

Chairman's Pen

My dear fellow exporters,

EEPC India has been taking up with the Government a large number of issues, some of which have been accepted by the Government. Some of these issues are the expansion of engineering tariff line in the Focus Product Scheme and Market Linked Focus Product Scheme; simplification of procedures with respect to CENVAT credit and TED Refund; clarification that no Service Tax need to be paid for participation in exhibition abroad; no retrospective application of Service Tax on membership fees of Council for the period 2005 to 2008; re-clarification that input credit will be allowed for Service Tax paid under reverse charge of section 66A . This will solve our member problems of the Excise Department issuing Show Cause Notice on Input Credit of Service Tax on Foreign Agent's Commission.

Further, a number of transaction costs reducing steps have been initiated in the Report of the Task Force on Transaction Cost released in February 2011 by the Union Finance Minister. The Strategy Paper for doubling exports in the next three years i.e. by 2011-12 to 2013-2014 released by the Union Commerce & Industry Minister in February 2011 has recognized the need for Technology Upgradation Fund Scheme; the need to provide credit at low cost for investment in Capital Goods and Equipment; the need for Skill Development Fund for engineering industry as also the need to align Market Linked Focus Product Scheme and FPS to big, niche and tough markets.

I must, however, reiterate that there are still a number of challenges that the engineering exporting community and the Council will have to face in the future. To begin with, the Union Budget Proposals for the current year has been a dampener and shows remarkable disconnect with respect to the concern shown in the Strategy Paper for doubling of exports that even if exports doubled to USD 450 billion by 2013-14, the BOT deficit in 2013-14 will be over 9% of GDP. We do therefore hope that when the Finance Bill is passed in Parliament or may be in the amendments to the Foreign Trade Policy, some additional measures would be taken by the Government to sustain the buoyancy that has been generated in 2010-11.

This month's focus is on various aspect of India's economy. We do hope you will find this edition interesting and I welcome your comments and suggestions in improving the contents of the magazine.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Aman Chadha'. The signature is stylized and cursive.

(AMAN CHADHA)