

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

**LOK SABHA
UNSTARRED QUESTION NO. 4040
TO BE ANSWERED ON FRIDAY, THE 10th AUGUST, 2018/
SHRAVANA 19, 1940 (SAKA)**

Duty Drawback Schemes under GST

4040. SHRI BHOLA SINGH:

SHRI DEVAJIBHAI G. FATEPARA:

PROF. PREM SINGH CHANDUMAJRA:

Will the Minister of FINANCE be pleased to state:

- (a) whether the benefits available to exporters under the drawback schemes have been withdrawn under the Goods and Services Tax (GST) and if so, the details thereof;**
- (b) whether the exporters have represented to the Government for restoration of the benefits and if so, the details thereof and the reaction of the Government thereto;**
- (c) whether several Ministries have also expressed their concern in this regard; and**
- (d) if so, the details thereof and the corrective steps proposed in this regard?**

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI SHIV PRATAP SHUKLA)

(a): Duty Drawback is a statutory scheme which provides for neutralisation of certain duties/ taxes on inputs that are used in manufacture of export products. Prior to implementation of Goods and Services Tax (GST), there were two All Industry Rates of duty drawback. The higher rates rebated Customs duty, Central Excise duty and Service tax on inputs or input services used in manufacture of export products subject to the condition that no input credit was claimed. The lower rates rebated only the Customs duty on inputs and Central Excise duty on fuel for generation of captive power used in manufacture of export products, in other cases.

With the implementation of GST, input services and inputs (other than tobacco products and specified petroleum products) used in manufacture of export products are covered under GST and do not suffer the incidence of Service tax and Central Excise duty respectively. Further, GST legislation provides for zero-rating of export through refund of GST paid to exporters. Accordingly, only the lower rates of duty drawback have been continued.

In view of the above, no benefit available to exporters for neutralisation of duties/taxes suffered by export products has been withdrawn under the GST.

(b) to (d): Yes, Madam. Some exporters/ associations and Ministries have forwarded representations to restore pre-GST higher rates of duty drawback. On account of zero-rating of exports under GST and refund of GST being available to exporters, the question of restoring erstwhile higher rates of duty drawback does not arise.