

From Chairman's Pen



17th August, 2005

My dear fellow exporters,

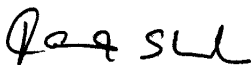
Council's Strategy Paper which was prepared by A. F. Ferguson & Co. has been released by Shri Kamal Nath, Hon'ble Minister for Commerce & Industry. The Strategy Paper has chalked out a plan to double engineering exports to US\$ 30 billion by 2009-10 from the present level of US\$ 14.9 billion at an annual growth rate of 15%. The proposed growth plan will increase the share of Indian exports to 0.79% from the existing level of 0.46%. The paper has recommended focused effort on select product categories in line with market potential, India's competitiveness and existing share while simultaneously moving towards medium to high and high value added products.

Friends, it is heartening to note that the Economic Advisory Council to the Prime Minister has come out in favour of the exporting community on the issue of tax exemption of 'negative profits' under Section 80HHC of Income Tax Act, 1961. I understand that the exporters' suggestion that the Income Tax Act be amended retrospectively to enable them to avail themselves of 80HHC exemption even under 'negative profit' situations has been 'considered favourable' by the Economic Advisory Council. It is understood that the Council has forwarded its recommendation on the issue to the Prime Minister's Office.

The Council has made a representation to Shri Kamal Nath, Commerce & Industry Minister regarding Service Tax on Commission Paid to Foreign Agents which has come into effect from 16th June, 2005 through an amendment in Finance Act, 2005. We have said that such a move will make prices of Indian products uncompetitive since foreign agents play a very important role in facilitating export of Indian Products and their services are used by Indian exporters regularly. We have requested the Hon'ble Commerce Minister to take up the matter with the concerned Ministry.

DEPB has been exempted from the purview of VAT in West Bengal. I would call on exporters in other states to urge to their State Governments to take similar measure to ease out pressure on exporting community. The Council assures all help from its side. I have already requested all Regional Chairmen and advised all Regional Directors to make necessary representation to the State Governments in their region.

Yours sincerely,



(RAKESH SHAH)