

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:904  
ANSWERED ON:24.02.2006  
EXPORT COMPETITIVENESS  
Reddy Shri Magunta Sreenivasulu

**Will the Minister of FINANCE be pleased to state:**

e:

- (a) whether the Fringe Benefit Tax (FBT) and service tax incidence have an adverse impact on export competitiveness;
- (b) if so, the details thereof; and
- (c) the measures taken by the Government to encourage export competitiveness?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b): No Study has been undertaken by this Ministry which indicates that the Fringe Benefit Tax (FBT) and service tax incidence have an adverse impact on export competitiveness. However, as per information provided by the Ministry of Commerce & Industry, a study conducted by Associated Chambers of Commerce & Industry of India (ASSOCHAM) indicates that Service Tax and Fringe Benefit Tax (FBT) would increase the overall cost of exportable product by 1.2 %.

(c) : As per information provided by the Ministry of Commerce & Industry, some of the initiatives/strategies which are aimed at encouraging export competitiveness, under the Foreign Trade Policy 2004-09, include:

# Simplifying procedures and bringing down transaction costs.

# Neutralizing incidence of all levies and duties on inputs used in export products under various export promotion schemes.

# Providing increased market access to certain focus products.

# Facilitating technological and infrastructural upgradation through import of capital goods and equipment under Export Promotion Capital Goods Scheme (EPCG).