements, workshops across the country are being held to educate exporters to file error free returns and submit refund applications to tax authorities. CBEC has initiated system level changes required for IGST refund. In cases where the mismatch in amount of IGST paid as filed in GST returns and Shipping bill was less than Rs 100, it has been decided to sanction the refund. Where the correction is not possible at the end of exporters and it becomes necessary for manual intervention by the custom officer, the amendment in Rule 96 of the CGST rules 2017 has been done vide notification no 3/2018-Central tax dated 23.01.2018. Further, in case of refund of IGST-invoice mismatch cases, an alternate mechanism with officers interface has been developed and circulated vide circular no 5/2018-Cus dated 23.02.2018.
