

Exporters seek incentives in the Union Budget 2021-22

India's exports in November 2020 declined almost 9% to USD 23.5 billion following a 5% decline in outward shipments in the previous month. The decline in November is the second consecutive month of fall in exports after a temporary growth of 5.3% in September 2020.

The decline in exports was led by contraction in shipment of petroleum products, man-made yarn and fibre, engineering goods, marine products, plastics & linoleum, inorganic chemicals etc.

Industry sources feel that the decline in exports was led by subdued demand in western countries that are affected by the second wave of COVID infection and bottlenecks in logistics because of shortage of containers to transport goods. However, exports of carpets, gems & jewellery, jute products, handicrafts grew remarkably during November 2020. Going forward, exporters expect outward shipment to improve as they have witnessed more orders in recent weeks ahead of Christmas and New Year. Meanwhile, exporters of readymade garments in Tirupur (Tamil Nadu) exuded confidence about improving export prospects to western countries such as USA as buyers in these countries are eyeing India as an alternative source of supply to reduce over dependence on China.

In order to provide boost to exports, the industry has made representation to the government to provide incentives for exporters in the forthcoming Union Budget (2021-22). For instance, the gems and jewellery industry, which is a major export-oriented sector, has requested the government to reduce import duty on gold import from 12.5% to 4%. Gems and jewellery exporters depend on imports to meet their requirement of gold, which is a core raw material for the industry, as domestic supply is limited for this commodity. The industry has also sought reduction in duty on other imported raw materials such as cut and polished diamonds, precious and semi-precious gemstones.

Similarly, the industry body for Special Economic Zones (SEZs), that account for around 20% of India's goods and services exports have called for continuation of income tax relief. Under Section 10AA of the Income Tax Act, government used to provide 100% income tax exemption on export proceeds of SEZ units for the first five years, 50% for the next five years and 50% of the reinvested profit in the following five years. However, the government decided to discontinue this benefit from March 2020. In response to the outbreak of the COVID pandemic, the government decided to extend this tax benefit by three months, viz. to June 2020. Now, the industry has sought further extension of this deadline by another one year so that new units that are setting operation in SEZs may benefit from the tax relief.

The industry argues that extension of the income tax holiday will promote investment in 111 notified SEZs, which are yet to start operation.

Another recommendation by a section of industry is to promote exports of iron ore pellets by re-introducing duty drawback, which was withdrawn earlier, for this commodity. Iron ore pellet is a raw material used in steel manufacturing and many local manufacturers are exporting pellets in order to ensure optimal utilization of their idle production capacity.

Notifications

PIB

Joint Statement on India-Bangladesh virtual Summit

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1681428>

MoUs signed at India-Bangladesh Virtual Summit

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1681417>

Relaxation on conditions of import of onions

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1681415>

APEDA facilitates shipment of rice from Varanasi

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1681341>

Council clears domestic procurement of Rs. 27,000 crore worth defence equipments

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1681456>

Inauguration of Livelihood Enterprise Development Programme

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1681503>

DGFT

Amendment in Para 2.60 of Handbook of Procedures, 2015-20

<https://content.dgft.gov.in/Website/dgftprod/6fc04c5c-f131-4781-b2f6-fd360ddbb63d/PN%20no.32%20dated%2016.12.2020%20English%20%20ink%20singed%20scanned%20%20pdf.pdf>

CBIC

Exchange rate notifications

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt113-2020.pdf;jsessionid=E97A1B7680FCCC11094522BFDC293D4B>

Amendment in notification imposing anti-dumping duty on 'Dimethylacetamide'

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-add2020/csadd47-2020.pdf;jsessionid=7E09FB40EDA99F2659D0375F98D1B80E>