

## **Relief for exporters: MEIS, other sops may run beyond March 31**

With WTO Appellate Body in limbo, Govt. gets time to replace schemes challenged by the US. The government is looking at the possibility of extending the popular Merchandise Export from India Scheme (MEIS) and other export incentives, challenged by the US at the World Trade Organization, beyond March 31 as it is worried that replacing the existing schemes could hurt the already floundering exports.

Last year, the US had complained to the WTO that India's export subsidy schemes flouted rules as the country's Gross National Income (GNI) had exceeded the per capita \$1,000 annual threshold above which members were banned from subsidising exports.

Following this, a dispute panel ruled in the US' favour. The report circulated on October 31 stated that New Delhi should do away with schemes including the MEIS, the EoU/EHTP and the EPCG within 120 days of adoption of the ruling, while the benefits of the Special Economic Zone scheme have to be withdrawn in 180 days.

India, however, need not be in a hurry to discontinue the schemes as it subsequently appealed against the panel decision at the WTO Appellate Body. Since the apex decision making body has not been functional since December — after the US blocked the appointment of new judges, demanding changes to WTO rules — India is not under pressure to implement the judgment of the panel.

An indication that the government is slightly relaxed about replacing the export promotion schemes is evident from the fact that Finance Minister Nirmala Sitharaman's decision to switch the MEIS with a new Remission of Duties or Taxes on Export Product (RoDTEP) scheme from January 1, 2020 has not yet been implemented.

The RoDTEP scheme is supposed to be compliant with WTO norms as it seeks to neutralise all taxes and levies imposed on export products without linking them directly to exports. But exporters are not too keen, as many in sectors such as electronics fear that the payments under it would be lower.

**Source: Business Line**