

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

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LOK SABHA

**UNSTARRED QUESTION No. 1760
TO BE ANSWERED ON FRIDAY, JULY 27, 2018/Shravana 5, 1940 (Saka)**

REFUNDS TO TEXTILE EXPORTERS

1760. SHRI RAVNEET SINGH:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has undertaken any new initiatives to ensure quicker tax refunds for business owners, especially the ones engaged in the textile export sector, if so, the details thereof;
- (b) whether the Government has received multiple representations of businessmen about the difficulty in processing previous tax refunds, if so, the details thereof;
- (c) whether the Government is aware that various textile related subsidies have been impacted post implementation of GST thus making textile export more expensive and as a result non-competitive in the international market; and
- (d) if so, the details thereof and the follow-up action plan for the textile sector?

**MINISTER OF STATE FOR FINANCE
(SHRI SHIV PRATAP SHUKLA)**

(a) Yes Sir. The Government has taken the following initiatives to ensure quicker tax refunds for business owners, especially the ones engaged in the textile export sector:-

- i. Deemed Exports: Vide notification No. 48/2017-Central Tax dated 18.10.2017, the following categories of supply of goods have been declared as deemed exports:-
 - supply of goods by a registered person against Advance Authorization
 - supply of capital goods by a registered person against Export Promotion Capital Goods Authorization
 - supply of goods by a registered person to Export Oriented Unit
 - supply of gold by a bank or Public Sector Undertaking specified in the Notification No. 50/2017-Customs, dated the 30th June, 2017 (as amended) against Advance Authorization.

Further, rule 89 of the Central Goods and Services Tax Rules, 2017 (CGST Rules, 2017 for short), as amended vide Notification No. 47/2017- Central Tax dated 18.10.2017, allows either the recipient or supplier of such supplies to claim refund of tax paid thereon.

- ii. Merchant Exporters: Vide notification No. 40/2017-Central Tax (Rate) dated 23.10.2017, intra-State supply of taxable goods by a registered supplier to a merchant exporter for exports shall attract central tax (CGST) rate of 0.05%. Vide notification 41/2017-Integrated Tax (Rate) dated 23.10.2017, inter-State supply of

taxable goods by a registered supplier to a merchant exporter for exports shall attract integrated tax (IGST) rate of 0.1%. This will reduce capital blockage for exporters.

- iii. Refund Fortnights: In order to swiftly process pending GST refunds, the Central Board of Indirect Taxes and Customs (CBIC) has successfully concluded the following three refund fortnight cum special drives:-
- First refund fortnight from 15.03.2018 to 31.03.2018: A total of Rs 4,265 crores IGST refund was sanctioned and a total of 2,28,829 shipping bills were disposed of. In respect of RFD-01A applications filed for refund of unutilized input tax credit, an amount of Rs. 1,136 crores was sanctioned.
 - Second refund fortnight from 31.05.2018 to 16.06.2018: A total of Rs. 6,087 crores IGST refund was sanctioned and a total of 1,68,191 shipping bills were disposed of. In respect of RFD-01A applications filed for refund, an amount of Rs. 1,548 crores was sanctioned.
 - Third refund fortnight is ongoing from 16.07.2018 to 30.07.2018.
- iv. Textile Exports: GST Council, in its 28th meeting held on 21st July, 2018, decided to allow refund of accumulated input tax credit on account of inverted duty structure to fabric manufacturers.

(b) The Government has received various representations from trade and industry regarding the issues in processing of refunds such as delay in sanction and disbursal of refund, clarity about the formula for maximum refund allowed under rule 89(4) and rule 89(5) of the CGST Rules, 2017. The Government has clarified these issues through various Circulars, Notifications and awareness campaigns using both print media and social media.

(c) and (d) After implementation of GST, various state levies and central indirect taxes were subsumed under GST. Therefore, the rates of Rebate of State Levies (RoSL) and Duty Drawback were suitably adjusted. In order to support exports, the Government has taken various steps as mentioned below:

- i. Revised rates of RoSL and Duty Drawback were introduced with effect from 01.10.2017.
- ii. To avoid working capital blockage and support exports, exporters have been exempted from upfront payment of integrated tax for import of machinery under EPCG (Export Promotion for Capital Goods) scheme upto 01.10.2018.
- iii. MEIS (Merchandise Exports from India Scheme) rates for apparel and made-ups were increased from 2% to 4%.
