

MEIS Scheme

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Fund crunch has forced the commerce ministry to cap export benefits under Merchandise Export from India Scheme (MEIS) at ₹2 crore for every exporter, which may impact large merchants. Designed to provide exporters with sops to offset infrastructure inefficiencies and associate costs, **the scheme will come to an end by December following India losing a case at the World Trade Organisation (WTO) after a challenge by the US.**

MEIS Scheme

Merchandise Exports from India Scheme (MEIS) under **Foreign Trade Policy of India (FTP 2015-20) is one of the two schemes introduced in Foreign Trade Policy of India 2015-20**, as a part of Exports from India Scheme. (The other scheme is SEIS, Service Exports from India Scheme). The Government of India has brought in the Merchandise Exports Incentive Scheme (MEIS), **replacing five other similar incentive schemes present in the earlier Foreign Trade Policy 2009-14**. The schemes that have been replaced by the MEIS scheme include: **Focus Product Scheme (FPS); Focus Market Scheme (FMS); Market Linked Focus Product Scheme (MLFPS); Agri. Infrastructure incentive scheme; Vishesh Krishi Gramin Upaj Yojna (VKGUY).**

Objective is to **offset infrastructural inefficiencies and the associated costs of exporting products produced in India giving special emphasis on those which are of India's export interest and have the capability to generate employment and enhance India's competitiveness in the world market**. With the aim of making India's products more competitive in the global markets, the scheme provides incentive in the form of **duty credit scrip** to the exporter to compensate for his loss on payment of duties. The incentive is paid as a **percentage of the realized FOB value** (in free foreign exchange) for notified

goods going to notified markets. To determine the quantity of incentive, the countries have been segregated into three groups.

Category A comprises Traditional Markets (30) – the USA, Canada, and European Union (28). **Category B comprises Emerging and Focus Markets** (139) – CIS countries (12), Africa (55), ASEAN countries (10), Latin America and Mexico (45), Turkey and Western Asian countries (13), South Korea, Japan, Taiwan, and China. **Category C comprises other markets** (70). For most goods, the percentage of incentives range from 2% to 5% and will vary from product to product.

Recent Developments

The Indian government has announced a new **WTO-compliant scheme called Remission of Duties or Taxes On Export Product (RoDTEP) which will replace MEIS starting 1 January, 2021**. The finance ministry has set up a committee under the chairmanship of former commerce and home secretary GK Pillai to finalise the rates under RoDTEP that will **allow reimbursement of all embedded taxes including local levies paid on inputs by exporters**.