



Promotion of exports by MSMEs

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The Government's Foreign Trade Policy (FTP) recognizes the contribution of Micro, Small and Medium Enterprises (MSMEs) in exports. MSMEs contribute about 45 percent of the manufacturing output, over 40 per cent of the total exports of the country, and around 8 percent of the country's GDP.

i.The Foreign Trade Policy supports the MSMEs by offering specific incentives such as Interest Equalization scheme, under which all exporters who are MSMEs across all ITC (HS) codes are granted 3% rate subvention for pre and post shipment Rupee Export Credit with effect from 1st April, 2015 for five years.

ii.Further, the Merchandise Exports from India Scheme (MEIS) under the FTP incentivizes exports of all notified products manufactured/ produced in India including those manufactured/produced by MSMEs by granting duty credit scrips at the rate of 2, 3, 4, 5, and 7% of the FOB value of exported goods.

iii.Under the FTP the exporters achieving exports beyond a threshold limit are granted Status Recognition which entitles them for certain privileges like faster clearance of goods by customs and provision for free of cost exports, exemption from furnishing Bank Guarantee under the Export Promotion Schemes, etc. The MSMEs units are entitled for double weight-age in counting export performance while recognizing their eligibility for Status Certificate.

iv.Under the Niryat Bandhu Scheme, 90 MSME clusters, which have been identified by DGFT are being targeted for imparting training/seminars regarding issues of international trade.

The highlights of the Mid Term review of the FTP announced in December, 2017 include

i.Under Merchandise Exports from India (MEIS), rate of incentives has been increased by 2% for labour intensive MSME sectors.

ii.This is in addition to already announced increase in MEIS incentives from 2% to 4% for Ready-made Garments and Made Ups in the labour intensive Textiles Sector.

iii.Incentives under Services Exports from India Scheme (SEIS) for notified Service providers have been increased by 2%.

iv.A new scheme of Self-Assessment based duty free procurement of inputs required for exports has been introduced.

v.A new Logistics Division has been created in the Department of Commerce to develop and coordinate integrated development of the logistics sector, by way of policy changes, improvement in existing procedures and introduction of technology based interventions in this sector.

The Minister of State for Commerce and Industry Shri C.R.Chaudhary gave this information in a written reply to a question in Rajya Sabha today.

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