

Schemes in FTP need effective implementation

FIEO in association with the Visvesvaraya Industrial Trade Center (VITC), Export Credit & Guarantee Corporation Ltd (ECGC) and CitiBank organized an Open House Meet with the Director General of Foreign Trade, Dr Anup K. Pujari, on June 23, 2012 at Bangalore. Over 180 participants representing export/import companies, trade associations and Chambers of commerce participated in the Open House. The objective of the Open House was to help the State's export-import community understand the salient features of the Foreign Trade Policy 2009-2014 and to address the problems of the exporters/importers.

In his initial remarks, Mr Walter D'Souza, Regional Chairman, FIEO (Southern Region), mentioned that as per the recently announced Foreign Trade Policy 2009-14, India has set itself the ambitious export target of \$500 billion by 2014 and plans to double its share of global trade by 2020. Currently, exporters and importers are experiencing severe challenges due to markets crashing as predicted by S&P in the US, which resulted in reverse action by appreciating the dollar value, which in turn created a puzzle among exporters/importers. Solutions, therefore, need to be found. He also made an appeal to the exporters to take advantage of the value added services provided by FIEO such as e-Bay and Paypal and highlighted the facilities available at Indus Trade Services at Sharjah, UAE. He also highlighted the new FIEO Chapters to be opened in Kochi, Jaipur and Guwahati.

In his welcome address, FIEO Chief Mr M. Rafeeqe Ahmed mentioned that extension of 2% subven-



Dr Anup K Pujari, DGFT addressing the inaugural address. On the dais from left, are Mr V Srinivasan, Jt. Director, FIEO(BLR); Mr J V Patil, JDGFT; Mr Bani Bhattacharya, Addl. Dir. General(Training); Padma Shri Rafeeqe M Ahmed, President, FIEO; Mr Walter D'Souza, Regional Chairman, FIEO(SR); Mr T V Maruthi, Managing Committee Member of FIEO; Mr Khalid Khan, Managing Committee Member of FIEO; Mr Shrawan Kumar, Addl. Commissioner of Central Excise; and Mr K S Shivaswamy, Managing Director, VITC.



Padma Shri Rafeeqe M Ahmed addressing his welcome address. On the dais from left, are Mr J V Patil, JDGFT; Mr Bani Bhattacharya, Addl. Dir. General(Training); Dr Anup K Pujari, DGFT; Mr Walter D'Souza, Regional Chairman, FIEO(SR); Mr T V Maruthi, Managing Committee Member of FIEO; Mr Khalid Khan, Managing Committee Member of FIEO; Mr Shrawan Kumar, Addl. Commissioner of Central Excise; and Mr K S Shivaswamy, Managing Director, VITC.

tion scheme and widening of its scope and continuation of zero interest EPCG scheme till 2013 is the acknowledgement of industry's demands. Introduction of post export EPCG scheme will definitely reduce the transaction cost; however the procedure should be simple for the same. Transferability of SHIS scheme among status holders will increase the usage of the scrip and benefit the exporting community. The permission to utilize all Chapter 3 Scheme scrips for payment of excise duty in case of domestic procurement will give a boost to the domestic manufacturing sector, which been showing signals of decline in the recent past.

India's exports are being impacted by several factors such as the rising cost of export credit, increasing cost of PCFC, slowdown in Europe and USA. Thus the situation is grimmer now. The Government has been doing its best on the trade policy front, but still has to take immediate measures to safeguard the interest of exporters, their profitability, and competitiveness in the global market. The various measures announced in the Policy now require effective implementation. Various corresponding notifications required to be issued by the CBEC in line with the provisions of the Policy are still awaited. Similarly, the provisions that once an Advance Authorization is registered at any Port, it will be permitted for utilization at all EDI Ports, as announced by the Commerce & Industry Minister in his speech also require mention in the Policy provisions. All these require DGFT immediate attention so that exporters can avail the facilities/benefits announced in the Policy.

The Government announced the negative and exempted list of services on June 20, 2012. Exporters were eligible for exemption on transports of goods by road and commission to foreign agent. While the former has been kept in the ex-



A view of the participants.

empted category, the latter has been removed. This is a jolt to exporters as in certain sectors like pharma, garments etc, the commission may be as high as 15-20%. Moreover, all industry service tax refund rates have not factored this service and thus exporters will not get refund of the taxes paid on this account. DGFT should intervene to restore it.

Recently RBI convened a round table meeting wherein it was informed that the limit of export refinance to banks has been increased from 15% to 50% which will provide an additional liquidity of Rs 30,000 crore to the banking sector and will help the banks to reduce their rate of export credit. SBI had already taken the initiative and proposed to reduce the rate of interest for export credit. President, FIEO, also suggested reintroduction of the Gold Card Scheme, providing exporters 1% additional interest advantage and exemption or reduce charges for various banking operations.

In his inaugural address, Dr Anup K. Pujari, made an appeal to the exporters to submit their points/issues written letter within one page to dgft@nic.in. During clarification it was informed that Scrips are useful

for domestic procurement. Electronic Bank Realisation Certificate has been introduced but Canara Bank and Syndicate Bank are yet to join. Also, 99 sensitive items are fairly free to export. In his address, Mr Bani Bhattacharya, Additional Director General (Training), Bangalore Customs, mentioned that the Electronic Data Interchange System has tremendous benefits for all concerned. Currently, Customs has migrated EDI from the existing ICES version 1.0 to ICES version 1.5. He also informed about bring in Sarvatham as Service Quality Standard into Customs for Performance Management and are waiting for quality certification from Indian Standards.

In his address, Mr Shrawan Kumar, Additional Commissioner of Central Excise, Bangalore, mentioned about the objectives behind the introduction of initiating processes of Central Excise and Service Tax. Earlier they had cleared 500 claims relating to Service Tax. After updating, it went up to 3500 claims. During FY 2010-2011 outflow of Service Tax Refund of Rs 40 crore was given, which went up to Rs 200 crore in FY 2011-2012.

In his address, Mr T.V. Maruthi,

Managing Committee Member, FIEO, and Past President, Indian Silk Export Promotion Council, congratulated DGFT for duty free import on TUF. He called their attention on the India-Iran Bilateral Trade Agreement signed recently which permits realization of export proceeds in rupees and Iranian rial. He suggested this to be carried out in other countries too. He proposed to bring the sericulture industry to be brought under VKGUY. He also suggested bringing in more foreign direct investment by quoting China's example of permitting setting up of factories with few hassles. During the interactive session the following points were raised by the participants and were clarified by DGFT/Customs /Central Excise authorities.

Issue: Restoration of VKGUY benefit on exports of gherkins.

Reply: This was transferred to focus product scheme in Oct 2011. This issue cannot be considered.

Issue: Non transferability of goods imported under SFIS Scrip.

Reply: This issue is under consideration and specific cases please forward through FIEO.

Issue: Clubbing of EDI ports for Chapter 3 benefits.

Reply: It is under process and once license is registered at EDI ports, no difficulty. It would be done soon.

Issue: The ceiling of quantity and description of product mentioned Advance Release Order.

Reply: Normally if value or quantity, then DGFT permit changes, and exporter can ask for enhancement. If it is specific cases, then it has to be examined.

Issue: Exchange rate for Advance Authorisation prevailing at the time of issue of licence.

Reply: Please forward specific cases and it will be considered.

Issue: Export Promotion Capital Goods Scheme – suggestion for the re-

quirement of maintaining the average for the first four years may be done away with and take only 50% of the average value for the remaining period.

Reply: Export has to maintain both annual average export obligation and export obligation. It will not be relaxed.

Issue: DTA Sale by EHTP / 100% EOUs.

Reply: It would be examined if it is mentioned in IT Agreement.

Issue: Restriction such as on DTA sale of marble products by 100% EOUs; on import of granite; on import of marble blocks; and on import of finished granite products.

Reply: Permission to sell 50% products by EOU in DTA, specifically not permitted for marble and granite industries. Because traders import good quality goods, but export low quality marble and granite, therefore this has stopped. Business should be ethically done. Niryat Bandhu to mentor people to do business in India well. Specific cases will be examined.

Issue: Operation of aviation MROs in India.

Reply: It is to be noted that there are two notifications, one for import of engines and other for import of spares. Please submit details to Customs and support will be extended by them.

Issue: Export of sugar against EPCG obligation.

Reply: No Release Order is required for export of sugar from the Food Ministry. Authorization is granted by DGFT office. If satisfactorily proved that sugar is produced by machines used by them, then licence can be redeemed within the same time period. Please take up this matter with the concerned Regional Joint Director General of Foreign Trade.

Issue: Allow realization in Indian rupees.

Reply: It is not permitted with neighbouring countries under For-

ign Trade Policy. But ADB assisted projects then would be a success.

Issue: Conversion of exchange rate for utilization of licences.

Reply: If it is in general then it is not permitted. Please provide more details.

Issue: With regard to utilization of Agri Infrastructure Duty Credit Scrip.

Reply: DGFT gave time to utilize scrips, if the exporter couldn't use them on time. It cannot be extended beyond the utilization period.

Issue: Alert in the EDI system for imports for defaulters.

Reply: Will look into the matter; if nothing pending, then it will be removed.

Issue: Delay in closing of bank guarantee at Customs.

Reply: It is to be noted that new online system is in place at DGFT. JDGFT and Customs will work together and sort out the pending cases.

Issue: Ground and other chillies not covered under the Focus Product Scheme.

Reply: Submit more detail and it will be examined.

Issue: Request for aflatoxin and ochratoxin column to be allowed under duty free import provisions.

Reply: Will look into the matter.

Issue: EPCG license issued under Chapter 5 of FTP - solar modules to be included in the list for green technology products.

Reply: It is omitted out of ignorance and will be considered.

Issue: APTA Certificate issued by EIA has not been honoured by China.

Reply: Submit more details and will pursue the matter.

The meet ended with a vote of thanks proposed by Mr K.S. Shivswamy, Managing Director, VITC, Government of Karnataka. ■