

Centre reviewing Rodtep scheme

Reassessment is a part of exercise to rationalise central-sector schemes to enhance efficiency

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The Centre is reviewing the Remission of Duties and Taxes on Export Products (Rodtep) scheme to assess and justify its continuation, according to a senior government official.

The review, suggested by the finance ministry, is part of an exercise to rationalise central-sector schemes to enhance efficiency and merge existing schemes to reduce overlaps. The expenditure finance committee will make the final call, the person cited above said.

The finance ministry did not respond to the queries emailed by *Business Standard*.

“The scheme (along with others) is going through a third-party assessment,” the official said, adding that the desirability of the scheme would be considered and whether it needed modifying.



Rationalisation and consolidation was started five years ago by TV Somanathan, who was finance secretary then and Cabinet secretary now.

The Rodtep scheme came into effect in 2021. It refunds exporters the embedded non-creditable central, state

and local levies paid on inputs. It is based on the principle that taxes should not be exported.

The scheme ensures zero-rating of exports, which makes them competitive. It replaced the controversial Merchandise Exports from India

A brief history

2015 MEIS scheme was launched

2019 WTO ruling said the scheme violated its provisions by giving export subsidies for wide range of goods

2021 RoDTEP was notified

2022 Scope of RoDTEP expanded, sectors such as chemicals, pharmaceuticals and certain iron & steel products included

2025 RoDTEP applied to exports made from Domestic Tariff Area units, Advance Authorisation holders, SEZ units and EOUs

Feb 2026 RoDTEP benefits halved

Scheme (MEIS) after a World Trade Organization (WTO) ruling stated that it violated the provisions of the global trade body by giving export subsidies for a wide range of goods.

Since its rollout, the annual allocation of the scheme has been ₹12,000

crore-18,000 crore.

However, under the Union Budget for FY27, allocation was slashed by 45 per cent to ₹10,000 crore.

The government had allocated ₹18,233 crore for this financial year.

Thereafter, the government slashed benefits under the scheme by half – which is likely to step up costs for exporters amid global uncertainties.

WTO norms allow zero rating of exports, Ajay Sahai, director-general and chief executive officer of the Federation of Indian Export Organisations (FIEO) said, adding that within the WTO norms, the scheme provided rebates of unrefunded taxes. It is a refund of taxes, and not a subsidy.

This makes exports competitive. “Schemes such as Rodtep, along with duty drawback and the refund of goods and services tax, provide an umbrella of tax refund. That’s why the scheme should continue,” Sahai said.