

FinMin may extend RoDTEP to more sectors, but unlikely to allocate more funds, say sources

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The Finance Ministry may consider extending the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme to pharmaceuticals, steel, organic and inorganic chemicals but may not be keen to allocate more resources, according to sources said.

If the RoDTEP scheme is extended to the four sectors, the Commerce Ministry may be asked to share the allocation already made for the scheme. This would be a challenge as the available amount may not be enough to accommodate more claimants but the Finance Ministry has indicated that it would be difficult to come up with more funds," a source tracking the matter told *businessline*.



INADEQUATE. Around ₹13,800 cr was allocated for the RoDTEP scheme, but this can barely take care of existing claimants

The RoDTEP scheme, announced on January 01, 2021 to replace the popular Merchandise Export from India Scheme (MEIS), refunds exporters the embedded duties/taxes that are not rebated under other schemes.

The RoDTEP scheme, which covers almost 8,000 tariff lines, providing duty remission at rates ranging

from 0.3 to 4.3 per cent, excluded some major items such as steel, pharmaceuticals and chemicals.

LACK OF FUNDS

After months of persuasion by industry bodies, the government now seems to be ready to include these sectors in the scheme, but lack of funds could be a serious impediment.

"The Finance Ministry allocated around ₹13,800 crore this fiscal for RoDTEP scheme. Now, this amount can barely take care of existing claimants. It will be very difficult to provide for new sectors from this fund. The Finance Ministry has to allocate more funds, or the Commerce Ministry can explore if it is possible to channelise funds from some other scheme," the source said.

With India's exports taking a severe beating in October 2022, falling around 16.5 per cent (year-on-year), and world trade expected to grow by just 1 per cent next year, the Centre is looking at ways to provide support.

Exporters are hoping the government will sort out the issue and extend the RoDTEP scheme soon, the source said.