

Duty Drawback Rates Increased for 102 Products in Bid to Boost Exports

Pre-Budget Cheer for Exporters



Our Bureau

New Delhi: Ahead of the Budget, the government has increased the incentive on more than a hundred products including traditional exports like leather, marine, yarn and wool.

The benefit in form of higher duty drawback on 102 items is expected to boost exports and also ease the liquidity crunch faced by exporters after the roll out of the Goods and Services Tax.

The drawback neutralises customs duty and excise duty component on the inputs used for products exported. This is offered at fixed rates independent of tax levied on inputs. "The revised rates of duty drawback will help address the concerns of these export sectors and make India's exports more competitive in global economy," the finance ministry

said in a statement.

With the new rates, fish exporters will enjoy higher subsidy of 1.2% compared with the earlier 0.4% while those of automobile tyres would get 3.6% drawback compared with 2.6% earlier.

Similarly, exporters of finished leather will get a higher drawback of 2.36% versus 1.2% previously.

In September, the government had modified the duty drawback rates for exporters with effect from October 1. The rates have been modified based on the recommendations made by the trade and industry. The enhanced rates will be effective from January 25. Exporters can claim a refund of duties at the drawback rates prescribed for the good exported after the shipment is made.

The amount of drawback is directly credited with exporter's bank by customs authorities in about two-three months.

"There were credit blockages post GST and a lot of cost was coming at the input level. Now, in a way the subsidy to exporters has increased," said an expert requesting anonymity.

While India's exports have been on a positive trajectory since August 2016 to December 2017 with a dip of 1.1% in the month of October 2017, there was a fairly broad-based decline in the pace of growth on non-oil merchandise exports in December relative to November. All the key sectors such as gems and jewellery, electronic goods, chemicals, and engineering goods saw a moderation in growth. India's exports were \$223.5 billion in the April-December period. "Even though claiming drawbacks has become slow in the post GST era, this is a welcome move which will help in increasing the competitiveness of our exports," said another industry expert.