

Government may extend MEIS for exporters as RoDTEP rates still being fixed

The Centre may decide to extend the popular Merchandise Export from India Scheme (MEIS) for exporters by another three months, till the end of this fiscal, as the new Remission of Duties or Taxes on Export Products (RoDTEP) scheme is not yet ready for all sectors.

The rates under the new RoDTEP scheme are being worked out for a handful of products at a time. Since it is a labourious process, it is taking time. The government is therefore, weighing the option of extending the MEIS scheme till the end of the on-going fiscal so that the RoDTEP committee has some more time to work out the rates.

The Centre had fixed a timeline of doing away with the MEIS by December 31, 2020, and introducing the new RoDTEP scheme on January 1, 2021. The MEIS is being withdrawn by the government as a dispute settlement panel at the World Trade Organisation ruled against it following a complaint by the US. The RoDTEP scheme is expected to be more acceptable at the WTO as the reimbursement rates are based on actuals and is minutely linked to all input taxes and duties paid by exporters.

As Indian exporters are continuing to face a rough time worsened by Covid-19 disruptions in global demand and increased protectionism, a continuation of the MEIS for some more time could give them a little comfort. The new five-year Foreign Trade Policy is to be implemented from April 1, 2021, and introducing the RoDTEP at that time could be a good idea. Adequate funding for the new RoDTEP scheme is another area of concern for the government at the time of the on-going pandemic.

Source: The Business Line