

# Amid funds crunch, Govt unsure of extending SEIS sops to exporters

Industry bats for scheme's inclusion in new trade policy due to lack of alternatives

AMITI SEN

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Uncertainty shrouds providers of services exports as the government is yet to decide on the continuation of the Services Export from India Scheme (SEIS), which offers incentives to eligible exporters based on net foreign exchange earned by them in the new Foreign Trade Policy (FTP) to be announced on April 1.

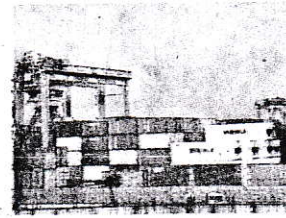
"Due to the resource crunch that the government is facing due to Covid-19, the Commerce Ministry is unsure about continuing with the SEIS in the new FTP. However, there is a realisation that the services sector does need some kind of support to prop up exports as there aren't many options," an official tracking the matter told *BusinessLine*. Exporters of goods have other incentives

such as the new Remission of Duties and Taxes on Exported Products (RoDTEP) and the interest subvention scheme on offer. "Services exporters do not have access to many of the schemes available to exporters of goods. Hence, the SEIS support is very important to them," he said.

## Rewards eligibility

Under the SEIS, providers of notified services are eligible for rewards in the form of duty credit scrips between 5 per cent and 7 per cent on the net foreign exchange earned.

"The annual expenditure under the MEIS is unlikely to be over ₹3,000 crore annually, which is small compared to the allocation for the goods sector. But with the Centre strictly looking at ways to curb its spending, there is uncertainty,"



The Services Export from India Scheme offers incentives to exporters based on net foreign exchange earned by them

the official said. There is also no clarity over whether they would get their SEIS claims for 2019-20 as there has been no formal notification from the government.

In a letter to Finance Minister Nirmala Sitharaman last month, the Services Exports Promotion Council (SEPC) said, "The services sector, in particular travel and tourism, health-care, education, and aviation, is reeling under the impact of Covid-19 and the survival of mid-size and smaller compan-

ies are at stake. SEIS can provide some relief towards business continuity and securing retention of work force," the letter pointed out.

## Won't fall foul of WTO

Services exports have posted a lower decline of 6.29 per cent to \$168.35 billion in the pandemic-hit April-January 2021 period compared to goods exports that declined 13.58 per cent to \$228.25 billion in the same period.

One factor that could go in favour of continuation of the SEIS is that unlike the MEIS, it has not run into trouble at the WTO as India's commitments on services at the multilateral body are much lower than in goods.

"Meetings are on within the government to finalise the FTP. Hopefully, a decision on the SEIS will be taken soon depending on the priority that is given to the government to the scheme and the budget," the official said.