



Remission of Duties and Taxes on Export Products Scheme

For Prelims: Remission of Duties and Taxes on Export Products (RoDTEP) scheme, Merchandise Export from India Scheme (MEIS)

For Mains: Export Promotion, Government Policies & Interventions

Why in News

Recently, the government had left out sectors such as **iron and steel, chemicals and pharmaceuticals**, from the [Remission of Duties and Taxes on Export Products \(RoDTEP\) scheme](#).

- These sectors were omitted from the scheme, as **iron and steel** were 'already booming' and the [pharma industry's](#) business had also increased during the [pandemic](#).

What is the RoDTEP Scheme?

▪ About:

- The RoDTEP scheme would **refund to exporters the embedded central, state and local duties or taxes that were so far not been rebated or refunded** and were, therefore, placing India's exports at a disadvantage.
- The rebate under the scheme **would not be available** in respect of duties and taxes already exempted or remitted or credited.

▪ Launch:

- It was **started in January 2021** as a replacement for the [Merchandise Export from India Scheme \(MEIS\)](#), which was not compliant with the rules of the [World Trade Organisation](#).
 - The MEIS scheme provided additional benefits of **2% to 7% on the Freight On Board (FOB) value** of eligible exports.
- For garment exporters, the [Rebate of State and Central Levies and Taxes \(RoSCTL\) Scheme](#) has been notified separately.

▪ Rates:

- The tax refund rates **range from 0.5% to 4.3%** for various sectors.
- The rebate will have to be claimed as a **percentage of the Freight On Board value of exports**.

▪ Issuance:

- Rebates will be issued in the form of a **transferable duty credit/ electronic scrip (e-scrip)** which will be maintained in an electronic ledger by the [Central Board of Indirect Taxes and Customs \(CBIC\)](#).

What is the Significance of the RoDTEP scheme?

▪ Enhance India's Competitiveness:

- The reimbursement of taxes such as duty on power charges, [Value-Added Tax](#) on fuel in transportation, [Farm Sector](#) etc. will make Indian products competitive in global markets.

- It is expected to significantly **impact India's competitiveness**, trade flows and export numbers over the next **5-10 years**.
- **Par with International Standards:**
 - Indian exporters will be able to meet the international standards for exports **as affordable testing and certification will be made available to exporters** within the country instead of relying on international organizations.
 - This would **increase the economy of the country and the working capital** for the enterprise.-
- **Automated Tax Assessment:**
 - Also under it, **tax assessment is set to become fully automatic for exporters**.
 - Businesses will get access to their refunds for **GST (Goods and Services Tax)** via an automatic refund route.

Freight on Board

- Also called Free on Board (FOB) is a term used to **indicate who is liable for goods damaged or destroyed during shipping**.
 - "**FOB origin**" means the buyer is at risk and takes ownership of goods once the seller ships the product.
 - "**FOB destination**" means the seller retains the risk of loss until the goods reach the buyer.
- The terms of FOB **affect the buyer's inventory cost**, adding liability for shipped goods increases inventory costs and reduces net income.

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