

## RODTEP SCHEME

# Exporters seek sops for value-added products

Say current structure provides higher refund rates on lesser value-added goods

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New Delhi, 28 September

Exporters have sought more benefits for value-added goods under the government's flagship Remission of Duties and Taxes on Exported Products (Rodtep) scheme.

The current structure of the scheme provides higher refund rates on "lesser value-added" goods, which exporters believe is contrary to the government's policy of promoting value-added exports from the country.

According to the Federation of Indian Export Organisations (FIEO), the apex body for exporters, while aluminium bars and rods have a Rodtep refund rate of 2.2 per cent, the value-added products of the same attract 1.2 per cent.

"We request that some thoughts should be given by adding some additional criteria to suitably reward the value-added exports under the scheme. In many instances, the value addition of even 100 per cent gives less Rodtep entitlement as compared to the entitlement available for lesser value-added products," the FIEO urged the commerce department in a written submission earlier this week.

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## WHAT'S THE ISSUE?

▶ Rodtep scheme refunds the embedded non-creditable central, state and local levies paid on inputs to exporters

▶ The scheme was notified on January 1, 2021, and is valid till June 30, 2024

▶ Exporters have urged the government that there shouldn't be any end-date to the scheme since it is a duty neutralisation scheme

▶ They want the scheme to be applicable to all sectors, including export oriented units and special economic zones

itable central, state, and local levies paid on inputs to exporters. These taxes were not being refunded but were incurred by export entities in the process of manufacture and distribution of exported products.

The scheme was notified on January 1, 2021 as it replaced the controversial Merchandise Exports from India 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.

The FIEO has also urged the government that there shouldn't be any end date to the scheme since Rodtep is a duty neutralisation scheme, similar to duty drawback, which also offsets customs duties. The scheme is valid up to June 2024 as of now.

"The Rodtep scheme, along with duty drawback or duty exemption scheme together with goods and services

tax refund mechanism, provides zero rating of Indian exports. The scheme fits into the WTO discipline under the Agreement on Subsidy and Countervailing Measures (ASCM)," the FIEO said.

Exporters have also once again pushed for the RodTEP scheme to be applicable to all sectors of exports, including for entities in export-oriented units or special economic zones or holding advance authorisation, which have any incidence of unrebated taxes.