

## Chairman's Pen



*My dear fellow exporters,*

*The newly amended Service Tax is going to affect the exporters seriously, particularly under the business auxiliary service category where Service Tax is burdened on the Indian exporters for commission paid to foreign agent. The Council is undertaking a study to gauge the impact of Service Tax on exports so that a strong representation could be made to the Government for waiver.*

*I had earlier informed you in my column that during my meeting with the Hon'ble Prime Minister Dr. Manmohan Singh which was attended by the Hon'ble Finance Minister Shri P. Chidambaram and the Hon'ble Union Minister of Commerce & Industry Shri Kamal Nath, I had broached the concept of Engineering Process Outsourcing (EPO) and also briefly outlined the scope that could be carried out by the Council. I had since taken up the matter with M/s. A. F. Ferguson & Company for giving a proposal which will cover all aspects pertaining to EPO including the present industry structure, the potential global markets, analysis of India's strengths and weaknesses and market competition for India in the EPO sector. Accordingly a proposal has been submitted to the Government so that a full scale study could be undertaken on behalf of the Council. In the meantime, we went through a news item in the Financial Express saying that outsourcing in engineering services has a potential to grow to US\$ 10-20 billion in three to five years from the present level of US\$ 3.5 billion.*

*I am sure that EPO, indeed, have a tremendous potential in this country since the value addition in engineering products will be much higher in India as compared to the developed countries. EPO work will involve delivering services relating to project management, procurement and engineering, manufacturing process improvement, process simulation study, product design support, product performance, Research & Development, product design support and host of other services.*

*Your Council is all set to organize two BSMs namely Afro-India Reverse Buyer Seller Meet and Indo-ASEAN Reverse Buyer Seller Meet in the major cities in India. I am sure these two reverse BSMs will provide a platform to prospective importers both from Africa as well as ASEAN regions to have one-to-one business meeting with their Indian counterparts to meet their requirements. I hope you have already planned to participate in these two events, if not, please do so by 20th March, 2006.*

*I extend my hearty greetings to all of you on the joyous occasion of Holi.*

*Yours sincerely,*

  
**(RAKESH SHAH)**