

Ministry of Commerce & Industry

RoDTEP Scheme Guidelines and Rates (Remission of Duties and Taxes on Exported Products)

Relevant for IO

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Introduction

India's attempts to reach the \$400 billion export target in FY22 received a major boost from 'Refund of Duties and Taxes on Exported Products' scheme.

The scheme is based on globally accepted principle that taxes and duties should not be exported. The scheme provides refunds to exporters on taxes and levies borne on exported products.

The scheme notified this month has replaced the Merchandise Exports from India Scheme (MEIS).

Context

The scheme is in line with the 'Aatmanirbhar Bharat' vision of the government.

The scheme's objective is to refund currently un-refunded duties, or levies, at the Central, state and local level.

It will also provide refund of duties or levies borne on distribution of exported products.

Salient Features

- The rebates under it will be considered from effect of January 1, 2021.
- It is expected to not just give a boost to Indian exports but also ease the liquidity of the exporters and helping them become more competitive.
- The scheme entails refund rate on 8,555 tariff lines.
- Refund rate ranges to around 4 per cent of Free on Board (FOB) value.
- An amount of Rs 12,454 crore been allocated for the scheme.

Refunds to power exports

RoDTEP support will be available to eligible exporters at a notified rate as a percentage of 'Freight On Board' (FOB) value.

Rebate on certain export products will also be subject to value cap per unit of the exported product.

Scheme is to be implemented by Customs through a simplified IT System.

These rebates will be issued in the form of a transferable duty credit or electronic scrip (e-scrip) which will be maintained in an electronic ledger by the Central Board of Indirect Taxes and Customs (CBIC).

Export competitiveness

FIEO President A. Sakthivel said the much-awaited rates will help in easing the liquidity of the exporters, ensuring predictability and stability thus helping competitiveness of exports over a long-time horizon.

According to CII Director General Chandrajit Banerjee: "The move of extending the RoDTEP Scheme with effect from 1 January 2021 for different sectors at the different rates of 0.5 per cent, 2.5 per cent and 4 per cent, will allow traders to take advantage of the global tailwinds."

"Going forward, this scheme will make the Indian exporters more cost-competitive and create a level playing field for them in the international market."

EEPC India Chairman Mahesh Desai said the government should relook refund rates under RoDTEP and ensure full rebate on the taxes in the export production chain failing which Indian engineering goods exporters could lose some of the markets.

"In addition to this, dues on account of MEIS scheme should be cleared. The working capital limits should be increased by banks as steel prices have increased by double and freight rates by 3 to 4 times. These support are needed to meet US\$107 billion exports target for the sector in FY22," he said.

The EEPC Chairman also called for extending the Interest Equalization Scheme till March 31, 2024.