

Chairman's Pen



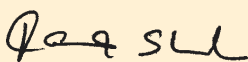
My dear fellow exporters,

As per press reports the Government has requested steel exporters to immediately end the practice of selling in international markets at rates cheaper than those in the domestic market. The Government is reported to have stated that this practice was causing an artificial hike in domestic prices. Further, the press reports also indicated that in order to provide relief to secondary steel producers, the Government is considering a proposal for a duty waiver for ferrous scrap, which is used as input for steel making. If the above reports are true, then this will, indeed, be a big boost to engineering exporters to enable them to procure raw materials at competitive prices. Members would recall that the Council has been advocating this policy for some time now. The Council will continue to advocate and pursue the need for competitive raw materials for engineering exporters and is in the process of formulating a concept note for the development of holistic raw materials supply policy in the country.

The media also reported on August 24th that the Government is now in the final stages of announcing the notification for service tax exemption for services incurred at the post-production stage of exports. While the press has given a list of services that will fall under the exemption notification, such as, warehouse charges, courier charges, banking charges, inland haulage charges, registration charges, commission to foreign agents and port charges, it seems that there would be riders attached ostensibly to prevent misuse of the exemption. In fact the press reports mention that "as a precaution against misuse of the incentive, the commerce ministry has laid down that service tax on the identified services would be compensated only to the extent these relate to exports of goods". We do hope that notification will be announced at the earliest since it now over five months that the Commerce Minister Shri Kamal Nath had announced this progressive step.

Meanwhile, as we are a month away from completing half of the current fiscal year, it is time for the Council to send its pre-budget suggestions to the Government. I would, therefore, urge you to send your specific suggestions to the Council with regard to fiscal issues like customs tariffs, income and corporate taxation, central excise, service tax as also any procedural issues that needs to be addressed by the Ministry of Finance. Please give your justification as well so that the Council can present a cogent case for the issues that you have raised.

Yours sincerely,



(RAKESH SHAH)