

Panel Meetings

IMPORTANT DECISIONS OF VARIOUS PANEL MEETINGS

Important Points Discussed at the Iron and Steel Panel Meeting held on 30.11.2007

- The Convenor of the Panel was of the opinion that the impact of the Rupee appreciation has been felt mostly in the sector where the inputs are less import driven. He said that in last 15 months rupee had appreciated against all major free convertible currencies including US dollar and Euro from where the raw material get imported by the producer of steel which had adverse impact in the most of the sectors.

In view of this sharp Rupee appreciation, the exporters are forced to cut down the export by 20% and concentrate more on domestic market.

- EEPC was requested to take up the following matters with the Government :
 - (1) Some of the members expressed that banks are not giving pre/post shipment credit at reduced rate shipment (by 2%) as they have not received any instruction from RBI. Regional Director, EEPC (WR) informed that circulars are available on RBI website; therefore banks are bound to refer and to follow instructions. He said that members should take this with their banks for implementation. He further said that in case of default from the banks, specific cases should be reported to EEPC for taking up the matter with the banks and RBI.
 - (2) Panel Convenor said that clubbing of old licenses is permitted only for the licenses issued between 1st April 1992- 31st March, 2002. He further mentioned that relaxation should be granted for the licenses issued after 31st March, 2002 with the old licenses and Secretariat should take up the matter with DGFT.
 - (3) **DEPB to be discontinued after 31st March 2008** : Members wanted continuation of DEPB after 31st March, 2008 as it is the most beneficial export promotion scheme and also the most successful. The Regional Director informed that Government has still not finalized the new scheme that will replace DEPB. He further mentioned that Council has represented to the Government for continuation of DEPB till 2010 when Goods and Sales Tax will be introduced.
- The Convenor mentioned that raw material prices are likely to rise further in near future. Hence there is a need for formulation of National Raw Material Policy so that basic raw material such as steel can be made available to the exporters at an international price to compete in international market. Regional Director requested the members to give suggestion on National Raw Material policy which would be included in formulation of the scheme.

Important Points Discussed at the Machine Tools Panel Meeting held on 30.11.2007

- Panel Members suggested that the MDA Scheme be extended to the participation of member-firms in non-EEPC sponsored overseas product specific trade fairs and exhibitions also as was done earlier.
- Panel Members also suggested for an increase in the quantum of MDA while taking into account the exorbitant cost of shipment of exhibits, stall rentals and airfare.

Important Points Discussed at the Industrial Machinery – Others incl. Heating, Cooling and Other Air-Conditioning Equipments Panel Meeting held on 12.12.2007

- In regard to Rupee appreciation, the Panel Convenor, however, mentioned that exporters must now learn to live with appreciating Rupee and resort to forex hedging. He further requested EEPC to organize training programmes on hedging. To which the Regional Director informed that in every seminar, EEPC is holding a talk on Forex hedging.
- It was pointed out that some members of EEPC are facing difficulties in getting the permission for stuffing their products at factory. It was informed that customs are insisting for individual application for giving permission for the stuffing of the products at the warehouse. It was suggested that there should be a provision for periodical permission for

at least 1 year. Secretariat requested the members to write to the Council about problems of factory stuffing so that the matter can be taken up.

Members informed that shipping bills and DEPB Scrip does not appear in EDI systems and the same has been informed to DGFT. Secretariat informed that they are in regular touch with DGFT and the members can write to EEPC with shipping bill details. Members also informed that customs are taking time for cancellation of bond. They suggested that Council should look into the matter so that there should be a time bound i.e. for 30 to 60 days.

- Members informed that custom department is not allowing payment of custom duties through the duty credit scrip's issued under the Focus Market Scheme. Secretariat informed that instructions have already been given to all the Commissioners at EDI locations for manual filing of BEs for Focus Product and Focus Market Scheme.

Important Points Discussed at the Motor Vehicles excluding Two/Three Wheelers Panel Meeting held on 14.12.2007

• Impact of Rupee Appreciation :

One of the members opined that India must mentally be prepared to manage the challenge facing the nation on account of Rupee appreciation as the countries like Brazil managed the similar situation earlier. The member concerned attributed the following factors for the Rupee appreciation :

- (i) High interest rates in USA because of the credit crunch;
- (ii) Large inflow of Foreign Direct Investments into India.

The concerned member further suggested certain measures like hedging on long term contracts to counteract Rupee appreciation, to increase the home sales, import substitution for the raw materials, joint collaborations, reduction in interest rates for pre-shipment and post-shipment credits, etc. Another important measure suggested was to do a brand building for the product and move up in the value chain thereby carving a niche for itself.

• Problems of exporters :

The members mentioned that due to lack of load and also due to congestion of port traffic, exporters are put too much hardship in getting berths and sought for more vessel services to cope with the ever increasing export traffic. Members also felt that the East Coast is being neglected and desired the Government to take initiatives to strengthen the infrastructure in the ports in this coast to handle export cargoes to ease the situation.

It was strongly felt that it is high time that the Government should ensure that East Coast must have a Free Port Status like Singapore.

• IEC, Johannesburg & Chicago

One of the members strongly suggested that the entire operation of the IEC in USA must be shifted from Chicago to Florida, which would help exporters to a great extent to explore markets in Latin American countries and Caribbean Islands. It was also suggested that the Council may explore the possibility of opening another India Engineering Centre in the ASEAN Region also, as this segment is emerging as a potential market for Indian engineering products.

• Product Catalogue for the Products of the Panel

The members discussed in detail and suggested that in stead of Product Catalogue, the Council may bring out an attractive CD depicting the facilities of the motor vehicle manufacturers with sound track outlining the salient technical features of the products to attract overseas customers by employing the professional organization for filming the member-companies.

The members desired the Secretariat to place before the next meeting of the Panel a complete project cost for consideration.

• Policy Issues

One of the members informed that there was not much of a problem in getting refund of VAT in Tamil Nadu, whereas it appears that VAT is not refunded to Mumbai exporters since 2006. The Mumbai exporters were requested to furnish the details to the Secretariat for taking up the same with the Department of Commercial Taxes, Mumbai, for early refund.

Important Points Discussed at the Sanitary Castings Panel Meeting held on 19.02.2008 & 17.03.2008

- It was decided to issue a Floor Price circular by EEPC, considering the difficult marketing condition in US due to bad weather, recession etc., by increasing the price by 3 cents for heavy items like Manhole Covers which fall under Public Works Castings and by 3 cents for light items like Valve Box under the Non-Public Work Castings. For Middle East and Gulf countries, Members opined that Floor Price should be increased by US\$ 70 FOB Nett PM.
- In view of steep increase in raw material prices including Pig Iron, Hard Coke and Ferro Alloys, the Sanitary Castings Panel decided to increase the Floor Price for export to USA effective from 1st April, 2008 as follows :

C. I. Manhole Cover and Frames, Grates Catch Basin, C. I. Frames and Grates, C. I. Ring and Cover, Extension Ring (Public Works Castings)	40.0 cents per lb. FOB
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Valve Box, Meter Box, Service/Roadway Box, C. I. Gate Box, Hydrant Box, Surface Box, Water Meter Curb Box (Non-Public Work Castings)	42.0 cents per lb. FOB
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For export to Middle East & Gulf countries, the Floor Price was increased with effect from 1st April, 2008 as per details given below :

Manhole Cover and Frames, Grates Catch Basin, C. I. Frames and Grates, G. I. Rings & Covers, Extension Ring, Frames & Covers, Carriageways, Handlehole Covers, Trench Grates	US\$ 875.00 FOB Nett per MT Indian Ports
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Important Points Discussed at the Industrial Castings Panel Meeting held on 13.03.2008

- Members were informed by M/s. Tata Metaliks Ltd. that fixation of Pig Iron prices is likely to be stabilized by end of March/1st week of April 2008.