



# Scheme for Remission of Duties and Taxes on Exported Products

[Source: TH](#)

## Why in News?

The [Scheme for Remission of Duties and Taxes on Exported Products \(RoDTEP\)](#), initially notified until 30<sup>th</sup> September 2023, has been extended until **30<sup>th</sup> June 2024**, with the same rates applicable to existing export items.

## What is the RoDTEP Scheme?

### ▪ About:

- The **Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP)** has emerged as a critical tool in supporting **India's exporters**.
- It became operational on 1st January 2021 replacing the existing export incentive scheme, [Merchandise Exports from India \(MEIS\)](#).
  - This change was prompted by a [World Trade Organization \(WTO\) ruling that determined the MEIS scheme's violation of WTO regulations](#) due to its provision of export subsidies for a broad spectrum of goods.
- The rebate under the scheme is allowed, based on the allowed percentage of **FOB (Freight On Board) value of exports** and issued in the form of a transferable **duty credit/electronic scrip (e-scrip)**, the details of which are maintained in a digital ledger by the [Central Board of Indirect Taxes and Customs \(CBIC\)](#).
- The RoDTEP Committee operates within the **Department of Revenue**.
  - Its primary responsibility is to review and recommend ceiling rates for different export sectors under the RoDTEP Scheme.

### ▪ Objective:

- Its primary objective is to provide **comprehensive support to exporters by remitting duties and taxes incurred during the production** and distribution of exported products.
  - Importantly, RoDTEP covers **taxes, duties, and levies at the central, state, and local levels**, which are not refunded through any other existing mechanisms.

### ▪ Financial Allocation:

- In the financial year 2023-24, the Indian Government has allocated a **substantial budget of Rs. 15,070 crores to support the RoDTEP Scheme**.

### ▪ Stakeholder Engagement

- The Committee recently initiated its activities by engaging with [Export Promotion Councils \(EPCs\)](#) and Chambers of Commerce.

## What is Freight on Board?

- **Freight on Board or Free on Board (FOB)** is a shipment term that defines the point in the supply chain when a buyer or seller becomes liable for the goods being transported. Purchase orders between buyers and sellers specify the FOB terms and help determine ownership, risk, and transportation costs.

- **"FOB Origin"** means the **buyer accepts the title of the goods at the shipment point** and assumes all risk once the seller ships the product.
  - The buyer is responsible if the goods are damaged or lost while in transit.
- **"FOB Destination"** means the **seller retains the title of the goods and all responsibility during transit until the items reach the buyer.**

## UPSC Civil Services Examination, Previous Year Question:

### Prelims

**Q. With reference to the international trade of India at present, which of the following statements is/are correct? (2020)**

1. India's merchandise exports are less than its merchandise imports.
2. India's imports of iron and steel, chemicals, fertilizers and machinery have decreased in recent years.
3. India's exports of services are more than its imports of services.
4. India suffers from an overall trade/current account deficit.

**Select the correct answer using the code given below:**

- (a) 1 and 2 only
- (b) 2 and 4 only
- (c) 3 only
- (d) 1, 3 and 4 only

**Ans: D**

### Mains

**Q. Account for the failure of the manufacturing sector in achieving the goal of labor-intensive exports. Suggest measures for more labor-intensive rather than capital-intensive exports. (2017)**

**Q. There is a clear acknowledgement that Special Economic Zones (SEZs) are a tool of industrial development, manufacturing and exports. Recognizing this potential, the whole instrumentality of SEZs requires augmentation. Discuss the issue plaguing the success of SEZs with respect to taxation, governing laws and administration. (2015)**