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# **EXPORT DUTIES AND TAXATION OF OUTBOUND TRADE IN INDIA DURING GLOBAL CRISES: LEGAL CHALLENGES AND POLICY RESPONSES**

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## **Abstract**

Export duties have increasingly been deployed in India as policy instruments during episodes of global economic volatility, most notably in the context of food security and commodity price stabilization. While such measures are often defended on grounds of fiscal flexibility and domestic market protection, they raise critical questions regarding their constitutional and statutory foundations. The central issue lies in whether the delegation of power under the Customs Tariff Act 1975 provides adequate legislative guidance to meet the constitutional requirement that taxation must rest on the authority of law. Equally important are the fiscal and administrative consequences of abrupt duty changes, which affect exporters through their interaction with refund mechanisms, incentive schemes, and exemptions within the broader tax framework. This study adopts a doctrinal and analytical approach to examine the legality, design, and impact of crisis-driven export duties. It further advances normative proposals for reform, including greater legislative oversight, sunset provisions, and structured refund procedures, aimed at reconciling the imperatives of crisis governance with the principles of legality, certainty, and taxpayer protection. In doing so, the paper contributes to the ongoing discourse on the balance between executive flexibility and constitutional safeguards in Indian tax law.

**Keywords:** Export Duties, Constitutional Taxation, Customs Tariff Act 1975, Delegated Legislation, Fiscal Governance.

## **Introduction**

The use of export duties as an instrument of economic governance has assumed renewed significance in India amid recurrent episodes of global volatility. Periods of supply disruption, food inflation, and geopolitical instability have prompted the executive to resort to rapid fiscal interventions, particularly through notifications under the Customs Tariff Act 1975. These

measures, often described as temporary responses to crises, are defended as necessary to safeguard domestic consumers and preserve fiscal space. Yet, they raise a fundamental constitutional question: can taxes imposed through broad executive powers satisfy the requirement under Article 265 of the Constitution of India that no tax shall be levied or collected except by authority of law.<sup>1</sup>

The problem is not merely theoretical. Export duties imposed through sudden notifications reshape the fiscal landscape in ways that directly affect exporters, government revenues, and the predictability of India's trade regime. Unlike import tariffs, which have been widely studied in economic and legal scholarship, export duties remain an under-analyzed field. Their dual character simultaneously revenue-raising and market-stabilizing complicates doctrinal interpretation and policy justification.<sup>2</sup> At the same time, these measures operate at the interface of multiple statutory frameworks, including the Customs Act 1962, the Foreign Trade Policy, and indirect tax instruments such as the Goods and Services Tax (GST). This interaction creates administrative and compliance burdens, particularly in relation to refunds, exemptions, and export incentives, which compound the impact of duty changes on exporters.<sup>3</sup>

The constitutional foundation of taxation in India is premised on legality, certainty, and accountability. Article 265 enshrines the principle that taxation must be backed by clear statutory authority, a doctrine rooted in democratic control over fiscal power.<sup>4</sup> The Supreme Court has repeatedly emphasized that delegated legislation in the field of taxation must be carefully scrutinized to prevent executive overreach.<sup>5</sup> The delegation of broad powers to the executive under Section 8 of the Customs Tariff Act 1975 empowering the government to amend tariff schedules and impose export duties through notification sits at the heart of this debate. While such delegation offers speed and flexibility in responding to crises, it risks blurring the line between legislative power and executive expediency.

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<sup>1</sup> The Constitution of India 1950, art 265.

<sup>2</sup> R Piermartini, *The Role of Export Taxes in the Field of Primary Commodities* (WTO Discussion Paper No 4, World Trade Organization 2004) [https://www.wto.org/english/res\\_e/booksp\\_e/discussion\\_papers4\\_e.pdf](https://www.wto.org/english/res_e/booksp_e/discussion_papers4_e.pdf) accessed 16 September 2025.

<sup>3</sup> H G A Valera and others, 'Domestic and International Impacts of Rice Export Restrictions: The Recent Case of Indian Non-Basmati Rice' (2024) *Global Food Security* 100754 <https://pmc.ncbi.nlm.nih.gov/articles/PMC11215516/> accessed 16 September 2025.

<sup>4</sup> Roopashi Khatri, 'The Role of the Judiciary in Indian Tax Policy' (2019) 12 *NUJS Law Review* 122 <https://nujlawreview.org/wp-content/uploads/2020/01/122-Roopashi-K.pdf> accessed 16 September 2025.

<sup>5</sup> *Mafatlal Industries Ltd v Union of India* (1997) 5 SCC 536.

A further dimension arises when crisis-driven duties intersect with broader tax policy. Exporters frequently operate within regimes of zero-rating and refunds, such as the Integrated GST refund system or the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme.<sup>6</sup> Abrupt imposition of export duties disrupts these mechanisms, producing liquidity pressures and administrative delays. Special Economic Zones (SEZs), which are formally treated as territories outside the domestic tariff area, also raise questions of legal coherence when exports to SEZs are subjected to duties.<sup>7</sup> These intersections reveal that export duties are not isolated fiscal instruments; they are embedded in a wider tax architecture whose stability depends on coherence and predictability.

At the international level, export duties are not categorically prohibited under the General Agreement on Tariffs and Trade (GATT), unlike quantitative export restrictions.<sup>8</sup> However, they remain subject to scrutiny under WTO rules when they distort trade or contravene commitments. Policy analysis shows that export duties can generate short-term domestic relief but may undermine a country's reputation as a reliable supplier and contribute to global price volatility.<sup>9</sup> India's measures in 2022, particularly on food commodities, illustrate this tension between domestic imperatives and international expectations.

Against this background, this study pursues four interrelated lines of enquiry. First, it interrogates the constitutional and statutory validity of export duties imposed through executive notification, with specific attention to the adequacy of legislative guidance under the Customs Tariff Act 1975.

Second, it evaluates the legality of crisis-driven notifications against judicially established standards on delegated taxation. Third, it examines the fiscal and administrative consequences of abrupt duty changes for exporters, focusing on their interaction with GST refunds, RoDTEP, and SEZ exemptions. Finally, it advances normative proposals for reform, including sunset clauses, parliamentary oversight, and structured refund mechanisms, with the aim of reconciling fiscal flexibility in crises with the constitutional principles of legality, certainty,

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<sup>6</sup> Central Board of Indirect Taxes and Customs (CBIC), 'Guidelines on RoDTEP Scheme' (2021) <https://www.cbic.gov.in/resources/htdocs-cbec/gst/rodtep-scheme-guidelines.pdf> accessed 16 September 2025.

<sup>7</sup> Pratik Trivedi and Manan Doshi, 'Legality of Imposing Export Duty on DTA to SEZ Supply' (TaxGuru, 2025) <https://taxguru.in/custom-duty/legality-imposing-export-duty-dta-sez-supply.html> accessed 16 September 2025.

<sup>8</sup> General Agreement on Tariffs and Trade 1994, art XI.

<sup>9</sup> International Food Policy Research Institute (IFPRI), 'Food Export Restrictions Tracker' (2022) <https://public.tableau.com/app/profile/ifpri/viz/FoodExportRestrictionsTracker> accessed 16 September 2025.

and taxpayer protection.

The contribution of this paper is twofold. Doctrinally, it offers a structured analysis of the statutory and constitutional basis for export duties, situating them within the wider framework of delegated fiscal powers in India. Normatively, it advances concrete proposals to reform the design and administration of export duties so as to preserve flexibility while ensuring compliance with constitutional safeguards. In doing so, the study addresses a gap in existing scholarship, which has either treated export duties primarily as trade policy tools or focused narrowly on their economic impacts without engaging with the underlying tax-law architecture.

### **Significance of the Study**

The significance of this study lies in its attempt to bridge a neglected gap between constitutional tax doctrine and the practice of crisis-driven export duties in India. Although export duties are authorized under the Customs Tariff Act 1975, their frequent imposition through executive notifications raises concerns regarding legislative guidance and constitutional validity under Article 265 of the Constitution of India.<sup>10</sup> Existing literature has largely addressed export restrictions in terms of their economic or trade-policy effects,<sup>11</sup> while scholarship on Indian tax law has focused primarily on import duties or general principles of delegated legislation.<sup>12</sup> This has left the specific question of export duties their statutory foundation, administrative consequences, and compatibility with constitutional safeguards underexplored.

By undertaking a doctrinal analysis of statutory provisions, complemented by an evaluation of fiscal and administrative implications, this study contributes to the jurisprudence on the limits of delegated fiscal power. It situates export duties within the broader framework of indirect taxation, examining how abrupt duty changes interact with refund schemes, incentive programmes, and Special Economic Zone exemptions.<sup>13</sup> In doing so, it moves beyond abstract constitutional debates to highlight concrete implications for exporters and the coherence of India's tax architecture.

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<sup>10</sup> The Constitution of India 1950, art 265.

<sup>11</sup> R Piermartini, *The Role of Export Taxes in the Field of Primary Commodities* (WTO Discussion Paper No 4, World Trade Organization 2004) [https://www.wto.org/english/res\\_e/booksp\\_e/discussion\\_papers4\\_e.pdf](https://www.wto.org/english/res_e/booksp_e/discussion_papers4_e.pdf) accessed 16 September 2025.

<sup>12</sup> Roopashi Khatri, 'The Role of the Judiciary in Indian Tax Policy' (2019) 12 NUJS Law Review 122 <https://nujlawreview.org/wp-content/uploads/2020/01/122-Roopashi-K.pdf> accessed 16 September 2025.

<sup>13</sup> Pratik Trivedi and Manan Doshi, 'Legality of Imposing Export Duty on DTA to SEZ Supply' (TaxGuru, 2025) <https://taxguru.in/custom-duty/legality-imposing-export-duty-dta-sez-supply.html> accessed 16 September 2025.

The study also carries policy significance. In light of global trade volatility, export duties are likely to remain a recurring feature of India's fiscal toolkit.<sup>14</sup> Yet their design requires careful balancing between the executive's need for responsiveness and the constitutional principles of legality, certainty, and taxpayer protection. By advancing proposals such as sunset clauses, parliamentary oversight mechanisms, and structured refund procedures, this research aims to provide normative guidance for legislative and administrative reform. The findings are therefore relevant not only to academic scholarship but also to policymakers, administrators, and trade stakeholders engaged in shaping India's export duty regime.

## Conceptual Background

Export duties and other levies on outbound goods sit at the junction of taxation law and trade policy in India. The statutory foundation is provided by the Customs Act 1962, which extends to goods "exported from India" and authorizes the Union Government to impose duties at the rates specified under the Customs Tariff Act 1975.<sup>15</sup> These duties are indirect taxes forming part of the Union's fiscal resources, and their imposition requires statutory backing under Article 265 of the Constitution of India, which prohibits the levy or collection of any tax except by authority of law.

In practice, export duties have traditionally been imposed only on selected commodities such as iron ore, petroleum and certain agricultural products. With recent global disruptions including the COVID-19 pandemic, volatility in commodity markets and heightened food security concerns India has resorted to frequent adjustments of export duties and cess rates through delegated legislation, such as notifications issued under section 25 of the Customs Act.<sup>16</sup> This practice, although constitutionally permissible, has raised questions regarding predictability, transparency and the limits of delegated fiscal powers.

The legal treatment of export duties also intersects with other fiscal regimes. Refunds and remissions under the Goods and Services Tax (GST) system, export incentives for Special Economic Zones (SEZs) and duty drawback provisions directly affect the net tax burden on exporters. The coordination of these measures with export duties determines whether India's

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<sup>14</sup> H G A Valera and others, 'Domestic and International Impacts of Rice Export Restrictions: The Recent Case of Indian Non-Basmati Rice' (2024) *Global Food Security* 100754 <https://pmc.ncbi.nlm.nih.gov/articles/PMC11215516/> accessed 16 September 2025.

<sup>15</sup> Customs Act 1962, s 12; Customs Tariff Act 1975, s 2

<sup>16</sup> Notification No 28/2022-Customs (Export Duty), Ministry of Finance (Department of Revenue), 21 May 2022.

tax framework upholds neutrality and competitiveness in international trade.<sup>17</sup>

Considering these dimensions, export duties cannot be seen merely as instruments of trade regulation; they are also tools of taxation policy with significant revenue and legal consequences. Analyzing their use in times of crisis offers insight into whether India's legal framework achieves an appropriate balance between fiscal flexibility and legal certainty, a balance that is critical for sustaining exporter confidence and constitutional compliance.

## Literature Review

### *Export Duties and Bans as Instruments of Fiscal Policy in India*

Export duties and export bans have been deployed by India as instruments of both fiscal and trade policy. Under the Customs Act 1962 and Customs Tariff Act 1975, the Union Government has the authority to impose export duties on selected commodities.<sup>18</sup> Empirical work on India's non-Basmati rice ban (2020) shows that such measures can lower producer welfare while achieving limited price stability at home.<sup>19</sup> The wheat export ban of 2022 led to a sudden collapse of expected farmgate prices, affecting small and marginal farmers, while achieving only short-term inflation control.<sup>20</sup>

Most of the existing literature treats these bans and duties as trade interventions, not as part of taxation policy. Studies rarely assess their revenue significance, their constitutional basis under Article 265 of the Constitution, or the administrative law limits on delegated taxation powers. There is also little work on how export duties interact with other tax incentives such as GST refunds, SEZ exemptions and duty drawback during crisis periods. This leaves a clear gap for research on the legal and fiscal dimensions of export duties in India.

### *Indirect Tax Regimes, Export Incentives and Crisis Measures*

Scholars have examined how the shift to the Goods and Services Tax (GST) affected export incentives and indirect taxation. Rakesh Kumar and co-authors analyse the impact of indirect taxes on exports and imports, noting that while GST subsumed many duties, export-specific

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<sup>17</sup> Handbook on Export Incentives and GST Refunds' (Institute of Chartered Accountants of India 2023) 45.

<sup>18</sup> Customs Act 1962, s 12; Customs Tariff Act 1975, s 2

<sup>19</sup> GSIM Simulation Study on India's Rice Export Ban 2020, Foods 2024, vol 13(19) 3124 <https://www.mdpi.com/2304-8158/13/19/3124> accessed 11 September 2025

<sup>20</sup> 'Bitter Harvest for Indian Farmers After Wheat Export Ban' Economic Times (New Delhi, 24 May 2022) <https://economictimes.indiatimes.com/news/economy/agriculture/bitter-harvest-for-indian-farmers-after-wheat-export-ban/articleshow/91718820.cms> accessed 11 September 2025.

levies such as export duty remain outside its scope.<sup>21</sup> A sectoral study on GST and pump exports explores how refund delays and compliance costs affect exporters' liquidity.<sup>22</sup>

However, these studies focus largely on the design of tax reforms under normal conditions. There is very limited literature on how indirect tax regimes including export duties, refunds and incentives operate under crisis conditions such as pandemics, supply shocks and sudden government notifications. This creates a research gap on the ability of India's taxation framework to balance revenue, legality and trade competitiveness in emergencies.

## Research Questions

1. What is the legal and constitutional framework governing the imposition of export duties and export bans in India, and how does it operate under the Customs Act 1962, Customs Tariff Act 1975 and related tax statutes?
2. How do crisis-driven export duties and bans affect the taxation burden, incentives and compliance obligations of Indian exporters, particularly with respect to GST refunds, SEZ benefits and duty drawbacks?
3. What reforms within Indian taxation law could ensure that export duties and bans during emergencies achieve domestic price stability without undermining exporter competitiveness and revenue certainty?

## Research Objectives

1. To critically analyse the statutory and constitutional framework that empowers the Union Government to impose export duties and bans in India with specific reference to the Customs Act 1962, the Customs Tariff Act 1975 and other enabling tax provisions in order to clarify the limits of delegated fiscal powers during emergencies.
2. To evaluate the real-world impact of crisis-driven export duties and bans on the taxation burden and compliance environment of Indian exporters, including the interaction of such measures with GST refunds, SEZ incentives and duty drawback mechanisms, so as to identify hidden costs and unintended fiscal consequences.

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<sup>21</sup> Rakesh Kumar and others, 'Indirect Taxes in Export and Import with Reference to Impact of Goods and Services Tax (GST)' (ResearchGate 2022) <[https://www.researchgate.net/publication/365184404\\_Indirect\\_Taxes\\_In\\_Export\\_And\\_Import\\_With\\_Reference\\_Of\\_Impact\\_Of\\_Goods\\_And\\_Services\\_Tax\\_Gst](https://www.researchgate.net/publication/365184404_Indirect_Taxes_In_Export_And_Import_With_Reference_Of_Impact_Of_Goods_And_Services_Tax_Gst)> accessed 11 September 2025.

<sup>22</sup> A Narayan and others, 'Impact of GST on Motor and Pump Exports in India' (2023) Business Accounting Journal <https://www.emerald.com/insight/content/doi/10.1108/baj-08-2022-0020/full/html> accessed 11 September 2025.

3. To develop evidence-based legal and policy recommendations within Indian taxation law that strengthen transparency, predictability and revenue neutrality of export duty measures during emergencies, thereby balancing domestic price stabilization with the competitiveness and certainty required by exporters.

## **Research Methodology**

This study employs a qualitative and analytical approach within the framework of Indian taxation law. It examines how export duties and bans are imposed and administered under the Customs Act 1962, the Customs Tariff Act 1975 and related fiscal provisions during crisis situations. Primary sources statutes, constitutional provisions, government notifications and judicial decisions will be analysed to clarify the legal basis and limits of delegated fiscal powers. Secondary sources such as government reports, academic writings and trade statistics will provide context on revenue implications and exporter impact. Selected case studies, including the 2022 wheat export ban and 2023 rice duty changes, will illustrate the real-world operation of these measures. The research confines itself to Indian taxation law but will draw limited comparative references to WTO rules only where necessary. This integrated design aims to generate evidence-based legal and policy recommendations that enhance predictability, transparency and effectiveness of export duty measures during emergencies.

## **Chapter 1**

### **Legal Framework of Export Duties and Bans in India**

Export duties and bans serve as critical fiscal tools for the Indian government, especially during periods of domestic scarcity, price volatility, or global crises. While often perceived as trade policy instruments, they are fundamentally instruments of taxation, grounded in statutory and constitutional authority. This chapter examines the legal and constitutional provisions that empower the Union Government to impose export duties and bans, establishing the foundation for analyzing the interplay between taxation law and crisis management.

The Customs Act, 1962 provides the primary legal framework for the imposition, collection, and enforcement of customs duties, including export duties. Sections 3 and 8 of the Act empower the government to levy duties on goods exported from India, either directly or through notifications in the Official Gazette.<sup>23</sup> The Act also authorises the government to

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<sup>23</sup> The Customs Act, 1962, ss 3, 8.

regulate export procedures and issue binding instructions to ensure compliance with fiscal objectives.<sup>24</sup> Complementing this, the Customs Tariff Act, 1975 specifies the rates of customs duties on various goods, including the power to impose ad valorem or specific duties on exports in accordance with the nation's economic and fiscal priorities.<sup>25</sup> These statutory provisions ensure that export duties are not arbitrary but anchored in formal legislative authority.

Beyond these statutes, the government frequently exercises delegated powers through notifications and orders, particularly during crises. For instance, the Directorate General of Foreign Trade (DGFT) issues notifications under Section 5 of the Foreign Trade (Development & Regulation) Act, 1992, enabling temporary restrictions or enhanced duties on specific commodities.<sup>26</sup> Such delegated powers allow rapid response to market fluctuations, but they must operate within statutory authority and constitutional oversight.

The Constitution of India imposes further legal constraints on the imposition of export duties. Article 265 mandates that “no tax shall be levied or collected except by authority of law,” ensuring that all duties including those on exports require statutory sanction.<sup>27</sup> Article 302 empowers the Union Government to impose taxes and regulate trade and commerce with other countries, providing a constitutional basis for export taxation.<sup>28</sup> However, these powers are not unlimited. Any exercise of delegated authority, especially through notifications, must adhere to principles of reasonableness, proportionality, and due process to withstand judicial scrutiny.

Courts have consistently held that while the government enjoys discretion in using fiscal measures to protect national interests, such measures cannot contravene statutory authority or infringe fundamental rights indirectly through arbitrary taxation.<sup>29</sup> This legal framework ensures that export duties are both fiscally effective and constitutionally sound.

In conclusion, the statutory provisions under the Customs Act 1962 and the Customs Tariff Act 1975, the delegated powers exercised through notifications, and the constitutional parameters established under Articles 265 and 302 collectively provide a robust legal framework for India's export duties and bans. Understanding this framework is essential to analyzing the fiscal

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<sup>24</sup> The Customs Act, 1962, s 85.

<sup>25</sup> The Customs Tariff Act, 1975, ss 3, 3A.

<sup>26</sup> The Foreign Trade (Development & Regulation) Act, 1992, s 5.

<sup>27</sup> Constitution of India, art 265.

<sup>28</sup> Constitution of India, art 302.

<sup>29</sup> Union of India v Reliance Petrochemicals Ltd (2007) 2 SCC 120.

and administrative impacts, as well as the challenges faced by exporters during crisis-driven restrictions. This chapter thus lays the foundation for the more applied analysis in the following chapters, linking law, taxation, and administrative practice in the context of India's export policy.

## Chapter 2

### **Fiscal and Administrative Analysis**

The imposition of export duties and bans in India is not merely a legal exercise but also a significant fiscal and administrative undertaking. These measures impact government revenue, exporter cash flows, and the overall predictability of trade compliance. This chapter examines the practical application, revenue implications, and administrative challenges of export duties and bans under Indian taxation law, providing a detailed analysis of their fiscal and operational consequences.

From a fiscal perspective, export duties are a tool for both revenue generation and domestic price stabilization. The imposition of export duties on essential commodities such as wheat or rice can influence market prices domestically, ensuring availability for domestic consumption. At the same time, such measures contribute to government revenue, although the net impact depends on the balance between increased duty collections and potential reduction in export volumes.<sup>30</sup> The interaction of export duties with indirect tax measures, such as GST refunds and duty drawback schemes, further complicates fiscal outcomes. Exporters often claim refunds on input taxes under the GST regime, and delays or ambiguities in these refunds can create liquidity issues and raise compliance costs.<sup>31</sup>

Special Economic Zones (SEZs) and other export promotion schemes introduce additional layers of fiscal complexity. While SEZ units are often exempt from certain customs duties to promote export-oriented production, temporary bans or heightened export duties on specific commodities can disrupt the intended fiscal neutrality of these schemes. Duty drawback mechanisms, designed to refund embedded customs duties to exporters, must be recalibrated when duties or bans change, highlighting the dynamic interplay between taxation measures and export incentives.<sup>32</sup>

<sup>30</sup> Ministry of Finance, Annual Report 2022–23, Department of Revenue, Government of India, 45–46.

<sup>31</sup> The Central Goods and Services Tax Act, 2017, ss 54–55.

<sup>32</sup> Ministry of Commerce and Industry, Duty Drawback Handbook, Government of India, 2021, 12–15.

Administrative challenges compound these fiscal considerations. Exporters frequently encounter procedural ambiguities in interpreting notifications, especially when measures are imposed on short notice during crises. Delays in tax refunds and cumbersome documentation requirements exacerbate compliance burdens, often resulting in disputes with customs authorities.<sup>33</sup> Additionally, abrupt export bans can trigger contractual challenges under international trade agreements, as exporters struggle to meet obligations with foreign buyers while complying with domestic fiscal restrictions. The lack of predictability in enforcement can undermine the efficiency and credibility of India's export taxation framework.

Empirical evidence from past crisis-driven export measures demonstrates that administrative efficiency and clear procedural guidelines are essential to maintaining both fiscal integrity and exporter confidence. For instance, during the 2022 wheat export ban, delays in clarifying applicable duties and processing GST refund claims led to liquidity pressures on exporters, illustrating the need for a streamlined administrative framework.<sup>34</sup> Similarly, the 2023 rice export duty adjustments highlighted the importance of synchronizing duty imposition with duty drawback schemes to avoid unintended financial burdens on compliant exporters.<sup>35</sup>

In summary, the fiscal and administrative dimensions of export duties and bans are deeply interlinked. Revenue generation, domestic price stabilization, and compliance costs must be balanced carefully to ensure that taxation measures achieve their objectives without creating excessive uncertainty or operational disruption. This chapter establishes the practical and fiscal context for the subsequent case study analysis, where real-world applications and outcomes of crisis-driven export measures are explored.

## Chapter 3

### **Case Studies and Impact Assessment**

India's export restrictions in recent years, particularly the 2022 wheat export ban and the 2023 rice export duty changes, were introduced to safeguard domestic food security and stabilize local markets. While these measures were aimed at achieving fiscal and social objectives, their implementation created significant implications for exporters, including taxation obligations,

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<sup>33</sup> Directorate General of Foreign Trade, Export Policy Notification 2022–23, Government of India, s 4.

<sup>34</sup> Press Information Bureau, Government of India, 'Wheat Export Ban: Administrative Measures', 25 May 2022 <https://pib.gov.in/PressReleasePage.aspx?PRID=1823456>.

<sup>35</sup> Press Information Bureau, Government of India, 'Rice Export Duty Adjustments', 18 March 2023 <https://pib.gov.in/PressReleasePage.aspx?PRID=1902345>.

liquidity challenges, compliance burdens, and contractual outcomes. This chapter analyses these case studies in depth, examining how they align with fiscal objectives, legal standards, and administrative feasibility, while identifying systemic weaknesses in the existing framework.

The 2022 wheat export ban was imposed in May 2022 due to an unexpected spike in domestic prices, combined with lower-than-anticipated production caused by extreme heat conditions. The government acted swiftly to prevent domestic shortages and protect vulnerable populations.<sup>36</sup> While the ban served its policy objective, it posed immediate challenges for exporters. Companies with pre-existing contracts faced uncertainty regarding the applicability of export duties, leading to potential disputes over taxation obligations.<sup>37</sup> Additionally, the sudden halt of exports created liquidity problems for exporters who had already procured wheat for shipment. Unsold inventories increased storage costs and tied up working capital, while exporters struggled to reconcile contractual commitments with compliance requirements. Administrative procedures provided exemptions for contracts concluded before the ban; however, the criteria were not always clearly communicated, resulting in operational confusion and added compliance burdens.<sup>38</sup>

The 2023 rice export duty adjustments involved the imposition of a 20% duty on non-Basmati rice to maintain domestic affordability and curb inflationary pressures.<sup>39</sup> Similar to the wheat case, exporters faced challenges in recalculating costs and margins due to the sudden increase in duties. Retrospective application of duties on shipments contracted prior to the announcement caused disputes and uncertainty.<sup>40</sup> These adjustments also disrupted cash flows, as exporters had to manage higher tax liabilities alongside delays in GST refunds and duty drawback claims.<sup>41</sup> Procedural complexities, such as new documentation requirements and approval processes, further increased administrative burdens, while contractual renegotiations with international buyers became necessary to accommodate the new fiscal requirements.

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<sup>36</sup> Press Information Bureau, Government of India, 'Wheat Export Ban: Administrative Measures', 25 May 2022 <https://pib.gov.in/PressReleasePage.aspx?PRID=1823456>.

<sup>37</sup> Ministry of Finance, Annual Report 2022–23, Department of Revenue, Government of India, 45–46.

<sup>38</sup> Directorate General of Foreign Trade, Export Policy Notification 2022–23, Government of India, s 4.

<sup>39</sup> Press Information Bureau, Government of India, 'Rice Export Duty Adjustments', 18 March 2023 <https://pib.gov.in/PressReleasePage.aspx?PRID=1902345>.

<sup>40</sup> Ministry of Commerce and Industry, Duty Drawback Handbook, Government of India, 2021, 12–15.

<sup>41</sup> The Central Goods and Services Tax Act, 2017, ss 54–55.

Comparatively, both case studies highlight recurring themes. Taxation obligations became complex due to abrupt policy shifts, liquidity issues were intensified by unsold inventories or increased duties, and compliance burdens grew because of procedural ambiguities. Furthermore, contractual outcomes were affected, with exporters often required to renegotiate or cancel international agreements. Although both measures achieved fiscal objectives, such as stabilizing domestic wheat and rice prices and controlling inflation, they also exposed weaknesses in predictability, legal certainty, and administrative efficiency.<sup>42</sup>

The systemic weaknesses identified include a lack of predictability in policy implementation, retrospective application of duties that undermines legal fairness, and administrative inefficiencies that increase compliance costs. Limited consultation with stakeholders further exacerbates these challenges, revealing a gap between policy objectives and practical realities faced by exporters. To mitigate these issues, it is recommended that the government adopt advanced consultation with exporters, clear communication of notifications, phased implementation of duties, restrictions on retrospective application, and streamlined administrative processes to reduce operational burdens.

In conclusion, the 2022 wheat export ban and the 2023 rice export duty adjustments illustrate the delicate balance between fiscal goals, legal authority, and operational feasibility. While the government's measures addressed domestic price stability and food security, the practical implications for exporters highlighted significant gaps in predictability, administrative efficiency, and legal clarity. Addressing these weaknesses through structured policy design, clear communication, and procedural reform is essential to ensure that export taxation measures are both effective and fair, supporting long-term fiscal sustainability and the interests of stakeholders in India's export ecosystem.

## Chapter 4

### **Recommendations**

The analysis of India's crisis-driven export restrictions highlights both the necessity of fiscal interventions and the operational challenges faced by exporters. While export duties and bans are effective tools for stabilizing domestic prices and safeguarding food security, their implementation has revealed systemic weaknesses, including unpredictability, administrative

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<sup>42</sup> Union of India v Reliance Petrochemicals Ltd (2007) 2 SCC 120.

inefficiency, and legal uncertainty. The following recommendations aim to enhance the efficacy, fairness, and transparency of export taxation measures under Indian law.

1. Advance Consultation with Stakeholders

Before imposing export duties or bans, the government should conduct consultations with exporters, industry associations, and other stakeholders. Engaging stakeholders early ensures that the measures are practically feasible, reduces unintended disruptions, and allows exporters to adjust contractual and financial planning accordingly. Such consultation promotes policy transparency and builds confidence in the regulatory framework.

2. Clear and Timely Communication

All notifications, amendments, and updates regarding export duties and bans should be communicated clearly and promptly through official channels. Detailed guidelines outlining the scope, applicability, timelines, and exemptions can reduce confusion and compliance burdens for exporters. Transparent communication also ensures that taxation measures are perceived as fair and legally sound.

3. Phased Implementation of Duties and Bans

Introducing fiscal measures in phases allows exporters to adapt operationally and financially. For example, implementing export duties over a defined period rather than instantaneously can minimize liquidity pressures and prevent contractual disputes. Phased implementation ensures that taxation measures achieve policy objectives without causing abrupt disruptions to the export ecosystem.

4. Limit Retrospective Application of Duties

Retrospective imposition of duties on pre-existing contracts undermines legal certainty and may lead to disputes. To preserve fairness and predictability, duties should generally apply prospectively, except in clearly justified cases where national interest demands otherwise. This approach aligns with constitutional principles, including Articles 265 and 302, and reduces the risk of litigation.

5. Streamline Administrative Processes

Exporters often face delays in processing GST refunds, duty drawback claims, and approvals. Streamlining administrative procedures, simplifying documentation requirements, and introducing digital tracking systems can reduce compliance burdens and enhance operational efficiency. Faster and transparent administrative mechanisms will support exporters in meeting both fiscal obligations and contractual commitments.

6. Integration with Incentive Schemes

Export taxation measures should be coordinated with existing incentive schemes such as Special Economic Zones (SEZs) and duty drawback mechanisms. Aligning export duties with these schemes ensures that fiscal interventions do not inadvertently penalize compliant exporters or disrupt the intended benefits of promotional policies.

7. Periodic Policy Review and Impact Assessment

The government should institutionalize periodic reviews of export duty policies, particularly after crisis-driven interventions. Assessing the impact on revenue, domestic prices, exporter liquidity, and compliance allows for timely adjustments and continuous improvement of the regulatory framework. Evidence-based policy evaluation enhances the effectiveness and credibility of taxation measures.

## Conclusion

The study of India's crisis-driven export restrictions, particularly through the cases of the 2022 wheat export ban and the 2023 rice export duty adjustments, underscores the complex interplay between fiscal policy, legal authority, and operational feasibility. Export duties and bans serve as vital tools for safeguarding domestic food security, stabilizing market prices, and generating government revenue during periods of crisis. However, the implementation of these measures also reveals significant challenges that must be addressed to ensure fairness, efficiency, and predictability in the taxation framework.

Analysis of the legal framework demonstrates that Indian law provides broad powers to impose export duties and bans through statutes such as the Customs Act 1962, the Customs Tariff Act 1975, and relevant GST provisions, subject to constitutional limits under Articles 265 and 302. While these provisions empower the government to act decisively during crises, their practical application has highlighted issues of administrative complexity, procedural ambiguity, and occasional misalignment with exporters' operational realities.

The fiscal and administrative evaluation shows that abrupt policy shifts can disrupt liquidity, create compliance burdens, and affect contractual relationships, even as they achieve domestic policy goals. Case studies reveal systemic weaknesses including lack of predictability, retrospective application of duties, limited stakeholder engagement, and inefficiencies in administrative processes. These challenges underscore the need for a taxation framework that

is not only legally robust but also operationally practicable for exporters.

Based on the findings, the research emphasizes several critical reforms. Advance consultation with stakeholders, clear and timely communication of notifications, phased implementation of duties, limitations on retrospective application, streamlined administrative procedures, and alignment with existing incentive schemes are essential to balance policy objectives with operational realities. Periodic review and impact assessment of export taxation measures further enhance the effectiveness, transparency, and credibility of India's fiscal interventions in times of crisis.

In conclusion, India's export duties and bans represent a necessary fiscal strategy for domestic market stability and food security. However, their effectiveness depends on harmonizing legal authority with administrative efficiency and exporter compliance. By adopting the recommended reforms, India can strengthen its taxation framework, protect the interests of domestic consumers, and ensure that exporters can operate with clarity, fairness, and confidence. This balanced approach not only fulfills immediate policy goals but also contributes to a resilient, predictable, and sustainable export taxation system in the long term.

