

## FIEO Chief welcomes recommendations on transaction cost



In a one to one interaction with Jyotiraditya M. Scindia, MOS, Commerce & Industry, Ramu S. Deora, President, Federation of Indian Export Organisations (FIEO) said that the recommendations of the "Task Force on Transaction Cost in Exports" would certainly help in facilitating trade.

He complimented the Minister for announcing a report with a precise implementation schedule which has already been operationalised for most of the issues identified by the Committee. Initiatives like this, said Mr Deora, would help in achieving the ambitious target of USD 500 Billion by 2013-14.

Mr Deora said that all industry service tax rates for refund of service tax paid on 17 services would be a big relief particularly for small and medium exporters who are unable to understand the nuances of the service tax refunds. He, however, told Shri Scindia that DOR may be asked to expedite its implementation through EDI so as to facilitate refund as considerable time has

already lapsed since its announcement.

FIEO Chief welcomed 24x 7 customs clearance facility extended to 8 important customs houses at the behest of Shri Scindia and hope it would be gradually extended to all Customs Houses. The extension of single bond facility for Customs would benefit all exporters but the same should be extended to offices of DGFT in Ministry of Commerce where maximum bonds are executed besides excise and service tax.

Up-gradation of facility at Plant Quarantine Stations and availability of the same round the clock at International Airports Chennai and Mumbai will benefit floriculture, viticulture, processed foods and agriculture products exports. Reduction in X-ray charges will give boost to air cargo particularly the express cargo. However, this should be implemented at all international airports in the country demanded Deora.

Dispensing with hard copies of DEPBI EDI, Advance Authorisation and

EPCG Shipping Bills will save time and cost of exporters but same should be gradually extended to other schemes observed President FIEO.

Mr Scindia told that addressing the transaction cost is not a one time but an ongoing exercise. The very fact that only some of the identifiable transaction costs have been resolved leave much room for us to continue with it and re-visit the procedure for seamless movement of imports and exports. The Minister said that the two projects of E-Trade and E-Business will greatly facilitate business. He said that he is personally monitoring the progress of the left over issues and will be able to resolve some substantive issues which will reduce the transaction cost to a large extent. ■

### Issues that impact exports

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as they work on averaging principles.

These schemes were introduced when the incidence of duties was quite high but with India's increasing integration with the global economy, the rate of duty is looking southward. In the present circumstances where 46% of Customs/Central Excise/Service Tax collected is refunded for exports, there is need to simplify the process by providing refund of basic customs duty also through CENVAT route for exporters and in case, the exporter is not able to utilize the same, cash refund of balance credit may be permitted by the Excise Authority at the factory itself. Such a mechanism will provide exact refund, thus compatible with ASCM.

The scheme will dispense with the need of Brand Rate of Duty Drawback and DFIA and even advance authorisation to a large extent. ■