

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)

RAJYA SABHA
UNSTARRED QUESTION NO. 2886
TO BE ANSWERED ON 21st MARCH, 2018

IMPACT OF GST ON INDIA'S EXPORT PERFORMANCE

2886. SHRI K.K. RAGESH:

Will the Minister of **COMMERCE & INDUSTRY** be pleased to state:

- (a) whether Government has conducted any studies to ascertain the impact of GST on India's export performance;
- (b) if so, the details thereof;
- (c) whether any measures have been taken to address the adverse impacts, if any; and
- (d) if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI C. R. CHAUDHARY)

(a) & (b) : Government has not conducted any study to ascertain the impact of GST on export. India's export is impacted by several factors both endogenous and exogenous including structural, fiscal and monetary (exchange rate) factors. Export data post-GST given below shows that monthly exports are consistently higher than corresponding period of previous year except in Oct 2017. Post-GST (July 2017 – January 2018) the growth rate of India's export is 11.3% compared to the same period of previous year:

Monthly Exports post-GST (US\$ Billion)

Months	Merchandise Export			Services Export			Overall Export		
	2016-17	2017-18	% chg	2016-17	2017-18	% chg	2016-17	2017-18	% chg
July	21.69	22.35	3.0	12.78	13.18	3.2	34.47	35.53	3.1
August	21.60	23.52	8.9	13.38	13.70	2.4	34.98	37.22	6.4
September	22.77	28.73	26.2	13.77	13.73	-0.3	36.54	42.46	16.2
October	23.36	22.82	-2.3	13.11	14.15	7.9	36.47	36.97	1.4
November	20.07	25.92	29.2	13.34	15.39	15.4	33.40	41.32	23.7
December	24.06	27.07	12.5	13.80	16.01	15.9	37.86	43.07	13.8
January	22.36	24.96	11.6	13.57	16.34	20.4	35.93	41.30	14.9
Total	155.90	175.36	12.5	93.75	102.50	9.3	249.65	277.86	11.3

(c)&(d): Implementation of Goods and Services Tax has been widely welcomed by the trade and industry. Though there have been some initial problems in implementation, Government has been very responsive in addressing those in time. A series of measures have been announced to mitigate the issues faced by exporters. The relief package for exporters in October 2017 included exemption of IGST for sourcing inputs both on import as well as domestic supplies under Advance Authorization Scheme, Export Promotion Capital Goods Scheme and 100% Export Oriented Unit Scheme. The 26th Meeting of the GST Council on 10.03.2018 has decided to further extend the IGST exemptions till 1.10.2018 on the above schemes. Exports have been allowed on furnishing of Legal Undertaking (LUT) without the requirement of Bond/bank guarantee. Further, GST on sale of Duty Credit Scrips (which are basically incentives on exports) has been reduced to Zero from the earlier rate of 12%. GST on job work in textiles sector, diamond processing in Jewellery sector and leather and footwear sectors has been brought down to 5%. The Government has also taken measures and issued instructions to expeditiously disburse the refund of IGST paid on goods exported. Besides, GST council is meeting at regular intervals to address concerns of industry regarding various issues related to GST including rationalisation of GST rates, simplification in filing of GST returns, expediting the process of refunds of Integrated GST and Input Tax Credit for exporters.
