

# House panel suggests GST Council-like RoDTEP body



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The Parliamentary Standing Committee on Commerce has recommended setting up a RoDTEP (Remission of Duties and Taxes on Exported Products) Council, on similar lines of GST (Goods and Services Tax) Council. This would define a road map for short- and medium-term changes in rate structure by ensuring periodic review of rates under the scheme.

“The committee notes that the evaluation of the provisions of (the) RoDTEP scheme by the committee set up in the revenue department is crucial. It recommends the committee to properly scrutinise the rationale behind stipulated rates and its impact on export performance of industries with suggestions on rationalising the rates as per the requirements of export sectors,” the standing committee said in its latest report tabled in Parliament.

“The committee further recommends that the department should explore the feasibility of setting up a RoDTEP Council, on similar lines of the GST Council, which would define a road map for short- and medium-term changes in rate structure by ensuring periodic review of rates under the Scheme,” it added.

The Centre has phased out most export-incentive schemes as they were non-compliant with World Trade Organization (WTO) rules, replacing them by RoDTEP and RoSCTL (Rebate of State and Central Levies and Taxes) from January 1, 2021, to reimburse taxes and levies paid by exporters that are considered compatible to WTO rules.

RoDTEP rates vary from 0.5-4.3 per cent of export value and initially included sectors like marine, agriculture, leather, gems and jewellery, automobile, plastics, electrical, electronics, and machinery. While exporters in sectors like steel, pharmaceutical, chemicals were initially kept out of the scheme, the commerce ministry has notified that starting December 15, 2022, such items will also benefit from the scheme, expanding the list of eligible export items to 10,342 from 8,731.

## STATUS CHECK

### PROPOSAL

- The proposed council will define a road map for short- and medium-term changes in rate structure

### CURRENT RATES

- RoDTEP rates vary from **0.5-4.3%** of export value
- List of eligible export items expanded to **10,342** from **8,731**

### ALLOCATION

- Finance ministry has set aside **₹14,245 crore** for the scheme in FY23, up from **₹12,454 crore** in FY22

“In the present times, when exports are facing headwinds on account of signs of recession in some of the developed markets & supply chain disruptions on account of Russia-Ukraine conflict, extension of RoDTEP to uncovered sectors like chemicals, pharmaceuticals & articles of iron and steel is likely to enhance the export competitiveness of these sectors,” the commerce ministry said while notifying the extension of the RoDTEP scheme for new products.

The standing committee had earlier recommended inclusion of these items under RoDTEP to retain their price competitiveness in global markets and had criticised the department’s argument of budgetary constraints.

The Finance Ministry has allocated ₹14,245 crore for the RoDTEP scheme in FY23, up from ₹12,454 crore in FY22.

On the standing committee’s recommendation for inclusion of Special Economic Zones (SEZs) into the ambit of RoDTEP scheme, the ministry said a RoDTEP Committee had been constituted by the revenue department to look into the inclusion of SEZ/EOU (export-oriented units) under the ambit of RoDTEP.

“The committee has conducted several rounds of discussion with stakeholders. The matter is under active consideration,” it added.