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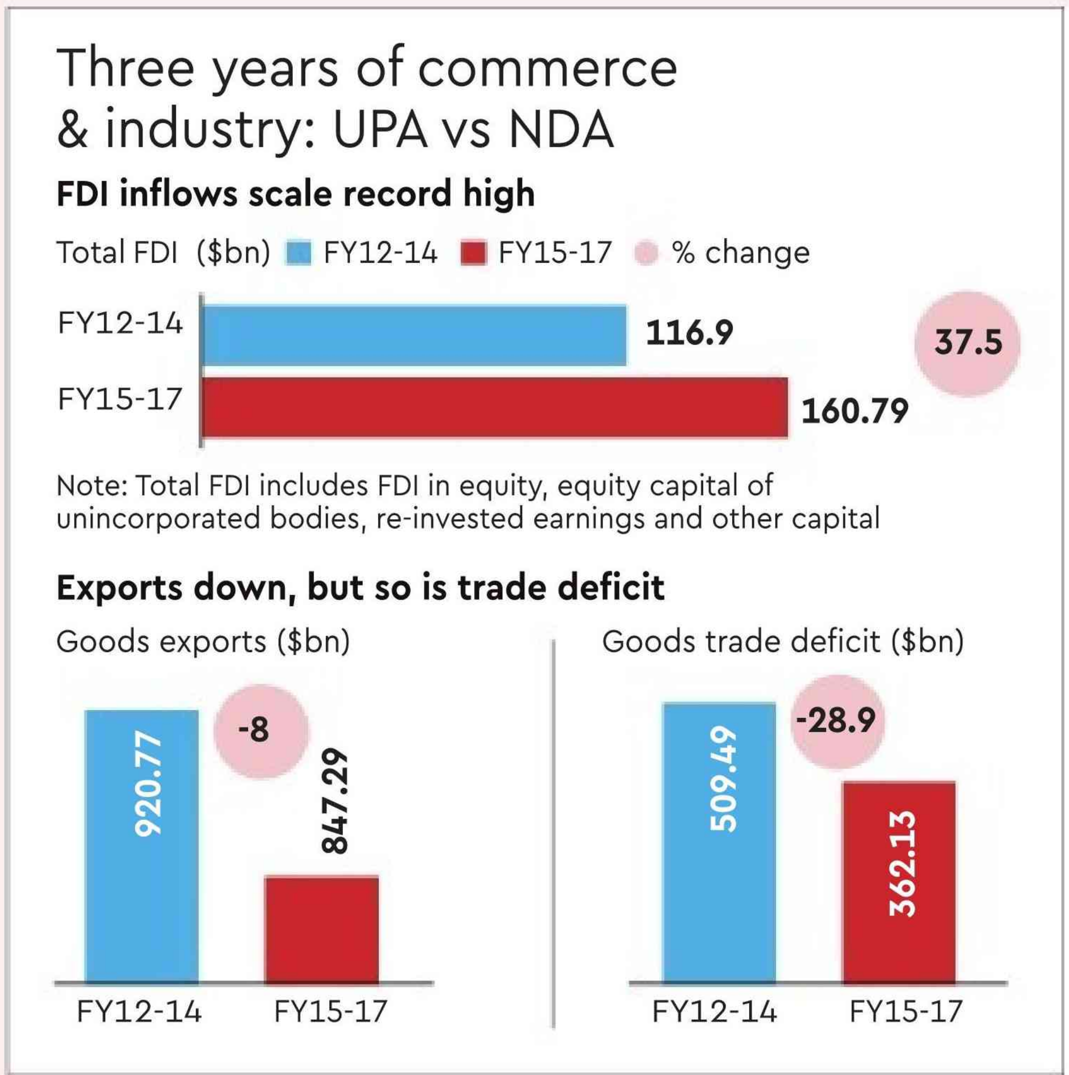
THREE YEARS OF NDA

'Record FDI, start-up push result of big, brave reforms'

● Sitharaman touts govt achievements; says GST will make Indian exporters more competitive



"I don't want to look at reforms as big-ticket or not. The govt has shown how reforms can be brave and futuristic"

— NIRMALA SITHARAMAN, COMMERCE MINISTER

FE BUREAU
New Delhi, May 20

THE GOODS AND services tax (GST) regime will make Indian exporters more competitive, as the cascading effects of existing indirect taxes will be curbed and input tax credit facility will be available, according to commerce and industry minister Nirmala Sitharaman. The GST council has decided to provide 90% of duty refunds within a week of acknowledging an exporter's application, acceding to the persistent demand of the commerce ministry to soften the blow for exporters, most of whom are running small and medium enterprises, she said on Saturday, addressing reporters to outline achievements of her ministry in the past three years.

The GST Council, at its latest meeting in Srinagar, decided that the acknowledgment of exporters' applications for duty refunds will be done in just three days, compared with 15 days for many others. So in a short span of 10 days of applying for duty refunds, exporters will get back 90% of the amount. Currently, tax refund claims typically take six-eight months to be processed (although they have been expedited in recent months), blocking the capital of an exporter.

The GST system mandates that all duties must be paid at the time of a transaction, and refunds for these can be obtained after exports. The GST council is also committed to the principle that exports should be tax free.

Speaking about achievements since coming to power, Sitharaman said FDI has witnessed tremendous growth in recent years — 25% in 2014-15, 23% in 2015-16 and 8% in the last fiscal. Total FDI inflows touched a record $60.08 billion in the last fiscal.

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'Record FDI, start-up push result of big, brave reforms'

ASKED IF the government was planning any big-ticket reforms in the FDI space, the minister said the government has already announced many such reforms in FDI, which has squeezed the scope for further big-bang reforms in this space. Still, it will keep on working towards such reforms, she added. "I don't want to look at (future) reforms as big-ticket or not. But the government has shown how reforms can be brave, well-thought of and futuristic." The government has already announced two big rounds of relaxations in the FDI regime, first in November 2015 and then in June last year, easing rules in over a dozen sectors, ranging from real estate, pharmaceuticals, food marketing, aviation, defence to e-commerce and banking. Currently, it is learnt to be considering further easing of sectors such as construction, food retail and retail to woo FDI.

Amid calls that the government should weaken the domestic currency to boost exports, the minister said the value of the rupee is determined by the market. She said if at all there is a need to manage fluctuations in the movement of the domestic currency, the central bank is best equipped to do what is required, and her ministry doesn't have any role to play here. She stressed that despite global turmoil, Indian exporters have stayed the course. Merchandise exports grew 4.7% in the last fiscal to $274.64 billion, a much-needed rise after two successive years of decline.

About 2,830 start-ups have benefited from the Start-up India scheme. Venture capital funds were sanctioned ₹623 crore from the Fund-of-Funds in the last fiscal to invest in various start-ups. As many as 15 states have introduced the start-up policy. The fund of funds has a corpus of ₹10,000 crore to be built up over the 14th and 15th Finance Commission cycles.

FDI inflows since the launch of Make in India initiative (from October 2014 to March 2017) jumped to $100 billion, compared with $61 billion in the previous 30 months. The Make in India initiative, launched in September 2014, aims to raise the contribution of the manufacturing sector to 25% of GDP by 2025 from 16-17% now.

An online portal for the government's own procurement, a key initiative of the commerce ministry, got off to a good start. The GeM portal covered 21,036 products in 249 categories, including 17 services, as of April 30. Since its launch in August last year, the total value of purchase made on this portal touched ₹454 crore by the end of April, with the number of purchase orders reaching 7,890. The platform allowed government departments and agencies to make direct purchases of up to ₹50,000 on its platform. Beyond this, purchases are to be made through price comparison, bidding or reverse auction.