

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

RAJYA SABHA
UNSTARRED QUESTION NO. 2895
TO BE ANSWERED ON 21st MARCH, 2018

ISSUES FACED BY EXPORTERS DUE TO GST

2895. SHRIMATI JAYA BACHCHAN:

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

- (a) whether Government has taken note of the issues faced by exporters due to GST, if so, the reasons therefor; and
- (b) what steps Government has taken to address the issues and revive exports, the details thereof?

ANSWER

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

(a) & (b): Yes Sir, Implementation of Goods and Services Tax has been widely welcomed by the trade and industry. However, there have been some initial difficulties and Government has taken note of the issues faced by exporters.

The major issues include working capital blockage due to the process of upfront payment of GST, filing of returns, GST rates on job work and refund of Integrated GST and Input Tax Credit (ITC), high rates of GST on certain items and other Information Technology related issues. The Government addressed these issues through announcement of a relief package for exporters in October 2017. Benefits under the Advance Authorization Scheme, Export Promotion Capital Goods Scheme and 100% Export Oriented Unit Scheme were extended for sourcing inputs from abroad without payment of IGST apart from Customs Duty. The 26th Meeting of the GST Council on 10.03.2018 has decided to further extend the tax exemptions till 1.10.2018. Exports have been allowed on furnishing of Letter of Undertaking (LUT), without the requirement of Bond/bank guarantee. Further, GST on sale of Duty Credit Scrips (which are basically incentive 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 and services exported. Besides, GST council is meeting at regular intervals of time to address the 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.

During the current year, monthly exports are consistently higher than the monthly exports 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 data post- GST is as under:-

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 |
