

**Government of India
Ministry of Finance
Department of Revenue**

**LOK SABHA
UNSTARRED QUESTION NO. 6495
TO BE ANSWERED ON FRIDAY, 6th April, 2018**

CHAITRA 16, 1940 (SAKA)

DECLINE IN EXPORTS POST GST

- 6495.** SHRI RAKESH SINGH: Will the Minister of FINANCE be pleased to state:
- (a) whether there has been a decline in exports from the country since the introduction of Goods and Services Tax (GST);
 - (b) if so, the details thereof, Statewise;
 - (c) whether any steps have been taken by the Government to resolve the problems of companies involved in exports; and
 - (d) if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI SHIV PRATAP SHUKLA)

(a) & (b) No, there has been no decline in overall exports from the country since the introduction of Goods and Service Tax (GST). Export data post-GST given below shows that monthly exports are consistently higher than corresponding period of previous year except in October, 2017 for merchandise export and September, 2017 for services export. Post-GST (July 2017 – January 2018) the growth rate of India's export is 11.3% compared to the same period of previous year:

(c) & (d)

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

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. Following decisions have been taken by the Government to resolve the problems of companies involved in exports :

- The facility of furnishing Letter of Undertaking, in place of a bond, for exporting goods or services or both was made available to all exporters except those who have been prosecuted for any offence under the CGST Act, 2017, or the IGST Act, 2017, or any of the existing laws and the amount of tax evaded in such cases exceeds two hundred and fifty lakh rupees.
- Holders of Advance Authorization / EPCG and EOUs would not have to pay Integrated Tax and Compensation Cess on imports. Further, domestic supplies to holders of Advance Authorization / EPCG and EOUs would be treated as deemed exports under Section 147 of CGST/SGST Act and refund of tax paid on such supplies would be given to the supplier or recipient.
- Merchant exporters were allowed to pay nominal integrated tax of 0.1% on inter-State supply of goods received or 0.05% of central tax and 0.05% of state tax on intra-State supply of goods received from domestic suppliers for exports.
- Specified banks and Public Sector Units (PSUs) are being allowed to import Gold without payment of integrated tax. This can then be supplied to exporters as per a scheme similar to Advance Authorization.
- 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.
- MEIS (Merchandise Exports from India Scheme) was increased by 2% to MSMEs / labour intensive industries involving an additional outlay of Rs.7310 crore that includes Rs. 2743 crore incentives for two sub-sectors of Textiles i.e. readymade garments and made-ups on which MEIS was raised from 2% to 4%. Similarly, the SEIS (Service Export from India Scheme) incentive rate was increased by 2% for all notified services such as Business, Legal, Accounting, Architectural, Engineering, Educational, Hospital, Hotels and Restaurants amounting to Rs. 1140 crore. The validity period of the Duty Credit Scrips was increased from 18 months to 24 months to enhance their utility in the GST framework. 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.
