

Chairman's Pen



My dear fellow exporters,

The Department of Revenue, Ministry of Finance, Government of India has issued Notification No.66/2008-Customs dated 10th May 2008 imposing export duties between 15% to 5% on 15 categories of Steel items. From the said Notification, it seems that all except one belong to Chapter 72 of the ITC HS Code while the balance belongs to Chapter 73. This Notification, however, has created a lot of confusion amongst the member exporters since the Notification does not clearly mention the respective HS Codes of the items on which export duty has been imposed. Further, members have complained to the Council that the Customs Authorities at different Ports are blocking export consignments of those goods, which do not seem to be part of the export duty Notification.

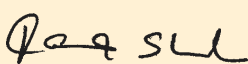
The Council has accordingly requested the Department of Revenue to immediately notify the corresponding ITC HS Code for all the 15 categories of Steel items on which export duty has been levied on an urgent basis so that there is no ambiguity at the Customs end and exporters do not face any problem owing to misinterpretation of the said Notification.

The Council has also represented to the Government that the export duty on Tubes and Pipes made of Iron or Steel on which 10% export duty has been imposed should be removed since these are value added items and are not primary raw materials. For instance, the value addition in case of Black Pipes is to the tune of US\$ 100 per ton while in case of Galvanized Pipes it is as high as US\$ 250 per ton. Moreover, nearly 1,50,000 workers are employed by the Pipes and Tubes industry on all India basis and this export duty will definitely have a debilitating impact on this industry.

This apart, the Government has also extended the refund of service tax on post production of exports of goods to three more services involving the payment of service tax to money changers by Notification No. 24/2008-Service Tax dated May 10, 2008. As members would recall, the last Union Budget had introduced service tax on money changers and the Council had requested the Government to exempt exporters from such service tax. While the exemption system has not been introduced, the Government has preferred to carry on with the refund system introduced by Notification No. 41/2007-Service Tax dated October 6, 2008.

The Council has also sent suggestions to the Ministry of Commerce and Industry with regard to boosting engineering trade between India and Mexico. The Union Commerce Secretary, Shri G. K. Pillai, will be visiting Mexico with a high level delegation during the month of June 2008 and we hope that the suggestions of the Council will be discussed at the bilateral meeting during the visit of Shri G. K. Pillai.

Yours sincerely,



(RAKESH SHAH)