

## Chairman's Pen



My dear fellow exporters,

Friends, on June 1, 2007, Hon'ble Commerce & Industry Minister, Shri Kamal Nath presented the National Awards for Export Excellence for the year 2005-06. 86 Award Winners received their awards from the hands of Shri Kamal Nath. On this occasion, the Strategy Paper for Growth of Engineering Process Outsourcing (EPO), commissioned by the Council and prepared by A. F. Ferguson & Co. was also released by the Hon'ble Minister. Members interested in procuring the Strategy Paper are requested to contact the Council Offices.

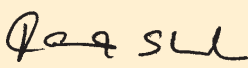
The Hon'ble Commerce & Industry Minister acknowledged the contribution of the engineering exporters in increasing India's total exports to USD 125 billion last year and urged the Council to fix the exports target for the engineering sector for the current year. Shri Kamal Nath appreciated the problems faced by the engineering exporters and requested the Council for its suggestions on an incentive scheme that neutralizes the Rupee appreciation and the high cost of export credit. He also stated that the Service Tax exemption notification with regard post production services for exports will be issued since the Prime Minister of India had cleared this announcement made in the April 19th FTP amendment statement. The Hon'ble Minister also stated that all issues pertaining to EPO promotion will be dealt by the Council and requested that greater focus be given to the development of the EPO sector.

The presence of the Hon'ble Commerce Minister at the National Award's presentation gave an opportunity to the Council to also place before him some of the major concerns of our member exporters. The issue of Rupee appreciation, the need to immediately come out with the Service Tax notification exempting service tax on post-production exports of goods, as also the lowering of export credit cost was raised at the presentation ceremony. This apart, the Council also pointed out that the tariff line (HS 6814) with respect to Mica and Mica products that has been added to the Focus Product Scheme (FPS) in the April 19th announcement dealt with only 5% of the total Mica and related product exports category. Accordingly, other tariff lines like HS 2525 and 8545 should also be included in the FPS list. The Council also recommended that Ferro alloys exports that face an unequal level playing field due to domestic power cost disability factor should be brought under the FPS list.

The Council has also expressed its concern over the new Customs Valuation rules as per the recent amendments to Section 14 of the Customs Act, 1962. The Council has stated that the very thinking on the basis of which the above amendment to Section 14 is being made is flawed. The evaluation by the customs officer, as per new rules, will become hindrance for the real exporters and will give rise to "Inspector Raj", which has in the past gravely hindered industrial growth. In fact, new rules while attempting to stop around 5% industries who mis-declare, will in effect lead to the harassment of 95% of the industries.

Finally, the Council has sent a detailed representation to the DGFT on the various pressure points that members have pointed out to us with regard to the April 19th pronouncement by the Commerce & Industry Minister regarding the annual changes brought about in the Foreign Trade Policy. One important notification that has been issued by the DGFT pertains to allowing exports from non-EDI ports to get benefits under the Focus Market Scheme and Focus Product Scheme. This is, indeed, a long-felt demand and a welcome move by the Government.

Yours sincerely,

  
(RAKESH SHAH)