President’s Message

It gives me great pleasure to share with you an update on the overall performance of your Federation in 2017-18. Better services remain our key assets to deliver sustainable business and earnings growth to our stakeholders, thereby creating long-term value for our stakeholders. I assure you that these will continue to hold us in good stead in the long run. I, on my own and on behalf of the members of the Managing Committee, would like to welcome and facilitate you all at the 53rd Annual General Meeting of the Federation.

Goods and Services Tax (GST) is one of the biggest indirect tax reforms which India has ever witnessed. I firmly believe that GST is an emergent step which will make over the fiscal planning of modern India with regard to matters of taxation and enhance the overall business environment. Owing to abolition of cascading impact of taxes, it will definitely benefit the end consumers in long run in the form of lower prices of products and provide an upward push to consumption, which will augur for consumer goods companies.

Friends, the exports data for the financial year 2017-18 were encouraging as the same showed an almost double digit growth of 10% of US$ 303.35 billion in the financial year 2017-18 as compared to previous year 2016-17 of US$ 275.85 billion. However we at FIEO are really concerned and worried about the labour-intensive sectors such as gems & jewellery, RMG of all textiles, jute manufacturing including floor covering, carpets, agri products and many other sector of exports, dominated by MSME, which are into negative territory and are still facing the problem of liquidity as banks and lending agencies are tightening their norms, which does not augur well for exports for the new fiscal. Though the global scenario reflecting forecast for global trade by WTO in 2018 at 4.4 percent and may moderate to 4 percent during 2019 shows encouraging scenario for global exports, however trade tensions may pose challenges for exports.

The rising trade deficit, primarily on account of swelling of crude imports bill with northward movement of prices is the main cause of concern. Moreover, the export growth has not been able to keep pace with import growth, which for the financial year 2017-18 showed a growth of 21% percent against export growth of 10 percent, leading the trade deficit for the fiscal to surpass well over US$ 160 billion.

Friends realizing the importance of Exports in Nation building, the Government of India has taken various initiatives in the past and continuously taking new ones. The recent one is the launch of Trade Infrastructure for Export Scheme (TIES) by Ministry of Commerce. The scheme focuses on addressing the needs of the exporters.

FIEO also welcomes the trade facilitation agreement (TFA) that is expected to reduce the trade cost by an average of 14.3% with developing countries reaping most of the gains. It will make trade-related administration easier and less costly, thus helping to provide an important and much-needed boost to global economic growth.

Liquidity and compliance will be two big challenges for the export sector particularly hitting micro and small units. Our rough estimate suggests that exports competitiveness will be lost by about 2%. The issues relating to job works will have serious bearing on employment unless resolved quickly. We are regularly briefing the media to keep Government on its heels.
Pre & post implementation of GST, FIEO is regularly updating the exporters about the changes/Notifications issued by the Government under GST. FIEO is receiving emails/letters from the member-exporters on large number of issues being anticipated or faced by the exporters. These issues have been clarified by our DG & CEO, on daily basis, leaving no query unattended. He is responding to over 100 mails regarding GST query every day.

The Interactive Sessions on Ease of doing Business were organized by the Federation at both New Delhi and Mumbai. The session at New Delhi was attended by Mr Rajive Kumar, Secretary Shipping (Govt) where I insisted for a regulator in Shipping sector.

Friends, in the background of the GST, a team led by me along with Vice President, FIEO; Regional Chairman, FIEO (SR) and Dr Ajay Sehaj, DG & CEO, FIEO had a meeting with Mr R V Deshpande, Hon’ble Minister of Karnataka to discuss various state-related issues of the exporters. During the meeting major GST-related issues were brought to the notice of the minister and urged for the support of the Government of Karnataka for getting the attention of the GST Council on the issues of the exporters. Minister agreed to look into the issue and take all possible steps to help exporters.

Subsequently, a delegation led by me along with Regional Chairman, FIEO (ER) and other Managing Committee Members of FIEO (ER), called on Dr Amit Mitra, Hon’ble Minister for Finance Minister of West Bengal at Kolkata. Discussions with regard GST and its concerns were also put forward during the meeting.

A FIEO delegation led by Vice President, FIEO and Regional Chairman, FIEO (SR) also met Mr D Jayakumar, Hon’ble Minister for Fisheries, Finance, Personnel and Administrative Reforms, Government of Tamil Nadu on May 30, 2017 for GST-related issues of the export sector.

The Minister while listening to the delegation appreciated the concerns and said that the State government will provide all possible support for enhancement of the State’s share in international trade.

Further a FIEO team led by me along with Regional Chairman, FIEO (WR) and DG & CEO, FIEO met Mr Rohitbhai Patel, Hon’ble Minister for Industries, Finance, Mines and Minerals, Government of Gujarat at Gandhinagar on May 30, 2017 to discuss issues related to exports and GST and also urged for the support of the State Government in that regard.

Friends, on May 25, 2017, FIEO organized press interaction after I took over as the Federation’s President. DG & CEO, FIEO; Regional Chairman, FIEO (WR); Regional Chairman, FIEO (ER) along with other Past Presidents and MC Members of the Federation briefed the Media. Some of the important issues and challenges highlighted during the press meet included GST, Caution Listing of exporters, Currency appreciation, Protectionism and Mid-Term Review of the Foreign Trade Policy besides various other important issues related to commerce and trade.

I attended the banquet hosted by President of India in honour of His Excellency Mr Mahmoud Abbas, President of the State of Palestine, at Rashtrapati Bhawan.

I, along with few of my MC colleagues, attended the 2nd reconstituted Board of Trade meeting which was chaired by the Commerce and Industry Minister Ms Nirmala Sitharaman. The meeting was to consider all the issues appropriately for the Mid-Term Review of the Foreign Trade Policy (FTP). We submitted both macro and micro suggestions for the mid-term review.

Friends, FIEO organized a series of interactions of EXIM fraternity with the Commerce Secretary, DGFT and various other senior officials.
of Government at New Delhi, Kolkata, Bengaluru and Mumbai on June 2, June 21, June 22 and June 23, 2017 respectively. These interactions sought inputs and suggestions not only for the mid-term review of the FTP, but also on the upcoming GST. All these meetings received an overwhelming response as representatives of Trade & Industry, Industry Associations, Export Promotion Councils and all other stakeholders participated in the programme.

A Pan-India delegation of exhibitors was led by me in which FIEO participated with 120 booths in the 2017 South & Southeast Asia Commodities Expo & Investment and Trade Fair. As President, FIEO, I was also invited to deliver an address on “Challenging Opportunities: Employment Creation and Innovative Investment” at the opening ceremony of the 12th China-South Asia Business Forum of the event.

On 6th July, 2017, I along with DG & CEO met the Hon’ble Commerce & Industry Minister, Mrs. Nirmala Sitharaman; Hon’ble Textile Minister, Mrs. Smriti Irani; Secretary Textiles Shri Anant Kumar Singh; Acting DGFT Shri Atul Chaturvedi and other senior officers of the Ministry of Commerce & Industry in connection of GST and issues relating to exports.

FIEO was continuously in touch with the Ministries of Commerce & Industry and Finance and flagged pressing issues related to GST being faced by the exporting community. The main concerns raised were – Delays in refund and thus revised refund procedure for interim period, refund of embedded tax through Duty drawback, extension of Duty Drawback and e-Wallet facility for exporters. Besides some of the other major issues, which were also raised included exemption from GST to Merchant Exporters and exemption from IGST against Advance Authorization/ EPCG and EDU Scheme, reduction in GST rate from 5% to Zero on scrips and their utilisation for payment of IGST/GST.

Friends, two weeks prior to this critical meeting with Union Finance Minister, I and Dr Sahai called on Hon’ble Union Minister for Commerce and Industry, Mr. Suresh Prabhu, on September 14, 2017. During our meeting, we had highlighted all the issues and challenges faced by the EXIM community in the new GST regime. Concerns with regard to GST and suggestions for the Mid-term review of the Foreign Trade Policy were also put forward for the consideration of the Minister.

The Committee on Exports, headed by Revenue Secretary, Dr. Hasmukh Adhia met the representatives of FIEO and eight Export Promotion Councils to hear out their recommendations and formulate a suitable strategy to aid the sector grappling with issues post-implementation of the Goods and Services Tax (GST). Commerce Secretary, Central Board of Excise and Customs (CBEC) Chairperson, CBEC Member (Customs), DGFT, GST Council Additional Secretary, Director General Export Promotion and various other senior officials from the Central Government and Revenue Department were present at the meeting. The Federation was represented by Dr. Ajay Sahai, DG & CEO, FIEO who made a detailed presentation with regard to concerns and issues related to the exports sector. He also responded to all queries raised in the Committee to push our issues before the GST council.

Friends, with the concerted efforts of the FIEO, whatever suggestions were made by the Federation to the Finance Ministry through the Commerce & Industry Ministry, the same have been accepted by the GST Council under the Chairmanship of Hon’ble Finance Minister. This is a major relief package to the exporters and it is indeed required by the exporters to manage their businesses and liquidity crunch. This has been possible with the aggressive approach of FIEO and my colleagues in the Managing Committee who worked relentlessly towards this objective.
The gist of relief for export sector given by the GST Council has already been informed to the members by the Federation for their information and act further accordingly. These are very pragmatic decisions which show the flexible approach of the Government and will impart much needed competitiveness to exports. FIEO complimented and thanked the Hon’ble Prime Minister, Finance Minister and Commerce & Industry Minister for these far reaching decisions which will help in pushing exports on a growth path. I would assure you that FIEO will continue to work for the cause of exporting community and will apprise the Government from time to time to simplify the procedure so as to boost the exports.

Friends, many of you witnessed the way the meeting of stakeholders’ consultation on export was held under the Chairmanship of the Hon’ble Commerce & Industry Minister. This is the first time after many years that two cabinet Ministers attended the FIEO meeting and discussed the problems of the export sector for about 3 & half hours continuously. The presentation which was made by our DG & CEO on Overview of Export Sector, Potential, Challenges and Strategy was very well appreciated by the Hon’ble Commerce & Industry Minister, Commerce Secretary and other dignitaries on the dais and my colleagues in the Managing Committee. On the request of the Commerce Secretary the same has been sent to all senior officers of Ministry of Commerce and DGFT.

FIEO has compiled the suggestions made during the meeting by the stakeholders and has already submitted the same to the Ministry for consideration in the Mid-Term Review of Foreign Trade Policy or to take up with other Ministries. FIEO is working on concept papers (i) On Single Trade Portal, on the lines of South Korea and Europe, for all compliance and facilitating need of the EXIM community (ii) New Financing Instrument for Exports and (iii) Integrating India in global Value Chain and (iv) Scheme for Sales to foreign Tourist and E-Commerce. I will urge my members to kindly provide their vital inputs so that we can take these concepts forward. Since the Ministry is very keen to boost the exports, I am sure new instruments to propel exports will definitely be considered by the Ministry.

Friends, our Minister is very positive and he called us after the GST Council meeting and congratulated us for effectively and aggressively taking up exporters’ issues which have been accepted by the GST Council. I also thanked him for his pro-active approach.

I also requested to have stakeholders’ consultation in other parts of the country. He immediately agreed on it and advised to take the date from his office. I am happy to inform that many such sessions were held with CII in different parts of the country.

FIEO also organised the Interactive Sessions on Mid-Term review of Foreign Trade Policy (2015-20) at Mumbai with Shri Abhijit Vardhan Chaturvedi, DGFT. Shri Chaturvedi assured that DGFT will roll out a centralised mailing system wherein all e-mails will be issued a ticket and timely resolution of the grievances received through e-mail will be monitored at the highest level. He pointed out that the issues related to liquidity crunch, appreciation of rupee, transaction & logistics cost and expansion of the scope of MEIS and SEIS scheme to incentivise job creation in both manufacturing and services sector will be taken into consideration in the Mid-term review of the Foreign Trade Policy.

Friends, FIEO hails the changes in GST to support the exports sector and welcomed the timely changes announced by the Government consequent to the GST Council meeting as these initiatives will address the problem of the exporters particularly micro and small segments. But, presently exporters are facing problem in getting their GST refund from the Government.
FIEO is continuously in touch with the Ministries of Commerce & Industry and Finance related to GST refund but there are some procedural challenges which are creating problem to release the refund. In fact, exporters and to some extent even tax authorities are not aware about the reason for such delays. FIEO urged the Government to devise a mechanism so that either the refund is given in a time bound manner as announced earlier else reasons may be given for the delays. FIEO also requested to provide daily report about the claims filed, cleared and the pendency so that in the States or at the Port where the refund flow is not satisfactory, the same may be brought to the notice of the Government. Many reasons which are now cited for the delays have not been clarified to the trade.

In many cases, commercial invoice number is in more than 16 digits and the same cannot be filled in table 6A where the invoice number is restricted to 16 digit. How exporter can correct the invoice number in such cases unless the customs allows amendment in the shipping bill.

In many States, exporters are not aware of their tax authorities as the division between central and state have not been notified. FIEO has suggested that refund to the exporters should be given on the basis of GSTR-1 and GSTR-3B and on a random basis the details of shipments may be verified. Alternatively, Government should provide overdraft facility to exporters equivalent to GST due and the cost of overdraft should be borne by the Government.

FIEO complimented the Government for its move to give a boost to Textile exports specifically of readymade garments and made-ups. The Government has notified change in rate under the Scheme of RoSL on exports of readymade garments, made-ups, following the implementation of the GST. The rates are effective retrospectively from 1.10.2017.

Friends, a FIEO delegation led by me along with Dr Ajay Sahai, DG & CEO, FIEO, Chairman EDU/SEZ, Chairman Cotton Textile EPC, Chairman-elect AEPF, Past Presidents and leading exporters met the Hon’ble Commerce & Industry Minister Shri Suresh Prabhu and discussed issues related to GST and exports. Various issues related to refund of GST were put forward by the delegation for the consideration of the Government. Besides some of the issues highlighted by the exporters for claiming IGST/ITC included IGST refund for the month of July and August, 2017 onwards; refund of ITC for the month of July, 2017; details of the refund to be put on website and difficulties in procurement of goods by merchant exporters. The Commerce and Industry Minister during the meeting gave a patient hearing to the problems faced by the exporters and assured all possible help and support in solving the issues of GST by soon taking them up with the Finance Ministry.

Our DG & CEO was included as a member in the 5 members Advisory Group on GST Law. The Group has recommended major changes in GST law and Rules to Ministry of Finance.

Friends, with the key objective to enhance India’s trade and economic cooperation with Latin American and Caribbean countries, a multi-product business delegation of Indian companies visited Cuba and Panama. The delegation was led by Hon’ble Commerce and Industry Minister Shri Suresh Prabhu and the visit was coordinated by FIEO. Other Government officials who accompanied the business delegation were Mr Shyamal Misra, Joint Secretary (LAC) and Mr Dammu Ravi, Joint Secretary, Ministry of Commerce and Industry, Government of India. FIEO was represented by me, Director General & CEO and officers of the Federation. The business delegation comprised multiple sectors like Pharmaceuticals, Textiles, Auto-Parts, Bio-products and Food etc. Senior officials from other Export promotion Councils like Pharmacexcil and AEPF were also part of the business delegation. The Indian Embassies at
Cuba and Panama extended their full support and helped in organizing B2B meetings and other important sectoral meetings of the delegates. The Federation also signed MoUs with Chambers of Commerce and Industry from both Latin American and Caribbean countries to further promote trade, commerce and investments.

Friends, the Federation signed an MoU with Centre of Promotion of Exports in the presence of Ms Sushma Swaraj, Hon’ble Minister of External Affairs and Minister of Foreign Affairs of Tunisia during India-Tunisia Joint Commission Meeting held at New Delhi to promote commerce, trade and business between both the countries.

FIEO complimented the Hon’ble Commerce and Industry Minister for the release of the mid-term review of the Foreign Trade Policy and gave 2% increase in the MEIS rates for labour intensive sectors such as leather, carpets, hand tools, marine, medical & scientific products and services. This would provide much needed respite to these sectors which are facing huge competitiveness from other countries. FIEO further requested the Ministry to extend this benefit to other sectors also as they are also facing the numerous challenges in exports.

Friends, FIEO organised the third and fourth set of FIEO’s Eastern Region Export Excellence Awards which was conferred to 42 exporting companies by Dr Amit Mitra, Hon’ble Minister Finance, Industry, Commerce, Textiles and MSME, Government of West Bengal. On this occasion Dr Mitra gave some vital statistics regarding the top exporting sectors of West Bengal.

FIEO has drafted the Export Policy of Orissa and Export strategy for Meghalaya and Chandigarh as its commitment to bring States in the mainstream of exports.

Friends, I attended the meeting of Council for Trade Promotion chaired by the Hon’ble CIM yesterday. The meeting was attended by numerous commerce and industries minister of States. I raised various State related matters including expeditious refund of GST by proactive action by states, an enabling and supportive environment for setting of factories and business including time bound disposal and nodal agency to deal with such matters. I also flagged last mile connectivity issues, freight subsidy for land locked States and testing and certification facility at important export centres.

I am very happy that FIEO has brought new edition to its much awaited book on Banking requirements of exporters. DG & CEO added two new chapters: one relating to EPDMs and other on GST with very lucid frequently asked questions. We received huge support from bank as sponsors for the book. I am sure it will be used as a single reference point by all exporters.

Friends, FIEO complimented and thanked the Government and specially the Central Board of Indirect Taxes and Customs (CBIC) for observing GST “Redundant Fortnight” across the country from March 15 to 31, 2018 to deal exclusively with the pending IGST refund claims on the Federation’s continuous pursuit of this hard hitting issue impacting exports. FIEO also complimented the government for rolling out E-way bill from April 1, 2018. All these will pave the way in tackling the most important issue of working capital requirement of exporters and will help in changing the decelerating trend of growth in exports. There are lot of issues on ITC refund front which still needs to be tackled. Such issues were taken up with the Finance Secretary & Revenue Secretary on 18th April during the meeting of the Steering Committee.

Friends, FIEO welcomed the government’s decision (especially DGFT), on a long pending demand of exporters to process majority of claims on HS code basis which will be a great relief to exporters. FIEO complimented the
Hon’ble Commerce & Industry Minister for giving this relief to exporters during this difficult time, when large amount of exporters’ money is blocked on account of IGST and ITC refunds.

Friends, for early release of IGST/ITC Refunds, FIEO organised series of seminars/town hall meetings to facilitate exporting community during February-March, 2018 in exports centric places of the country. The main objective of the seminars were to enable the exporters to understand compliance issues and avoid errors so that it can enable a faster flow of refunds and to help the initiative taken by the Ministry of Finance for speedy clearance of IGST and ITC refund of exporters through Refund Fortnight initiative from March 18th-31st, 2018.

Friends, with the vigorous persuasion of FIEO with the RBI through Ministry of Commerce, the RBI extended the last date for putting exporters in the caution list due to non-realisation of realization of export shipment in the EDPMS portal till 31st March, 2018. FIEO thanked the Commerce Ministry for intervening in the matter and also provide the facility to FIEO to access the information in EDPMS on 2nd March, 2018 so as to inform the members about the pending shipments in the EDPMS. Looking towards the huge pendency, FIEO further requested the Ministry to extend the date upto 30th September, 2018 and assured the Ministry to request the exporters to approach bankers for updation of the data in the EDPMS simultaneously Ministry request the RBI and IBA to impress upon banks to treat the updation in the EDPMS a priority for their support to the export sector. We are happy that the Government extended the date till 30th September, 2018 and also advised the banks to take it on priority.

Friends, it has been an honor to lead this prestigious Federation and I am confident that the people who serve here are the best to safeguard the interest of the stakeholders. Our Federation is confident that our Hon’ble Minister of Commerce & Industry and Civil Aviation Shri Suresh Prabhu will provide us with all necessary support by taking up the cause of exporters with the Hon’ble Finance Minister Shri Arun Jaitley and the Hon’ble Prime Minister Shri Narendra Modi so that we can enhance our export growth and meet the export target set by the Government.

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