

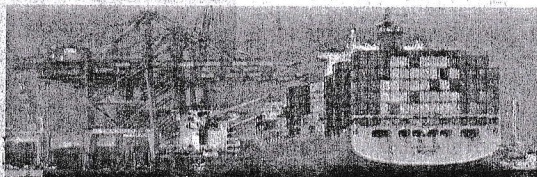
# 10% increase in duty remission scheme allocation may help cover more sectors

**MUCH-NEEDED.** Iron & steel, chemical and pharma sectors are likely to get the benefit for full fiscal

**Amiti Sen**  
New Delhi

The budgetary allocation for the popular export benefit scheme, Remission of Duty and Taxes on Exported Products (RoDTEP), is likely to get a 10 per cent increase in 2024-25, over the ₹15,070 crore allocated last fiscal, which may allow the Commerce Department to extend the scheme for the iron & steel, pharmaceuticals and chemicals sectors for the entire financial year, sources said.

Unlike most other sectors that get covered under RoDTEP on a permanent basis, the scheme incorporates iron & steel items, pharmaceuticals and chemicals, on a piecemeal



**THE FUNDLINE.** At present, benefits under the scheme are available till June 30, 2024 for the three identified sectors

basis depending on the availability of funds. "The Commerce Department is expecting a 10 per cent increase in allocation for the RoDTEP scheme in 2024-25. As exports are not likely to increase steeply because of the strained geopolitical conditions, it can be anticipated that the RoDTEP amount will be enough to meet the demand of the additional

three sectors as well. So, one could hope that the scheme will be extended for iron & steel, pharma and chemicals for the entire fiscal year," a person tracking the matter told *businessline*.

At present, benefits under the scheme are available till June 30, 2024 for the three identified sectors. It will lapse after that if not further exten-

ded. The RoDTEP scheme, announced in January 2021 as a replacement for the WTO-incompatible MEIS scheme, remits embedded duties/taxes on inputs to exporters. These include VAT on fuel used in transportation, mandi tax and duty on electricity used during manufacturing, and other input taxes that are not rebated under other schemes.

## OUTLAY CONSTRAINTS

During its inception, the scheme covered 8,731 items from most export sectors with the exception of organic and inorganic chemicals, pharmaceuticals and iron & steel. "The only reason these sectors were excluded was outlay constraints as these sectors qualify

for substantial benefits due to relatively high exports," the source said.

The Commerce Department later extended the scheme to the remaining three sectors as well, but for a limited period, retaining the flexibility to take an appropriate decision on further extension later. "It was not the Department of Expenditure which directed that the scheme should be extended for the three identified sectors for a certain time. The Commerce Department itself did so to ensure that Budget imposed restrictions were not breached," the source pointed out.

Allocation for the RoDTEP scheme in FY24 was increased by 10 per cent to ₹15,069 crore, from ₹13,699 crore in 2022-23.