



Verification Mechanism in RoDTEP Scheme

Source: TH

The government is setting up a system to verify that only taxes paid on materials used (input duties) are refunded under the [RoDTEP scheme](#).

- The **US and EU imposed anti-subsidy duties** on some Indian exports even though the **Remission of Duties and Taxes on Exported Products (RoDTEP)** scheme aims to reimburse input taxes.
- This happened because **Indian exporters couldn't demonstrate** the connection between the RoDTEP benefits received and the input taxes clearly during inspections by the US and EU.
- According to the government, the new verification process is through a **team consisting of officials** from the Department of Revenue and the [Directorate General of Foreign Trade](#).
- It will address this issue by **randomly checking manufacturers and ensuring proper documentation** to prove RoDTEP payments are legitimate tax refunds, not subsidies.
- In January 2021, India switched from the [Merchandise Export from India Scheme \(MEIS\)](#) to the RoDTEP scheme. This change came about because MEIS faced criticism from other [World Trade Organisation \(WTO\)](#) member countries.
 - They argued that MEIS didn't clearly show how the amount of money paid to exporters was connected to the taxes they paid on materials used in production.

Extending Support

Refund of Duties and Taxes on Exported Products (RoDTEP) scheme implemented from Jan 1, 2021

Offers 0.3-4.3% incentive to 8,555 products in sectors such as marine, agri, and gems & jewellery

But excludes pharma, steel and chemicals

Commerce ministry will need additional ₹2,000 cr to expand coverage under scheme

Chemical sector eyes a remission rate of 2.3-2.9%

Pharma industry seeks 5-6%

It's a crucial move as India's Sent exports shrank 3.5% on weak global demand

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