

Chairman's Pen



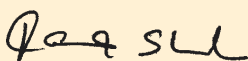
My dear fellow exporters,

The Council presented its Pre-Budget suggestions to the Ministry of Finance for the Budget 2008-09. Shri S. K. Singhal, Chairman CBEC chaired the meeting that comprised of senior officials of the Ministry of Finance. With respect to Rupee appreciation, the Ministry of Finance informed that exporters have to accept the reality of the rising Rupee and have to realise that it is not possible for the Government to continuously subsidize exports. While acknowledging this reality, the Council stated that it is important that at a time of Rupee appreciation, it is important that the transaction costs borne by engineering exporters, particularly, needs to be reduced considerably or otherwise it would be difficult for our exporters to continue to exports.

The Council suggested a range of measures with respect to both Indirect and Direct Tax related issues such as giving CENVAT credit on LDO, formulation of a National Raw Material Policy, Tax Exemption Scheme for state level taxes, Roll back criteria for PCFC credit and issues related to the increasing problems with regard to exporting to Iran. The Council suggested that the Credit Link Capital Subsidy Scheme which has not been renewed from 1st April, 2007 be renewed so that it enables technology upgradation of engineering industries like Hand Tools industry in order to meet the challenges of Rupee appreciation. The Council also suggested that the FBT basic exemption limit on telephones and travelling expenses be revised since telephones are critical for exporters at this present juncture. The Council also suggested various suggestions with regard to VAT refund as also other procedural issues like allowing single bank account with a nodal bank for Drawback credit so that exports made from various locations could be credited.

The Government has also informed the Council that its suggestions for manual verification of documents by Customs authorities for the FPS and FMS Scheme has been allowed till the EDI glitches are sorted out. I am also glad to inform you that with regard to the problems of exports to Iran, the Ministry of Commerce is organising a meeting on December 19, 2007 to discuss the ways of dealing with this problems.

Yours sincerely,



(RAKESH SHAH)