

## From Chairman's Pen



29th September, 2004

My dear fellow exporters,

The Council had organized an Interactive Meeting between the exporters and Hon'ble Union Minister of State for Commerce & Industry on 23rd September, 2004 in Kolkata. We had the opportunity in narrating various problems being faced by the exporters particularly with regard to port congestion, stability in steel and pig iron prices, implementation of VAT on all-India basis, revival of IT benefit under 80 HHC, alternative scheme to DEPB etc. Following suggestions were made to the Hon'ble Minister for consideration in the interest of enhancing engineering exports substantially :

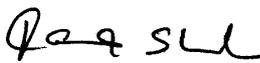
- (a) Availability of raw material at the right price specially steel and pig iron.
- (b) Implementation of measures to reduce transaction cost, including inter departmental and inter ministerial co-ordination, specially between Customs and office of DGFT.
- (c) Full implementation of VAT.
- (d) World class infrastructure to be made available. Congestion at the JNPT Port is alarming and Exporters are suffering for last 1 year. Immediate action is required to resolve this situation.
- (e) Restoration of benefits under 80HHC of IT Act.

Due to certain Technical Flaws and want of clarification with respect to exemption of Income Tax on Export Benefits under Section 80HHC. This is primarily because Section 28(iii) of the Income Tax Act was not suitably amended subsequent to repealing of Import Export (Control) Act, 1947 and its replacement by the new Foreign Trade (Development & Regulations) Act 1992. Similarly the effect of new Drawback rules was also not incorporated in the relevant provision of the IT Act.

I also requested the Hon'ble Minister to kindly ensure that all items covered by DEPB are included in the draw back schedule and the pre-condition for import content in the Export Product should not be a pre-condition to avail benefit under this new scheme.

During the mid-year meeting with the MDA Committee, I represented to enhance the MDA eligibility limit from Rs.5 crores to Rs.15 crores that would further help the exporters having export of more than Rs.5 crores to take part in Council's promotional activities particularly Indiatech Exhibition. I am very hopeful that our suggestions will get positive consideration.

Yours sincerely,

  
(RAKESH SHAH)