

## ● AMOUNT OWED TO BE LOWER THAN PLEDGED OUTLAY

# Govt may save ₹10,000 cr on clearing dues to exporters

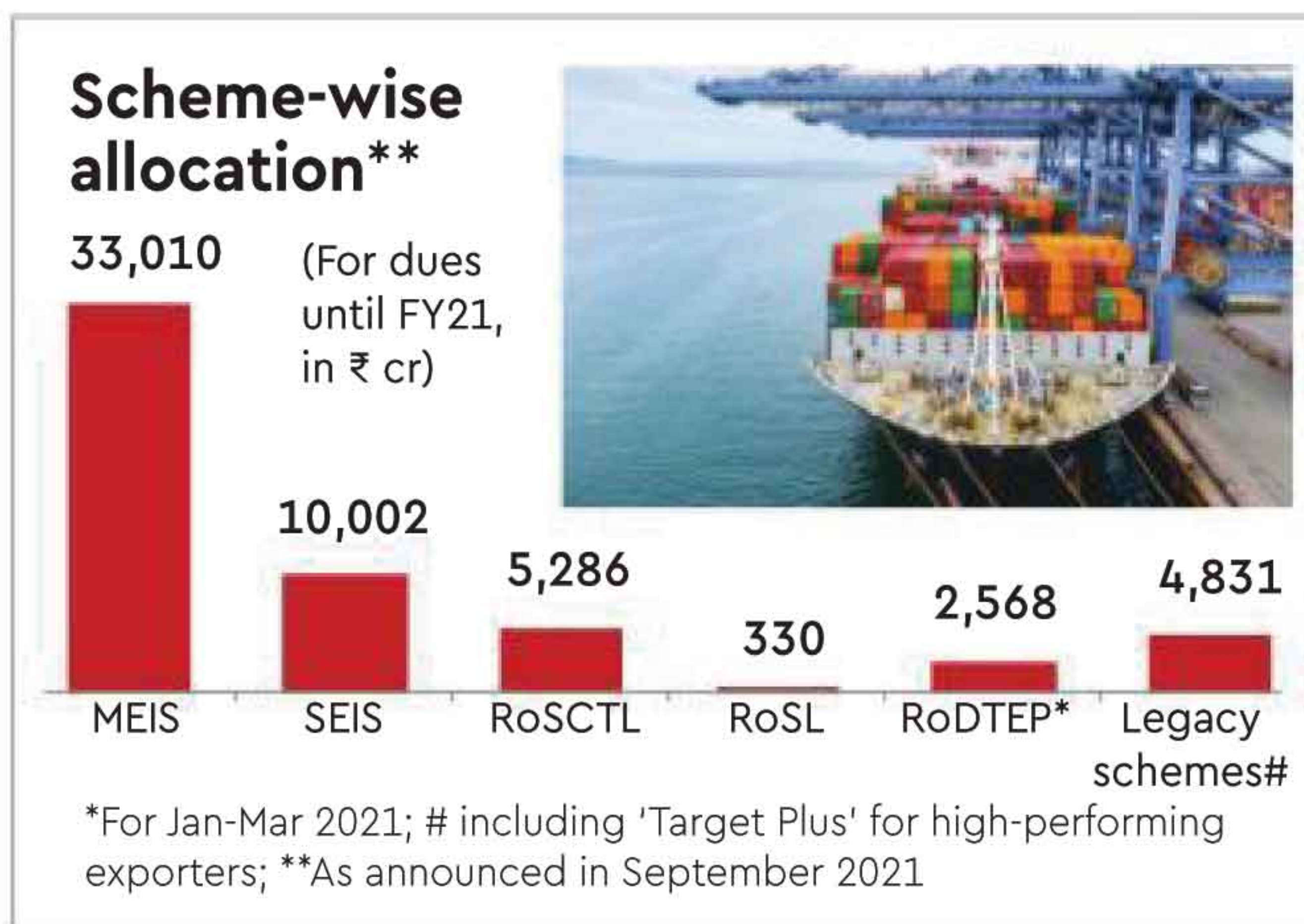
Pending sum covers both export incentive and duty remission schemes

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**THE GOVERNMENT MAY** end up saving about ₹10,000 crore from its allocation of ₹56,027 crore, announced in September last year, to clear all the pending dues owed to exporters until FY21 under various schemes, a senior official told *FE*.

The commerce ministry already cleared ₹32,000 crore in FY22 and, based on the scrutiny of exporters' claims so far, it expects the total outgo to be about ₹10,000 crore less than the initial estimate. All the arrears will be settled this fiscal, said the official. The proposed outlay covers dues under both export promotion and duty remission schemes.

The dues amount is being disbursed in the form of scrips to more than 45,000 exporters, about 98% of whom are small and medium enter-



prises. The exporters can use these scrips to pay import duties or can sell these to importers who, in turn, can use them to pay the customs duties. "So, these (about ₹10,000 crore) are notional gains for the government," said the official.

While the gain is notional, it still comes as a relief to the government, which has been forced to announce a raft of additional spending commitments or forgo potential revenue in the wake of a spike in global commodity prices, especially of oil, due to the Ukraine war.

The massive outlay was announced to bolster Covid-hit exporters' cash flow, and enable them to take advantage of a post-pandemic surge in demand for merchandise and services in advanced economies. The move also ended uncertainties over the release of past arrears.

The ₹56,027-crore allocation was for different export promotion and remission schemes: Merchandise Exports from India Scheme (₹33,010 crore), Services Exports from India Scheme (₹10,002 crore), Rebate of State and Central Levies and Taxes (₹5,286

cr), Rebate of State Levies (₹330 crore), Remissions of Duties and Taxes on Exported Products, or RoDTEP (₹2,568 crore), and other legacy schemes like 'Target Plus' for high-performing export houses, etc (₹4,831 crore).

The ₹2,568-crore outlay for the RoDTEP was for the January-March 2021 period (The scheme was introduced on January 1, 2021, replacing the MEIS).

Commerce and industry minister Piyush Goyal had then asked exporters to file all the pending claims (until FY21) by December 31, 2021, so that all the dues could be cleared at the earliest. The IT portal of the commerce ministry for exporters to file claims was enabled to accept applications. This would be integrated with a mechanism set up by the finance ministry to monitor the provisioning and disbursement of the export incentives under a budgetary framework.

After a Covid-induced 7% drop in FY21 to \$292 billion, the country's exports hit a record \$422 in FY23, far exceeding the previous record of \$330 billion.