

Exports rising but India still a difficult place to do business

FIEO organized an Open House Meet with Mr Najib Shah, Chief Commissioner of Customs, on May 17, 2012 at New Delhi. The primary aim of the meet was to give an opportunity to exporters and importers to apprise the customs authorities of the various issues which require immediate attention and resolution to boost India's international trade. Among the senior officials present were Mr Rajeev Tandon, Commissioner of Customs (Exports), Mr M.S. Arora, Commissioner of Customs, and Mr Sushil Kumar, Executive Director, CONCOR.

In his opening remarks Mr Ajay Sahai, DG & CEO, FIEO, said that while Customs has taken numerous measures to facilitate trade, there exists a gap between the perception of higher customs functionaries and those at the lower level. It's a matter of concern that despite taking so many measures for trade facilitation, India's ranking in the "Trading Across Borders" segment of the "Doing Business Report" is declining year after year.

India was ranked at 94th place in 2007 but slipped to the 109th spot in 2012. Detailing the same, Mr Sahai said that this points to two possibilities – either other countries have taken more pro-active reforms or we have not documented various new initiatives taken by us including e-payment, Single Bond for All Export Promotion Schemes, Self-clearance of Imports and Exports, online factories stuffing permission to name a few.

Mr Sahai also said the rupee's depreciation is only partially benefiting exporters as it is likely to put



Mr Navratan Samdria, Past President, FIEO (2nd from left) presenting a bouquet to Mr Najib Shah, Chief Commissioner of Customs. At extreme right is Mr Rajeev Tandon, Commissioner of Customs. Extreme left is Mr Ajay Sahai, DG&CEO, FIEO.

pressure on pricing since buyers will ask for discount knowing fully well that the currency has depreciated by over 16% in the current year. Stability in the exchange rate is much more beneficial to exports as compared to high volatility which may lead to depreciation like the present one. Mr Sahai said exports are entering a tough period, so when there is contraction in demand, price becomes the key factor. Therefore, all stakeholders should provide competitiveness to exports. He stressed the need for such interactive sessions to highlight issues related to exports.

Mr Navratan Samdria, Managing Committee Member, FIEO, delivering the welcome address thanked the Chief Commissioner of Customs for making time from his busy schedule in order to interact with the exporters of the region. He said several factors like setback in the Euro

Zone, slowdown in the US, depreciating rupee etc are likely to affect our exports. The Indian exporting community has always been facing such challenges in its export efforts and this time also the exporters will meet these challenges successfully.

Mr Samdria said exporters are looking for the 2012-13 Foreign Trade Policy in the hope that it will be in accordance with the expectations of the exporting community. He also said incentives are dependent on the documentation of customs so customs officials should work out ways for increasing the efficiency of the system. He said that this session is an opportunity for exporters to clarify their issues regarding exports.

Mr Najib Shah thanked FIEO for organizing the meeting and said such sessions are important as they



Sitting on the dais the Chief Guest Mr Najib Shah, Chief Commissioner of Customs(5th from left). On his right are Mr Navratan Samdria, Past President, FIEO; Mr Ajay Sahai, DG&CEO, FIEO; Mr T S Ahluwalia, Member, FIEO Managing Committee; and Mr Sunil Agnihotri, Jt. Dy. Director General, FIEO (NR). On his left are Mr Rajeev Tandon, Commissioner of Customs; Mr M S Arora, Commissioner of Customs, ICD, Tughlakabad and Mr Sushil Kumar, Executive Director (NR), CONCOR.

help the Custom officials to understand the ground realities. It gives them an opportunity to address concerns which is a mutually beneficial exercise for both sides. He said expectations are high but they are doing their best to help the exporters. Custom officials are available without any prior appointment to meet the exporters regarding their concerns. Their aim is that exporters achieve their target which in turn will fulfill the country's export target, he added. He stated that the Department will ensure that all relevant information is available on the public domain on time.

Some of the issues that were discussed during the session are as under:

Issue 1: Limiting role of CHA agents.

Reply: Customs officers deal with a lot of issues related to 1000-

plus consignments regarding classification, waivers, understanding of objections etc. This has to be handled by a person who is adept in handling these procedures. These persons hold valid certificates and have knowledge of customs matters. Therefore, their role in clearance of the shipment is very important.

Issue 2: Working on MOT during holidays needs to be streamlined.

Reply: A request prior to that day on any working day will enable customs to depute sufficient staff on time.

Issue 3: Problem faced by exporters at ICD Tughlakabad regarding Self Sealing and Self Certification basis.

Reply: A detailed Public Notice in this respect will be released soon.

Issue 4: Registration/audit of

FPS licence by customs should be made online in line with DEPB & EPCG licences.

Reply: The matter will be sorted out soon.

Issue 5: Problem regarding Self Sealing facility.

Reply: Work related to software development is under process; it will be sorted out soon.

Issue 6: Problem of EGM errors.

Reply: We have minimized these errors to the lowest. Since 1996 to 31/03/2012 only one EGM error occurred related to drawback. Most of the EGM errors are due to airlines. However, they will look into the pending issues related to DEPB to resolve them at the earliest.

Issue 7: Partial release of customs portion of DBK

Reply: We will take up this issue

with the Ministry for further action in this regard.

Issue 8: Time frame for routine works - citizen charter.

Reply: They are doing it to frame time slab for different routine works. A Public Notice in this regard will be made available soon.

Issue 9: Clarification regarding claim of All Industry Duty Drawback on such items, which are not manufactured in India but are imported.

Reply: We will take this issue with the Ministry and will be further examined.

Issue 10: Release of AI Rates of Drawback till finalization of Brand Rate.

Reply: The Ministry is working on it. Any further progress in this regard will be communicated in due



A view of the participants.

course of time.

Delivering the vote of thanks, Mr T.S. Ahluwalia, Member, FIEO Managing Committee, said exports have reached the \$300 billion plus mark in

the last financial year which shows the progress India's exporters are making. He said sessions like Open House Meets are a golden opportunity for exporters to highlight their issues so that they can be sorted out. ■

FIEO welcomes withdrawal of penal provisions in Customs Law

Mr M. Rafeeqe Ahmed, President, FIEO, complimented the Finance Minister for scrapping the proposed changes in the Customs & Central Excise Law regarding classification of offences as cognizable and non-bailable. This has brought a big relief to exporters and importers, and he welcomed the omission of the provision of granting of bail only after hearing the public prosecutor.

FIEO had pleaded for withdrawal of the provisions of arrest and prosecutions introduced in the Finance Bill 2012 as the proposed amendments would have grave implications as there was no provision in the law to permit the magistrate to decide the issue in the absence of the public prosecutor; thereby the fate of the arrested person may remain hanging in suspense.

The FIEO Chief said raising duty evasion limit exceeding Rs 50 lakh to make it a cognizable offence is also a good decision though he had pleaded for raising it Rs 1 crore. FIEO has also written to the Finance Ministry not to include the cases of disputed claim of exemption, valuation etc to arrive at the threshold limit for cognizable offence.

Allowing cotton exports is a good decision: FIEO Chief

Welcoming the decision of the Government to allow fresh cotton exports, Mr M. Rafeeqe Ahmed, President, FIEO, said this is a good decision which has removed uncertainty amongst exporters having substantial orders in hand. Mr Ahmed, however, cautioned against any shortfall to the domestic manufacturers of this important raw material which may affect export of value added products and lead to lower foreign exchange earnings.

The FIEO Chief stated that there is need for a National Agriculture Production Policy. Instead of putting a blanket ban on export of agro products, which spoil our image as a reliable supplier, we should allow its export and regulate it through export tariff. Or provide a minimum export price and simultaneously also allow duty free import of required quantities, added Mr Ahmed. He said unwavering stance on this issue may cause serious repercussions on the farmers as well as exporters. Exporters now look towards the Commerce Minister to provide suitable relief to exports in his Foreign Trade Policy. Exporters feel that the way Budget did not put focus on exports, which constitute about 22% of GDP, the day may not be far when exports lose their competitiveness and stop being a viable economic activity.