

Chairman's Pen



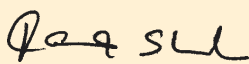
My dear fellow exporters,

The Annual Supplement to the Foreign Trade Policy announced by the Government on April 19, 2007 had introduced a new para 5.8.6 in Chapter 5 of Handbook of Procedures Vol. 1 stating that in case of an existing EO under EPCG scheme, a fresh EPCG authorization can only be issued provided the average of last obligation has been maintained. The Council had written to the DGFT on April 26th that for new units without any previous exports, but require fresh authorization, for instance, for infrastructure requirements to begin their export production activity, the new para 5.8.6 is a stumbling block and will hinder production of such units. I am happy to state that the DGFT has now addressed this concern and by its Public Notice No. 53(RE-2007)/2004-2009 dated 27th September 2007 now deleted para 5.8.6 under the EPCG scheme.

This apart, the appreciation of the Rupee has clearly affected the exports growth and while the Commerce & Industry Minister has stated that it will not be possible for the Government to calibrate the rupee, it will help exporters with a higher refund of both state and central taxes. The Council has been advocating the need for exemption based system rather than a refund based system and has given the list of all state level taxes that needs to be exempted for exporters. This apart, the Council has stressed the need for giving an input credit in the VAT chain for CST paid for inter-state purchase of raw materials by exporters as has been done by the state of Gujarat. The Council is also working on a paper to look at the best practices being followed by different states of the country so that other states can also adopt such practices.

The Council is also seeking feedback from eminent experts and economist on the benefits of full capital account convertibility for small and medium scale exporters and whether we should recommend the full float of the Rupee to the Government. We are also in the process of drawing up suggestions for the EXIM policy for 2008/09 and I would request you to send your suggestions to us at the earliest.

Yours sincerely,



(RAKESH SHAH)