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Ref.No.MAIT/PY/2502

July 19, 2022

Ms Kapil Chaudhary
Joint Secretary (Drawback)
Central Board of Indirect Taxes and Customs (CBIC)
Ministry of Finance

Subject: Request for allowing eligibility of Electronics Manufacturers under MOOWR Scheme to claim RoDTEP

Reference: MAIT Representation No.MAIT/PY/2461 dated April 01, 2022

Respected Madam,

Greetings from MAIT!

MAIT is the apex body representing India's electronics & ICT hardware sector. MAIT is recognized by both the Government of India, as well as the industry, for its role in the growth and development of the IT Hardware industry.

The vision of MAIT is to develop, maintain and accelerate competitive ICT ecosystem that will transform India into a digital knowledge economy and a globally competitive manufacturing hub. MAIT works in multiple areas for public advocacy: Cloud & Analytics, IPR, Skill Development, Component Trading Hub, State IT/ ESDM Policies, Import/ Export Policy, GST, Procurement Reforms, e-Governance, SMEs, e-Waste, Innovation & Start-up, Industry 4.0, IoT Devices, Smart Cities Solution and Standards, amongst others. Our member profile spans all areas within the industry, including manufacturers, system integrators, solution & service providers, e-Waste recyclers, testing labs, EMS players, IT park developers, consulting organizations, companies in the areas of cloud and IoT, etc.

We write to you with respect to our previous representations filed on the eligibility of Electronics manufacturers under the MOOWR dispensation to be able to claim RODTEP benefits as notified on the 17th of August 2021. It is pertinent to note that the RoDTEP Scheme is still not presently available to exporters availing benefits of the Manufacture and Other Operations in Warehouse (no. 2) Regulations, 2019, ["MOOWR Scheme"] (predominantly DTA manufacturers).

The MOOWR Scheme allows deferment of customs duty/import duty only on raw materials and not on other local taxes and duties embedded in manufacturing of export goods like electricity, fuel, and tax component on inputs and services. RoDTEP in its current dispensation provides for a reimbursement of local embedded taxes which are not reimbursed to exporters. Those registered as Private Bonded Warehouses ["PBWs"] under MOOWR Scheme of Section 65 of the Customs Act have been excluded from the RoDTEP Scheme completely. The cost of manufacturing, and the incidences of embedded indirect taxes covered under RoDTEP in this dispensation, are the same as in the domestic tariff area ["DTA"].

This category of exporters continues to bear the costs related to local embedded taxes such as those not reimbursed under electricity and transport etc., continue to add price inefficiencies, in pricing their products for exports rendering their products globally uncompetitive.

Further, customs authorities have advised that exporters should be encouraged to move from the DTA to PBWs (MOOWR Scheme). The MOOWR dispensation was provided from the point of view of ease of doing business; they are not provided any other exclusive fiscal benefit. All

the embedded taxes covered under the RODTEP are being borne by units under the MOOWR scheme and at the same cost as any DTA unit. DTA units can claim the benefit of RoDTEP scheme along with the Duty Drawback Scheme. For only DTAs to be eligible / entitled to claim RODTEP benefits and not allowing the same benefit to Manufacturer Exporter under the MOOWR scheme appears to be an oversight. We request that this oversight / anomaly may kindly be removed in order to allow for a smooth growth of electronics exports from India.

Thus, we request you:

To allow exporters of electronics products under MOOWR (PWB) scheme to be eligible to claim RoDTEP benefits.

Please also note that several representations in this regard from the industry have already been made. We would therefore request that the issue may please be considered favourably.

With regards,

Col. Ali Akhtar Jafri, Retd.
Dy. COO
(Acting Director General – MAIT)