

Commerce Ministry to pitch for priority sector status for export credit

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Plans to revive SEZs, promote exports by small/medium units

New Delhi, April 6:

The Commerce Ministry will pitch for priority sector status for export credit so as to increase exports and raise its contribution to the country's economic growth, Commerce and Industry Minister Nirmala Sitharaman has said.

Other thrust areas that were short-listed at the Board of Trade (BoT) meeting on Wednesday include removing regulatory provisions which affect smooth functioning of EXIM Bank and Export Credit Guarantee Corporation (ECGC), revival of Special Economic Zones (SEZs), giving priority to the micro, small and medium enterprises (MSMEs) and promoting exports of organic products. "Export credit should have been treated as priority sector credit day before yesterday and I give my commitment that I will take it up with the Finance Ministry," Sitharaman told the Board of Trade meeting. Priority sector status obliges banks to lend a specified share to the sector. The suggestion was given by ICICI Bank Managing Director Chanda Kochchar who is a member of the BoT.

India's exports have been contracting for fifteen straight months and are set to be around \$260 billion this fiscal, much lower than last year's \$310 billion.

The Minister stressed the need to smoothen the functioning of the EXIM Bank and ECGC by bringing the regulatory environment to global standards. Talking to the media, Sitharaman said: "I intend to call a meeting of representatives from EXIM Bank, ECGC and the Department of Economic Affairs to find out why some regulations are only applicable here and what to do about rules that are hampering performance."

At the BoT meeting, the industry raised the pending issues of withdrawal of minimum alternate tax (MAT) and dividend distribution tax (DDT). The Minister said her ministry would work on improving the potential of these zones through other means as they are sitting on huge land banks.

"We will meet with different line ministries, and both current and potential investors in SEZs. We will call up an SEZ specific focus meeting with departments, including economic affairs and CBEC, and industry experts, to see what steps can be taken," Sitharaman said.

On the issue of promoting exports by MSMEs, the Minister said the government had kept the sector's interest 'on top' and had also asked banks to treat their needs separate from that of large corporates.

The Commerce Ministry has also decided to hold interactions with Indian High Commissions and Embassies along with their commercial and economic wings to make them more vibrant and understand requirements of exporters, she said.

Industrialists who attended the BoT meeting included besides Kochhar, Biocon Managing Director Kiran Majumdar-Shaw, Dr Reddy's Managing Director Satish Reddy and TVS Motor Company Chairman Venu Srinivasan.

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