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Agri-biz exporters oppose GST on freight

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Kerala exporters' fraternity are an anxious lot over the government notification to restart GST collection on international outbound freight from October 1. They pointed out that the situation comes at a time when the sector is recovering from the Covid-induced slowdown.

Dil Koshy, Secretary, Agricultural Products & Processed Food Exporters Association, told *businessline* that the government decision has imposed unwarranted burden on exporters' business, especially with the RBI hiking the repo rate hike leading to interest rates on existing loans of exporters going up. With normalcy getting restored in many countries, many are in the process of reviving business with the starting of regular flights. However, the re-imposition of 18 per cent GST on air freight and 5 per cent on seaways will lead to a working capital shortage and cause a burden on the exporters, he said.

BOLT FROM THE BLUE. The re-imposition of GST will lead to working capital shortage and burden the exporters

NO BENEFITS FOR GOVT

According to him, the government will not be getting any monetary benefits out of GST collections, but can only hold the funds for some time before reimbursing them fully to exporters. Moreover, there will be an inordinate delay in getting refunds. Kerala, before Covid, shipped around 200 tonnes of fresh fruits and vegetables from the four airports.

The average GST rate for perishable commodities like fruits and vegetables was in the range of ₹60-65 per kg by air, he added.

Munshid Ali, secretary, Kerala Exporters Forum said the GST impact on ocean freight will hit agriculture exports, as air freights at a time will be much higher than the FOB value of exports.

The overseas freight rates are still 200-250 per cent more than at the 2019 level. Therefore, GST payments on such high freight rates will affect the liquidity of exporters, particularly when the bank interest rates have increased.

Considering India as a multi-market with a huge volume of cargo and good number of ports, CFS and ICDs, he said Kerala Exporters Forum is battling for more competitive price mechanism for ocean freight.

The government should extend the GST exemption on export freight and take the initiative to constitute a regulatory authority so that exporters can continue with the status quo without the need for arranging further funds, he said.

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Duty Relief Likely for Steel, Pharma and Chemical Exports

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New Delhi: India could be looking at extending a key export scheme to pharmaceuticals, chemicals and steel products, eyeing measures to support exports hit hard by falling demand in advanced economies. Discussions have started between the ministries of commerce & industry and finance on including these sectors under the Refund of Duties and Taxes on Exported Products or RoDTEP scheme. The input duty remission scheme for exporters was implemented from January 1, 2021 but had excluded these sectors.

The scheme offers 0.3-4.3% incentive to 8,555 products in many employment-generating sectors

"A proposal to include these sectors under RoDTEP is under discussions," a government official, privy to the deliberations, told **ET**.

A cabinet note could be moved after discussions with the finance ministry, according to the official. The scheme offers 0.3-4.3% incentive to 8,555 products in many employment-generating sectors such as marine, agriculture, leather and gems & jewellery.

The government has provided around ₹13,000 crore under RoDTEP for the refund of duties and taxes such as value added tax on fuel used in transportation, mandi tax and duty on electricity used during manufacturing, which were so far not being refunded. As per the official, the commerce department will need an additional ₹2,000 crore to expand the coverage under the scheme.