

Services exporters seek up to 10% incentive under new scheme

Exporters of service have suggested a 10% incentive rate for Covid-19 hit sectors such as hospitality, aviation and tourism, under a new scheme to replace the Services Export from India Scheme (SEIS).

The Services Export Promotion Council is working on a new incentive scheme for select sectors wherein the benefits for exports range from 3-10% unlike the SEIS, which provided duty credit scrips to exporters at the rate of 3-5% of the net foreign exchange earned. "We are working on sector-wise benefits for 12 champion sectors and will soon submit them to the government," said Sunil H Talati, chairman, Services Export Promotion Council.

The government had last year released ₹10,002 crore to clear the pending services export incentive dues. Last year, the council had proposed a Duty Remission on Export of Services Scheme to refund taxes to services exporters wherein small and micro exporters would be eligible for a 7% incentive while the large ones would get 4%. As per the council, the higher sops - on which it is currently working - will also enable Indian service providers to face competition from the Philippines, Cambodia, East and South African countries as they provide services at a cheaper rate.

"There is a 20% price difference between the salaries given by Indian and South African service providers such as accounting and booking keeping," Talati said.

The proposal for higher sops comes after the government last September imposed a limit on the total entitlement under the SEIS for shipments made during 2019-20 at ₹5 crore per exporter.

Source: The Economic Times