

FinMin yet to approve allocation for foreign trade policy

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Exporters seek liberal incentives to boost shipments, fret over delay

New Delhi, March 24:

The Finance Ministry is yet to approve allocation for foreign trade policy (FTP) for the coming fiscal even as exporters, battling a global demand crunch, are pitching for a timely announcement.

“We have had several rounds of meeting on the FTP with Finance Ministry officials over the past few months, but the final amount has not been approved yet. Without knowing how much funds we will get, we are not able to finalise the incentive schemes,” an official from the Directorate General of Foreign Trade (DGFT) told *BusinessLine*.

The Narendra Modi-led government, which came to power last May, was supposed to come out with a five-year FTP soon after, but has not done so till date. With a new fiscal beginning in less than a week, exporters are hoping that there would be no further delay.

“A sharp drop in exports by over 15 per cent in February is a clear reflection of the global headwinds which the Indian products are facing in the international market. The much-delayed FTP must be unveiled immediately with liberal fiscal incentives,” Engineering Export Promotion Council Chairman Anupam Shah said in a recent press communication.

Commerce & Industry Minister Nirmala Sitharaman, in an interaction with the media on Monday, said that the FTP would be announced soon, but did not specify the date.

Although exports have dipped in the past three months, and growth for 2014-15 is likely to be flat, the government is not in a desperate mode because of the comfortable current account situation. “With India’s current account deficit narrowing to 1.6 per cent of the GDP in the previous quarter, boosting exports with incentives is not the priority for the government right now,” the official said.

The allocation for schemes may not be significantly more than what was given in the previous FTP, he added.

Exporters, however, are hopeful that there would be an increase in the products and markets covered under the incentive schemes linked to exports of particular items and to specified markets. “The CAD situation may be comfortable at the moment due to fall in oil prices, but the moment there is a disturbance in the external situation, it could worsen,” Rafeeqe Ahmed of the Federation of Indian Export Organisations, pointed out adding that growth in exports was a more sure way of containing CAD.

FIEO has urged the government to announce the FTP immediately and make it effective from April 1, so as to provide a long-term stable regime for exports.

Exports in April-February 2014-15 at \$286.5 billion were a meagre 0.88 per cent higher than exports worth \$284 billion in April-February 2013-14.

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