

## Chairman's Pen



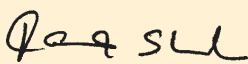
*My dear fellow exporters,*

*After nearly five months since it was announced by the Commerce Minister, Shri Kamal Nath, the Central Board of Excise & Customs (CBEC) issued Notification No. 40/2007-Service Tax dated September 17, 2007, providing refund of service tax paid by exporters on four taxable services : (i) Port Services provided for export (ii) Other port Services provide for export (iii) Services of transport of goods by road from ICD to port of export provided by Goods Transport Agency; and (iv) Services of transport of export goods in containers by rail from ICD to port of export. Clearly, this Notification is highly inadequate and a half hearted attempt to simply keep a progressive policy commitment of by the Hon'ble Commerce Minister on April 19, 2007.*

*A whole range of services including whether input credit can be claimed on service tax paid on transportation of export goods from the factory gate to the port of shipments, need to be addressed and exempted for exporters to ensure competitiveness of Indian engineering goods. This is more so when the Rupee has, once again, begun its northward march and has breeched the Rs. 40 mark last week, thereby jeopardizing the competitiveness of our exports considerably.*

*The Council would like to assure the members that it has taken up the issue of Rupee appreciation with the Government outlining a series of suggestions to stabilize the situation. This apart, we will be discussing the issue of full convertibility of the capital account with senior experts to understand whether we should recommend full convertibility of the Rupee to make our exports more cost competitive. I do realize that in the given circumstances, the situation for the small and medium sector members are the worst, given the fact that the Government tends to respond so inadequately to the pressing problems of exporting community. Nonetheless, the Council is keeping the Ministry of Commerce & Industry updated on the problems being faced and has already forwarded suggestions on a range of issues, including the need to maintain competitive freight rates and the need for a raw material policy for competitive supply of raw materials for the SME sector.*

*Yours sincerely,*



(RAKESH SHAH)