

Chairman's Pen



My dear fellow exporters,

Our efforts to get the Government to initiate policy steps with regard to the adverse impact of Rupee appreciation has made some head way though no policy action has yet been taken by the Government. The Council has been informed that the Commerce & Industry Minister has constituted an Inter-Departmental Committee looking at the employment affects of Rupee appreciation and has sought our views along with other industry bodies. In response, the Council submitted its sectoral analysis of employment impact in seven engineering export categories : bicycle and related parts, castings & foundry, diesel engines and generating sets, instrumentation, auto components, automobiles and hand tools and also made a presentation on our submission to the Inter Department Committee of the Commerce & Industry Ministry on June 23rd.

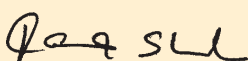
Our analysis based on quick survey shows that a 10% Rupee appreciation has impacted the lives of nearly 16 lakh workers in various forms with regard to nearly 12,500 members of the Council – reduction in overtime rates, lay offs, retrenchments, etc. This implies a one percent Rupee appreciation means lower emoluments for nearly 1.6 lakh workers in the country. Thankfully, other independent agencies like National Manufacturing Competitiveness Council (NMCC) as well as the National Council for Applied Economic Research (NCAER) too have publicly stated that Rupee appreciation will have considerable impact on India's exports. We also understand that the Commerce & Industry Minister will take up the issue of Rupee appreciation with the Prime Minister this week and the Council is keeping its fingers crossed hoping that the Government will take some much delayed policy action for the benefit of the exporting community.

The "Import Promotion Policy" of the Government of India has been further compounded by problems of VAT refunds to the extent that one member of the Council has stated that if the West Bengal Government does not do something to pay his unit's VAT refunds, he would be forced to quit West Bengal for a "VAT-Refund" friendly state. The Council has taken up this issue strongly both with the State and the Central Government and the Commerce & Industry Minister has promised to take up the problem of VAT refund with Prime Minister himself. This apart, the Council is also carrying out a comparison between DEPB Rates and Duty Drawback Rates with regard to engineering products so that we can make appropriate suggestions to the new DGFT regarding the future of the DEPB Scheme.

The Council has also submitted a detailed representation to the Government regarding the hiking of DEPB Rates/inclusion in the FPS Scheme of Ferro Alloys in the aftermath of the Government seeking more justification for such a step.

We also realize that it is important for members to have a look at the various submissions made by the Council at their leisure. We are, therefore, in the process of developing a software so that members can view the submissions made by the Council to various authorities from time to time, and this will be hosted on our website shortly. I will keep you posted on further developments in this regard in the coming days.

Yours sincerely,



(RAKESH SHAH)