

Govt may include steel in export incentive scheme

Reuters
New Delhi

The Commerce Ministry has sought to extend an export promotion scheme to reimburse export duty for domestic steel producers, a senior government official said, as the industry reels from steep fall in shipments.

The Remission of Duties and Taxes on Export Products (RoDTEP) scheme offers refunds against various embedded taxes to exporters across sectors such as automobiles and agriculture, with steel exports presently outside its remit.

Finished steel exports more than halved during the first seven months of the fiscal year.

"The Finance Ministry will take a call on this, as expanding the scheme requires additional budgetary support," the official told Reuters. The gov-

ernment will have to set aside nearly \$244 million (₹1,984 crore) annually to offer refunds on such taxes to the steel sector, the source added.

The Commerce and Finance Ministries did not immediately reply to a Reuters e-mail requesting comment.

Levies, duties and taxes, which are not subsumed in the goods and services tax, can add 8-12 per cent to costs for the steel industry, said Alok Sahay, Secretary General and Executive Head at Indian Steel Association.

"The steel industry needs RoDTEP to offset these embedded costs of industry for parity with other exporting countries," Sahay said.

However, the Commerce Ministry also had to contend with competing proposals that offer production-linked incentives to domestic manufacturers, which require Central funding support, the official said.