

NEWSFLASH



**Withdrawal of MEIS Scheme w.e.f.
01 January 2021 and reduced MEIS
benefit for limited period**

September, 2020

Withdrawal of MEIS Scheme w.e.f. 01 January 2021 and reduced MEIS benefit for limited period



The Ministry of Commerce and Industry ('MoC') vide Notification No. 30/2015-2020 dated 01 September 2020 has made an amendment to the Chapter 3 of the Foreign Trade Policy ('FTP') in Merchandise Export from India Scheme ('MEIS') by insertion of para 3.04 A and 3.04 B.

Below table summarizes the amendment.

Para No.	Amendment
3.04 A	<ul style="list-style-type: none"> Total reward under MEIS scheme to an IEC holder is restricted to maximum of INR 2 crore (per IEC) on exports made between 01 September 2020 to 31 December 2020 (period based on Let Export Order ('LEO') date of shipping bills). Any IEC holder who has not made any exports with LEO date between 01 September 2019 to 31 August 2020 or any new IEC obtained on or after 01 September 2020 not to be eligible for MEIS benefits for exports made with effect from 01 September 2020. The prescribed ceiling may be further subject to downward revision to ensure that the total claim for the period September 2020 to December 2020 does not exceed the fund of INR 5000 crores allocated.
3.04 B	<ul style="list-style-type: none"> MEIS scheme has been withdrawn w.e.f. 01 January 2021.

Nangia Andersen LLP's Take

As per recent news, Ministry of Finance ('MoF') and MoC have differing views about the continuation of benefits provided to exporters via MEIS route due to revenue shortfall and economic growth pressure.

This amendment will have impact on goods exporters as the benefit which exporters were enjoying on their exports be substantially reduced for the period between 01 September 2020 to 31 December 2020 and withdrawal of the scheme w.e.f. 01 January 2021 will have a bearing on the exports, as the exporter may have factored the benefit available on MEIS while computing the pricing with the Customer.

Exporters should evaluate all exports planned for the said period beforehand to understand the impact it may have due to aforementioned amendment until the formal introduction/ announcement of the new scheme i.e. Remission of Duties and Taxes on Export product ('RoDTEP') which is likely to be implemented w.e.f. 01 January 2021.

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