

Plan to keep export booster schemes for longer on table

Commerce dept officials to meet FinMin soon; more allocation may be needed

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With exporters grappling with tepid external demand and other disruption to trade, the Department of Commerce is pushing for an extension of two export-boosting schemes — Remission of Duties and Taxes on Exported Products (Rodtep) and Interest Equalisation Scheme (IES) — beyond their expiry date.

While the IES is valid till August 31, the Rodtep scheme will end after September 30. A meeting between officials of the Department of Commerce and the Ministry of Finance regarding the schemes is expected to take place soon, a person aware of the matter said. While ₹16,575 crore for FY25 has been allocated to the Rodtep scheme under the Union Budget, according to the department's estimate an additional amount may be required.

"Our review suggests that if exports continue at the same pace (1.5 per cent contraction seen in July), then allocated funds (for Rodtep) may suffice. However, if exports witness (decent) growth (over the next few months), we will need additional funds," the person cited above told *Business Standard*.

In that case, the savings or the unutilised funds under the Rebate of State and Central Levies and Taxes (Rosctl) scheme, worth ₹880 crore can be used for Rodtep. Rosctl too is an export-boosting scheme, but sees mainly to benefit the textiles sector.

"Textile exports have not grown, and remained flat (last year). As a result, in the current financial year, the same amount (as last year's) will be utilised at the same level. However, since the Rosctl scheme got a 10 per cent enhancement over last year, around ₹880 crore should be available for Rodtep," the official cited above said,



AIDING DEMAND GROWTH

Commerce department planning extension of Rodtep and IES schemes

RODTEP

₹16,575 cr FY25 Budget allocation

- Remission of duties and taxes on exported products scheme came into effect in 2021
- It offers relief in the form of refunds on local duties, taxes, and levies on more exported products to global markets

IES

₹1,700 cr FY25 Budget allocation

- Interest Equalisation Scheme was launched close to a decade ago to reduce stress among exporters
- Under the scheme, banks provide loans to exporters at a lower interest rate, and the lenders are thereafter compensated by the government

adding that final call regarding the need for additional funds would be taken during the meeting with finance-ministry officials. The Rodtep scheme came into effect in 2021 and refunds exporters the embedded non-creditable central, state, and local levies paid on inputs. For over a year, exporters have been urging the government to increase the Rodtep budget allocation and increase higher rates for all export items to help them secure greater market access abroad.

As far as the IES is concerned, the Department of Commerce has proposed extending the scheme for the next five years. Under the scheme, banks provide

loans to exporters at a lower interest rate, and the lenders are, thereafter, compensated by the government. The IES was launched close to a decade ago to reduce stress among exporters, especially under labour-intensive sectors as well as micro, small, and medium enterprises (MSMEs).

In June, the government extended the IES by two months — August 31 — for MSME exporters, while other exporters covering 410 tariff lines were excluded. However, the Department of Commerce is pushing for including MSMEs and non-MSMEs with the extension of the scheme.

The Union Budget has allocated ₹1,700 crore towards the IES this financial year.