

## Mumbai Open House

# Government Stands by Exporters in Tough Times: Commerce Secretary



The Chief Guest Dr. Rahul Khullar, Commerce Secretary (5th from right) replying to the points raised by member exporters. On his right are Mr. A Sakthivel, President, FIEO; Mr. K R Bhargava, Chief Commissioner of Customs, JNPT; Mr. Aman Chadha, Chairman, EEPCINDIA; Mr. Anand Ladsariya, Chairman, CHEMEXCIL; and Mr. Ajay Sahai, Director General, FIEO. On his left are Mr. R.S. Gujral, DGFT; Mr. S K Saraf, Vice President, FIEO; Mr. G K Gupta, Immediate Past President, FIEO; and Mr. Amitabh Jain, Addl. DGFT.

**T**he Federation of Indian Export Organizations (WR) in association with EEPC India and Chemexcil organized an open house meeting with Dr Rahul Khullar, IAS, Commerce Secretary, Ministry of Commerce & Industry on 14 April, 2010.

Mr R.S. Gujral, Special Secretary and DGFT, Mr K.R. Bhargava, Chief Commissioner of Customs, Mr Amitabh Jain Addl DGFT, Mrs Lata Shukla, Zonal Jt DGFT Commissioner, Mr B.K. Sinha, Commissioner JNPT, Mr R.B. Tiwari Commissioner Mumbai Customs and Mr Rajiv Talwar, Commissioner Air Cargo along with senior officers of the Central and State Governments also graced the occasion.

Mr A. Sakthivel, FIEO President, Mr S.K. Saraf, Vice-President, Mr G.K. Gupta, immediate past president and Mr Ajay Sahai, DG FIEO, heads of Export Promotion Councils & Associations were also present during the meeting. Around 175 senior executives from trade and industry partici-

pated in the open house.

Mr Saraf while welcoming the participations expressed his sincere appreciation for the large number of participants who had arrived – despite a public holiday – to meet and interact with the Commerce Secretary during his maiden visit to Mumbai. He said there has been a change and improvement in the export scenario for the past few months which is a very positive sign.

Mr Saraf said the EOU sector which plays an important role should also be paid attention to by the department and the memorandum presented by this sector should be reviewed to cut down on various difficulties being faced by them. He said the recent Notification No.38 has caused inconvenience to yarn exporters. The notification has made registration compulsory with the Textile Commissioner for all the contracts made by the exporter for the export of cotton yarn. He requested the Commerce Secretary to review the

issue as this would add to the transaction cost.

Mr Aman Chadha, Chairman EEPC India, in his address highlighted some of the suggestions made by his organization to the Ministry with regard to the Foreign Trade Policy 2010-11. He said there is a need to combat rising steel prices by banning iron ore exports and reducing import duty of steel to zero. He further suggested that in order to stabilize foreign exchange, the Government should allow interest on EEFC account and impose tax on FII inflows.

Under the EPCG scheme, Mr Chadha suggested it should be reviewed by way of reducing the customs duty to nil rate for all engineering tariff lines and reduce EO from 8 times of duty saved to 5 times of duty saved with continuance of fulfilling period of 8 years. He also suggested the DEPB scheme should be continued till GST comes into place, and that freight charges and transportation costs should be included. He

requested the Commerce Secretary to include the US as well as European countries in the list of Focus Market Scheme.

FIEO chief Mr Sakthivel said the recent announcement to extend Market Linked Focus Scheme to apparel sector for six months is a most appropriate move taken by the department. He also requested an extension in the interest subvention scheme to left-over sectors such as textile including garments, leather, gems and jewellery as well as the engineering sector. He further said small countries like Bangladesh, Vietnam and UAE have the advantage of a pegged currency for exports but Indian exporters at present suffer from yet another bout of rupee appreciation which is further eroding profitability and the competitive edge of Indian exports. He also suggested the value of the dollar be fixed at Rs 47.50 for a period of one year as an optional window for exporters. In the MDA scheme, the exporters with exports up to Rs 15 crore are eligible; it can be raised to Rs Rs 25 crore to enable small and medium exporters to benefit from the scheme.

Mr Sakthivel further said the exports of branded products may be given additional benefits of 2% under Focus Schemes, exemption from value cap under DEPB/Drawback schemes and grant of double weightage for recognition as status holders. He said immediate action is required to check high transaction costs. If transactions costs are reduced even by 50%, it may add 3-4% in competitiveness to exports without any cost to the exchequer. He requested the Commerce Secretary to ensure the system be fully operational by 1 July, 2010.

Mr Gujral DGFT said that the export scenario has been changing quite frequently in the last few months – there was the global slowdown which had crippled exports but in recent months an improvement has been no-



Dr. Rahul Khullar, Commerce Secretary addressing the gathering.

tioned in certain sectors but the recent high inflation rates are again a cause of concern. The Government has always been taking adequate and lenient steps to support every new issue to avoid any inconvenience to exporters. He further said the exporters are always welcome to suggest and put forth their ideas and all efforts shall be made by the department to review their suggestions which shall help in the betterment of the export scenario in the days ahead. He said the issues raised by the exporters shall be reviewed and appropriate decisions, wherever necessary shall be provided in resolving them. During the interaction, he re-

sponded to the issues raised in the agenda by various exporters.

Dr Khullar expressed his appreciation of FIEO's efforts for meeting with the exporters in Mumbai. He said the Government has always been very supportive and positive on all occasions, whether it is during the global slowdown or the recent spurt in inflation. When compared to the export scenario of 2008-09, exports have gradually improved from September 2009. Some sectors had done well and some did not. The government has always been monitoring the situation step by step and assisting those sectors that require support.

The Commerce Secretary further suggested diversifying export markets at times of crises in order to develop new markets. Initially, it may be time consuming but gradually it would improve. He said if any of the Councils wish to open warehouses in emerging markets, the Department of Commerce will provide the necessary assistance.

Mr Khullar informed the participants that India is actively negotiating with the EU and Japan for a Free Trade Agreement and invited participants to provide inputs for the same. The Commerce Secretary asked the exporters to send him details of the cases where PCFC finance was refused by the banks. With regard to the interest subvention, the Com-



A view of the participants.



Dr. Rahul Khullar, Commerce Secretary (2nd from left) animated discussions with President, FIEO Mr. A Sakthivel; Mr. G K Gupta, Immediate Past President, FIEO; and Mr. S K Saraf, Vice President, FIEO.

merce Secretary assured the house that he would see that the necessary notification is issued by the RBI quickly, extending it for one more year for specified sectors.

Dr Khullar further said Made in

India shows would be promoted not only in the main markets but new markets should be explored to promote the programme, and looked forward to co-operation from exporters. He further said he is looking forward to an informative and

positive interaction with the participants.

Mr Anand Ladsariya, Chairman, Chemexcil, thanked the Commerce Secretary, DGFT and other senior officials for participating in the interactive session.

Mr Ladsariya also said GST, which will be operational next fiscal, should also include rebate of all state and local levies. He further proposed that the merger of all central and state GST into a single uniform GST should become reality by 2015. He said there has always been a very positive response from the departments whether it is the DGFT, Customs or Excise. The officers have been co-operative in reviewing the issues as well as in trying to resolve them. The interactive sessions with the departments have always yielded meaningful results and exporters always look forward to more such sessions in the days ahead. ■

## Finance Bill Will Bring Relief: FIEO President

Mr A Sakthivel, President, FIEO while commenting on the Finance Bill which was passed in the Lok Sabha, said the investment-linked deductions to the housing sector, debt relief package to coffee growers, tax breaks to hospitals and reduction in customs duty for 11 specific drugs to 5% would bring some relief to the sectors concerned.

The FIEO chief said capping service tax on air travel, particularly for overseas travel, will be a big relief to exporters as hitherto they were shelling out large sums as service tax on overseas travel. He also welcomed the direct tax concession given to new hospitals as the measure, besides improving health services in the country, will also provide impetus in wooing foreign patients into India. India is emerging as a new health destination for competitiveness of medical treatment, medical transcription and medical tourism.

Mr Sakthivel said while a clarification on exemption of capital gains tax in the case of transference of shares to a Limited Liability Partnership (LLP's) would be useful, FIEO has sought a clarification on exemption of levy of stamp duty on conversion from a partnership/proprietorship firm to LLP. This also needs to be issued as there are several decisions in favour of the same both from the Kolkata High Court and Mumbai High Court. FIEO has written to the Maharashtra Government in this regard and a positive response/clarification could act as a precedent by other state Governments encouraging partnership / proprietorship firms to become LLP's. ■

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