

GST refund: 'mini-social crisis' brewing

Cash flow: FIEO has mooted an e-wallet for GST payments on inputs; money is re-credited on proof of export. Reuters

Exporters are troubled by the 'inordinate delay' in getting Goods and Services Tax (GST) refunds. On Tuesday, representative associations told the Centre that since the working capital crunch (owing to the delay) is occurring in the middle of the festival season, it was causing difficulties in paying salary and Diwali bonuses to workers.

In a meeting with Revenue Secretary Hasmukh Adhia, who chairs the Committee on Exports to address GST-related problems, exporters sought the Centre's immediate intervention to avert what they called a 'mini social crisis'.

'Affecting payments'

Claiming that the delay in getting GST refunds was severely affecting their cash-flow, P.K. Shah, former chairman and currently board member, EEPC India, the apex body for engineering exporters, said in a statement, "All this is happening when we are in the middle of the festival season, and the workers employed in the trading and manufacturing units have to be paid their dues including Diwali bonuses."

EEPC India said the authorities ought to release at least 90% refunds immediately after the shipments and let verification and adjustment be done at a later stage. "This will help small and medium exporters to tide over their blockage of funds, and allow them to pay salaries and bonuses of workers in the festival season. Our members have pointed out that they are in a desperate situation and hence the government must intervene to avoid a mini social crisis."

Exemption sought

The demands of the apex body for the country's exporters, the Federation of Indian Export Organisations (FIEO) include seeking an outright exemption from the GST regime. The FIEO said in a statement that "It is not fair to expect micro and small units to borrow to pay for taxes, which in any case will be refunded. Why not an outright exemption window be provided to exporters?" It added that alternatively, an e-wallet may be created so that money flows out while paying GST on inputs required for exports or procurement of exports goods by Merchant Exporters, and money is re-credited to the wallet once the proof of exports is given.

The FIEO also mooted that Merchandise Exports from India Scheme (MEIS), Service Exports from India Scheme (SEIS) and Duty Credit Schemes be permitted for payment of Integrated GST and Central GST. Besides, utilisation of the Schemes could be considered for payment of bank interest, it said. Exporters also sought exemption from IGST on imports under Advance Authorisation and Export Promotion Capital Goods schemes.

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