MINUTES OF THE MEETING HELD BY HON'BLE MINISTER FOR COMMERCE & INDUSTRY, SHRI PIYUSH GOYAL, WITH THE EXPORT PROMOTION COUNCILS ON 22ND MARCH 2021.

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A meeting was held on 22nd March 2021, under the Chairmanship of Hon'ble Commerce & Industry Minister, Shri Piyush Goyal through Video Conferencing with the Export Promotion Councils. One of the agenda items was "Others' Category in the ITC (HS) Classification.

At the outset, DGFT welcomed all the participants to the meeting. Thereafter, a presentation was given by Shri Darpan Jain, Joint Secretary, on the various aspects of 'Others' Category in the ITC (HS) Classification.

The Hon'ble CIM requested all the representatives of various Export Promotion Councils to give their suggestions in brief on "Others". As regards remaining issues which they wanted to highlight details will also be discussed or could be sent in writing so that focussed discussion on the topic of "others" could take place.

The following are the suggestions/issues raised by the various Export Promotion Councils:

Sl.No	**Name of Export Promotion Council and Suggestions made**
1.	**Service Export Promotion Council** The "others" topic does not relate to Services sector. SEPC is awaiting SEIS announcement and a proposal for alternative to SEIS scheme has been sent. **(Action: PC-3, DGFT)**
2.	**Sports Goods Export Promotion Council** 1. Some of the toys, such as toys made of plastic, non-metal and wood are in 'others' category for which separate HS code may be created. **(Action:PC-2, DGFT)** **2.** To release MEIS benefits and early announcement of RoDTEP rates. **(Action:PC-3, DGFT)**
3.	**Cashew Export Promotion Council** 1. The import of dutiable cashew kernels under the guise of "others" category is of great concern to the cashew industry. Even though the cashew industry is protected with MIP and duties on import of cashew kernels ,there has been a surge in the import of cashew kernels both finished and semi finished, conveniently classifying them under "others" category. Certain items of semi finished cashew kernels which otherwise come under the restricted category are also imported under "others" category. Therefore request is for separate HS Code for different items of Cashew. **(Action: PC-2, DGFT)** 2. There is a need to allot separate HS codes for wholes and broken value added

	cashew which now classified under unique HS code 20081910. In the absence of separate HS code, broken kernels are imported into India at cheap price, less than the cost of production in India (as broken kernels are not marketable elsewhere) in-lieu of which whole cashew kernels sourced from the domestic market are exported to fulfill the export obligation. **(Action: PC-2, DGFT)** 3. Many cashew exporters were asked to repay the IGST refund availed on the export of cashew kernels under payment of IGST where the import of raw material was under Advance Authorisation. It is the tax exporters paid at the time of export and not the duty exemptions availed at the time of imports. On the contrary, when IGST is paid at the time of import and later finished product exported under LUT, the IGST paid is refunded. There is a big anomaly that when IGST is paid up front , the same is eligible for refund and that when the same is paid at the rear end it is not eligible for refund . To withdraw the rule 96 (10) of IGST, lest it will have serious adverse effect on the export volumes of cashew from the country. **(Action: DoR)** 4. Earlier, in Dec 2020, unwarranted intervention of some officials in the internal management of the Council and the move questioning the integrity of the Council. **(Action:EP Agri, DoC)** 5. Grant-in-aid is pending and causing functionality issue of the Council. **(Action: EMDA Division, DoC)**
4.	**SHEFEXCIL** 1. There are number of HS codes under SHEFEXIL's purview which covers description as 'Others'. 2. Significant numbers of products are exported under 'Others' under HS Codes 13021919, 121190, 13019099 and 14049090. Details of such products have been shared with DGFT. **(Action: PC-2, DGFT)** 3. Many products are exported under the generic description of the product as there is no specific code available for such products. For example; in case of Guar Gum derivatives there is no specific ITC (HS) code and currently such derivatives are exported under HS Code 13023230 which covers description as Guar Gum Powder as per ITC HS classification. Since these derivatives are high value added products than Guar Gum powder, there should be separate HS code created for such high value added products of Guar Gum which will be beneficial to the industry. **(Action: DoR)** 4. SHEFEXIL covers non-timber minor forest products which are largely belongs to an unorganized sectors. In order to monitor the trade of such products SHEFEXIL should be given authority for registration of the exports. This will help create accurate data base of such products which will help create product specific strategies/policies and lead to increase in exports. **(Action: PC-2, DGFT)**
5.	**Project Export Promotion Council** 1. There is a separate chapter for Project Exports since its attributes are different from

	other exports. Introduction of project exports identifier in shipping bill to enable collation of data on project exports which is prerequisite for formulation of conducive policy frame work. **(Action: DoR)**
6.	**Powerloom Development Export Promotion Council** 1. Since powerloom sector employs more than 6 million workers, it needs to be encouraged for increasing exports and under the MAI grant should be 90%. **(Action: EMDA Division, DoC)** 2.There is a need for simplification of textile trade with Nepal : • All the export procedures should be completed at the place of Shipment/Exporter, example from Ahmedabad, Surat, Mumbai, Pali, Balotra, Burhanpur, etc. • Bill of Export (Shipping Bill) be generated by the Customs at the dispatch point and not at the Lands Custom borders. • All Nepal shipping bills, should be marked as a NFEI (No Foreign Exchange Involved) • Requirement of BRC to be waived off. Nepal shipping bills should not be linked to the Banks EDPMS, as the trade is in Indian Rupees and not in convertible currency. **(Action: EP Textiles, DoC, DoR)** 3. To include entire textile value chain under RoDTEP Scheme, with 8% to 10% rate. **(Action: PC-3, DGFT)**
7.	**Carpet Export Promotion Council**: 1) RCMC may be made mandatory for exporters of Handmade Carpets and other floor coverings as was the case till 2002 so that the Council can take punitive measures such as de-registration of defaulting Member-Exporters on account of use of illegal/ forced/ indentured child labour. **(Action : PC-2, DGFT)** 2) Enhancement of Import Duty on Carpets under Chapter 57 – Presently the Import Duty is 20 % which is not having proper effect for restricting import of the machine made carpets, which is hampering domestic production and exports. **(Action : DoR)** 3) Chapter 57 items encompasses both handmade carpets and machine made carpets and other floor coverings. The descriptions even at 8 digit levels are without any differentiation. This creates confusion over price determination and validation issues between the handmade carpets and machine made carpets at ports of exports and customs. This also results in ambiguity in availing the benefits under exports benefit schemes like Drawback, MEIS etc. Separate HS code/codes for machine made carpets & other floor coverings with export focus of handmade carpet industry be created. **(Action : PC-2, DGFT, DoR)**

8.	**Telecom Equipment Export Promotion Council:** 1). The outstanding payment from CPSEs, is to the tune of Rs. 3,621 crores. Since many of these companies, for whom payment is pending are currently in MSME category and the pending amount is substantial for such size of enterprises and for such a prolonged period of time it is causing them dire distress. **(Action : DoT, EP, DoC)** 2. As regards issues related to Line of Credit (LoC)/ Grant in Aid Projects of MEA, an inter-ministerial meeting chaired by Additional Secretary, DPIIT, on Line of Credit (LoC) projects, was held on December 24, 2020 wherein, inter-alia, it was decided that MEA/DEA should consider for carrying out modification in the LoC projects to the extent that for those items, where there is sufficient local capacity and competition in the country as notified by the nodal Ministries, should mandatorily be sourced from Class-I local suppliers of India. Such step will certainly boost the export of telecom equipment. However, till now neither any revised guideline on LoC projects nor any update on the matter has been received from DEA/ MEA. **(Action : DPIIT,DEA/,MEA)** 3. Some of the projects funded by Government of India, the PPP-MII orders are not complied with; one of the recent examples is the Kochi-Lakshadweep Island (KLI) Submarine Cable Project which is funded by the Universal Service Obligation Fund (USOF) wherein the eligibility conditions are restrictive and this makes the domestic telecom companies ineligible. **(Action : DoT)** In case sufficient competition and capacity, of Local suppliers doesn’t exists, education orders may be placed on local supplier, to the extent of 20% of the total value of the tender. Placement of such educational orders will develop the local vendors and will help in curtailing the imports. **(Action : DOT)** 4. Telecom is a very fast developing technology sector; therefore, there are large number of telecom products which have no ITC(HS) code allocated. As a result, such items are imported under the category ‘Others’. Further, misdeclaration of description of the product and putting them in ‘others’ category is a cause of concern as in most of the cases ‘Others’ category is used for circumventing the BCD. As per data of import of telecom equipment, the import under category ‘others’ has been increasing year by year and was around 88% during 2019-20. Thus, there is an urgent need to reclassify the telecom & IT equipment and allot ITC(HS). It will not only eliminate the possibility circumvention of the BCD but will also strengthen the domestic telecom equipment manufacturing. **(Action : PC-2, DGFT, DoT, DoR)**
9.	**Plastic Export Promotion Council** 1. Out of import of 16 Billion dollars , 2 billion dollars is under ‘Others’ category. Customs should provide data as to what items are being imported so that the import items can be studied and can be suggested. **(Action : DoR/EP,**

	CAP) 2. In the plastics category few finished goods are attracting import duty at 15% whereas all other products attract 10% import duty. Plexconcil has flagged issues regarding some of these plastic goods which are very similar visually and due to different import duty rates on different HSN's, importers are mis-declaring and importing under lower duty rates. **(Action : DoR)** 3. Raw material price is rising, the polymer price is increasing more than 70% which is also effecting the business. **(Action : EP CAP, DoC)** 4. Exports to Nepal by Indian exporters are uncompetitive as they cannot get export incentives under INR exports whereas import duty is charged in Nepal is same if goods are imported from India or any other foreign country. **(Action : DGFT)** 5. Country's exports can grow only if quality goods are produced for domestic & export markets. Quality standards should be adopted for finished goods to begin with and later on raw materials should be included. Even though India has a shortage of polymer production by almost 50%, DCPC is making BIS standards mandatory for raw materials. Such a move will severely affect the plastic processing industry as it will create a Non-Tariff Barrier in availability of polymers. A "Knowledge report" was prepared by FICCI & PWC. The report mentions polymers on which BIS is being made mandatory**. (Action : DCPC, BIS)** 6. Hardships are being faced by member exporter. They are receiving demand notice from Customs and DRI for payment of IGST due to pre import condition in Advance Authorization. Matter may be taken up by the Dept of Commerce with the Dept of Revenue for a suitable resolution in the matter. **(Action : DoR , DGFT)**
10.	**Synthetic & Rayon Textiles Export Promotion** 1)Under manmade fibres textiles, there no substantial imports under 'Other' category. Under exports, there is 15% under 'Others' category. 2) 2020-21 has been a very challenging because of outbreak of the COVID-19 pandemic globally. Textile activities as well as exports have been severely impacted during 2020-21 due to the COVID-19 pandemic. In the view of the above, some of the recommendations related to Manmade fibre textile segment are: a) Include Extension of EPCG Scheme in the new FTP. **(Action: PC-5, FTP Div., DGFT)** b) During last couple of months, the freight charges have gone up substantially. Increasing freight charges is a serious concern for the exporters as they are already impacted because of COVID-19 pandemic. This is also giving an additional financial burden on the exporters. **(Action:Ministry of Shipping)** c). Include entire MMF textile value chain under the RoDTEP Scheme. **(Action : PC-3, DGFT)**

	d). Rectify the Inverted Duty Structure existing in the MMF textile Segment. Under the GST regime, there exists inverted duty structure in the MMF textile segment because of which ITC accumulation is huge which are neither refunded nor useable. This Inverted Duty Structure blocks huge amount of working capital and adversely impact on financial position of the exporters. It is urgent to rectify this Inverted Duty Structure in the MMF textiles segment. **(Action: Ministry of Textiles, DoR)** e). Textile Job works need to be considered as Manufacturing in the GST regime. In the textile sector, value addition works such weaving, knitting, processing, embroidery, etc. are done mostly through job work which accounts for a significant part of the total manufacturing costs. Before the GST was implemented job work was considered as manufacturing. In the GST regime the job work has been considered as Input Services and are not considered as manufacturing and accordingly GST paid on these job work /services are not allowed for ITC/ refund. This has resulted in to huge ITC accumulation and blockage of substantial working capital that in turn adversely impacting on exports. Therefore, it is suggested to consider job work/ services as manufacturing and allow for ITC/ refund of the duties paid on these activities under the GST regime. **(Action: Ministry of Textiles, DoR)** f). The specific nomenclature of the products currently being traded from India are limited and are covered under eight HS codes. Due to the limited nomenclature, many of the products have been traded under the "other category".Expert teams/ committee may be appointed to look into formulation of more specific ITC HS Codes at Ten digit level. This will be helpful in tracking more accurate trade data, fixation of duties, customs documentation, ease of doing business, etc. **(Action: Ministry of Textiles, DoR)**
11.	**Indian Silk Export Promotion Council** 1. Silk imports is negligible under 'others' category and exports are very small under 'others' category. 2. Roll back the enhanced import duties of 15% on raw silk and silk yarn imports. Limited category of silk is imported and which is on a declining trend. Imports are entirely being used for exports after value addition. Imported raw silk and silk yarn is a totally different market segment and has no bearing on domestic raw silk market as the same is not being produced in India. This will only end up taxing inputs to exports. (**Action: DoR, EP: Textiles, DoC)**
12.	**CAPEXCIL** More than 40% of exports is under 'others' category as compared to the overall exports in Paper and paper board, plywood, ceramic, cement, stone sectors. Thus, there is a need to create new HS codes **(Action:PC-2 DGFT, EP CAP)**
13.	**TEXPROCIL** 1) To withdraw Customs duty on Cotton imposed in the Union Budget for 2021-22. **(Action: CBIC)** (2) To increase the Duty Drawback rates for Cotton textiles products covered under Chapters 52, 60 and 63 on an ad hoc basis pending the fixation of the final rates in view of the Customs duty imposed on Cotton.**(Action: CBIC)** (3) To include the entire value chain of textiles such as Yarn, Fabrics, Made ups/ Gar

	ments in the list of products that will be made eligible for "Exports under Refund of IGST" in view of the thrust given in the Union Budget 2021-22 for this sector.**(Action: CBIC)** (4) To engage in a dialogue with the shipping lines so that they take suitable steps to make available adequate number of containers to the exporters and also to ensure that there are no steep and abrupt increase in the freight rates.**(Action: Ministry of Shipping)** (5) To notify the RODTEP rates at the earliest for Cotton textiles products such as Yarn, Fabrics and Made ups/Garments. **(Action: PC-3)** (6) To notify the same RoSCTL rates for Made ups under the RODTEP scheme since the duties / taxes / levies are similar under both the schemes. **(Action: PC-3)** (7) Suggestions on the Foreign Trade Policy 1. To dispense with the requirement of maintaining the average export performance (AEP) under the EPCG Scheme.**(Action: PC-5)** 2. To reduce the Value Addition norms under the Advance Authorization Scheme from 15% to 5% as the current Value Addition of 15% discourages exporters to operate under the Scheme. **(Action: PC-4)** 3. To cover exports of Cotton Yarn under the 3% Interest Equalization Scheme. **(Action: PC-4)** 4. To condone errors committed by exporters while filing EDI shipping bills under MEIS and the RoSCTL schemes and grant them the benefits of the schemes.**(Action: PC-3)** 5. To grant MEIS to exporters who have not claimed the benefit of RoSCTL. **(Action: PC-3)**
14.	**Handloom Export Promotion Council** 1. Out of current 32 HS codes allotted to HEPC, as per the following details exports of "others" category is US$ 85.70 mn in 2019-20 & US$ 93.11mn in 2018-19 which is only around 10% of total export of Handloom 2. Out of 791 unclaimed HS codes shared by the Ministry to EPCs' this council has listed 7 HS codes which has got US$ 399.6 mn turnover during past year. These items are more related to HEPC existing related HS code. Hence, it is requested to allot the identified HS codes to HEPC. **(Action-PC-2)**
15.	**CHEMEXCIL** 1. Classification of HS Code for items under 'Others' Category, a list is already submitted. It is requested to rework on this list. **(Action-PC-2)** 2. The chemical Ethanol may be given importance/attention. Earlier the customs duty on Ethanol was 2.5% which has increased to 5%. It is requested that the Customs duty may be restored to 2.5%. **(Action- CBIC)**

	3. MEIS may be disbursed which is pending for last one year **(Action-PC-3)** 4. RodTEP rates need to be announced at the earliest. **(Action-PC-3)** 5. Castor Oil derivatives are exported to China and China re-exports to other countries which should be stopped. **(Action: EP CAP, DoC)**
16.	**Export Promotion Council for Handicrafts** 1. Refund of IGST and disbursal of MEIS: The raw material prices have increased by 30% and the sector is already grappling with the problem of liquidity with blocking of MEIS benefits from 2019 onwards. The blocking of working capital of the exporters on account of IGST refund is also a big dampener in the revival of the sector.The exporters are suffering on account of blocked GST refund and also the non-disbursal of MEIS benefit for the year 2019-20 and 2020-21. **(Action: DoR, DGFT)** 2. Restoration of provision of Duty free Import of essential embellishment, trimmings, tools and consumables for handicrafts sector, **(Action: DoR)**
17..	**Apparel Export Promotion Council** (i) Products which do not have any specified codes in the Customs Tariff fall into “Others” category, such as 1. Ladies Tunic 2. Kaftan 3. Jumpsuit (ii). Currently, the above products can fall in either of these HS codes as these are the only “Others “ category at 4 Digit 6114 - OTHER GARMENTS, KNITTED OR CROCHETED 6211 - TRCK SUITS,SKI SUITS AND SWMWEAR,OTHR GRMNTS It is suggested that for the products ladies tunic, Kaftan, Jumpsuit, new HS codes may be created. These are important export categories and new HS codes may benefit these categories through better policy support. **(Action-PC-2, Ministry of Textiles, DoR)**
18.	**Electronic & Computer Software Export Promotion Council** 1) Production Linked Incentive Scheme should be extended to the entire electronics manufacturing sector. The minimum threshold incremental investment has been kept at Rs 100 Crore which is too high and this will result in the entire benefit going to large companies. It is suggested that the minimum threshold for investment should be brought down so that MSMEs and the existing manufacturers can take the advantage of the scheme. **(Action: MeITY)** 2) It is proposed that Phased Manufacturing Program (PMP) be extended to other electronics goods as well which are depended on import of raw material / components. **(Action: MeITY)** 3) Made in India 100% scheme for electronics. Today, even the simplest of electronics components manufactured in India have imported raw material. To fulfil the dream of Atmanirbhar Bharat especially in the electronics sector, it is very important to ince

	ntivize the products manufactured using 100% Indian raw materials. It is proposed to provide Income Tax Exemption / Corporate Tax Exemption for initial years to the unit s which qualify under the scheme. **(Action: DoR, CBDT)**
19.	**Council for Leather Exports** 1. Request for early notification of RODTEP rates **(Action-PC-3)** 2. The facility for online filing of MEIS applications for the period 2019-20 and for April 2020 to Dec. 2020 be restored so as to enable cash flow to the exporters and to revive our exports. **(Action-PC-3)** 3. Import duty exemptions on import of wet blue, crust and finished leathers which were removed in Union Budget 2021-22 may be re-instated. This is because the imported leathers are from species of animals not available in India and are imported as per specific requirements of brands. These leathers are imported from 105 countries and by more than 1100 manufacturers and exporters. **(Action: DoR)** 4. Levy of 10% import duty on these leathers will affect the price competitiveness of the industry leading to loss of exports. Hence, the duty exemption may be continued. **(Action-DOR)** 5. The duty free import scheme is currently implemented as per provisions of serial nos. 311 and 312 of Customs Notification No. 50/2017 dated 30.6.2017 and provides Basic Customs Duty exemption for import of notified critical inputs to the tune of 3% of FOB value of exports in previous year for leather garment exporters and 5% of FOB value of exports in previous years for manufacturer exporters of footwear and other leather products. This scheme has been removed w.e.f. 1.4.21 in Union Budget 2021-22 vide Serial No. 34 of Customs Notification No. 2/2021 dated 1.2.2021 and this will immensely affect the export of value added products like shoes, hand bags, wallets, leather garments, gloves etc., and threatens shift of orders to our competing countries. Hence, this scheme may be continued. **(Action-DOR)**
20.	**EEPC INDIA** 1. RODTEP Rates should be announced. **(Action: DGFT,DOR)** 2. One Time Settlement scheme for Advance Authorisation and EPCG. **(Action: DGFT,DOR)** 3. Special Incentives for Incremental exports by MSME under PLI (Production Linked Incentive scheme). **(Action: DPIIT)** 4. Continuation of Interest Subvention scheme for MSME. RBI should notify this immediately. **(Action: DGFT)** 5. No classification of Risky Exporters, without the issue of show cause notice and adjudication. No exporter be put into the risky exporters category without first show causing him and seeking an explanation and adjudication. If found guilty, only then he be put under risky exporters category. **(Action: DOR)** 6. Release of Pending MEIS Duty Credit Script for 2019-20 and April to December 2020. The MEIS benefit may be paid in phased manner, if revenue is a problem. **(Action: DGFT,DOR)**

	7. All major steel producers who supply steel at the Export Parity Price should be given all the benefits under the Export Parity Price scheme as they get for physical exports. DGFT should provide Export Parity Price based on DGC&IS FOB data for all the four products (HRC/CRC/Wire Rods/Bars) at present. In addition, all major steel producers should be included in the Export Parity Price scheme as currently only 6 (six) primary steel producers are under the scheme. It is also suggested that apart from the four above mentioned products other steel products like billets which are used by the MSME sector should be covered under the Export Parity Scheme. **(Action: Ministry of Steel, EP (M&O), DoC, DGFT)**
21.	**PHARMEXCIL** 1) Like Merchandise Exports from India Scheme ('MEIS') benefit be made available to exporters availing AA License, EOU, SEZ etc. Therefore, given that the RoDTEP scheme replaces the MEIS scheme, the status quo should be maintained even under the RoDTEP scheme. **(Action-PC-3)** 2) Pharmaceutical Industry is suffering due to the inverted rate of tax. Wherein there is mismatch of GST on APIs (18 percent) and finished formulations (12 percent) though there is a provision to get refund of GST under Rule 89 (5) of CGST Rules, 2017, to get refund of refund on account of inverted duty structure, under which refund of input tax credit shall be granted as per the formula. The procedure is cumbersome and the MSME are finding it difficult to follow the same. The situation is further aggravated by Rule which doesn't allow a refund on GST /to ITC on services received. This leads to a huge accumulation of ITC without any recourse for a refund. It is requested that a simple mechanism may be prescribed so that MSME do not suffer due to blockage of Input Tax Credit on account of inverted rate of duty. **(Action-DOR)** 3) The Finance Act 2016 had reduced the weighted deduction of R&D expenses under section 35(2AB) in respect of DSIR approved in-house R&D facilities to 150% from April 2016 and 100% from April 2020. The phasing out of weighted deduction for R & D incentives will not only discourage the various initiatives like "Make in India", Digital India", "e Governance", "Clean Energy" etc. which are being aggressively pursued by the Government but also will dampen the spirit of innovation which is essential for the robust growth of the Indian industry. Also, present regime of in-house R&D expenditure being regulated by DSIR which approves R&D expenditure as per its own subjective standards beyond statutory guidelines prescribed in Rule 6(7A), makes unilateral changes to its guidelines without any prior consultation with industry and applies the changes on retrospective basis to past years' claims is highly unsatisfactory and adversely impacts 'ease of doing business' for industry. To introduce new R. & D. incentive schemes which are administratively easy to implement and allow 200% weighted basic deduction. **(Action: DSIR, CBDT)** 4) Due to non availability of containers exporters are facing difficulties, which is affecting smooth flow of exports. **(Action- Ministry of Shipping)** 5) Electronic data interchange (EDI) at all ports and Customs offices and exporters are free to export from any port of India. However, exporters are mandated to register wit

	h the every port Customs whenever they use a new port, which delays the process further by three to four days. Therefore, it is urged to have a centralised depository system where, once KYC approved at one port for an exporter, it should be accessible to any port official and customs official from the said database. **(Action-CBIC)**
22.	**GJEPC** **1.** Duty free gold for exporters is canalised and precious metals can be obtained from authorised Nominated Agencies. However, the following are some of the issues being faced: i. Recently some Nominated Agencies has stopped supply of duty free gold due to receipt of notice for penalty/import duty etc. on some frauds done by malafide exporter (not a member of the Council) ii. Delay in release of bonds by Customs to nominated agencies. iii. NOC to be obtained by exporters from the existing nominated bank for getting duty free gold from another bank iv. Non-availability of duty free gold in smaller denomination below 1 kg on outright basis from nominated agencies. **(Action: EP (G&J), DoC, PC-4, CBIC)** 2. For promoting rough diamond trade in India and ease of access to raw material (rough diamonds) for Indian MSMEs, Special Notified Zone (SNZ) has been set up in Mumbai and Surat. Viewing, display and sale of rough diamonds has been permitted in SNZ. Because of the tax uncertainty on sale of rough diamond at SNZ rough diamonds viewed by Indian diamond manufacturers went back to Dubai/ Hongkong and re-shipped from there as exports. In view of above, it is proposed : a) Introducing presumptive turnover linked tax rate (0.125%) on sale of rough diamonds at SNZ. In any case, the presumptive rate should not exceed 0.16% rate applicable in other jurisdiction having sales office of FMCs b) Providing that Minimum Alternate Tax (MAT) will not be applicable to such FMCs or its trading arms when tax is paid under presumptive basis. **(Action: EP (G&J), DoC, PC-4, CBIC)** 3. Govt. has given a clarification on the Equalisation Levy. However, there is no such clarification in the Finance Bill, 2021 that Equalisation Levy is not applicable on B2B transaction or specifically on procurement of rough diamonds from outside India through online means or digital platform.An amendment may be made to the provisions to exclude rough diamonds from the scope of the levy. After clause (iii) under sub section (2) of section 165A to the Finance Act, 2016 (as amended by the Finance Act, 2020), a new clause "(iv)" should be inserted as under, *"(iv) on online sale or auction of rough diamonds by the e-commerce operator".* **(Action-CBIC)** 4. There are three types of properties in SEEPZ SEZ:-

	a. Land for which premium has been paid and buildings constructed b. Galas constructed by MIDC/SEEPZ and purchased at then market prices c. Premises rented from SEEPZ/MIDC. When plots and galas were purchased until 2013, there was no condition of surrendering the properties back to Seepz, hence, getting a bank loan after pledging the premises was possible as in case of all MIDC estates. Now, with the condition that even the purchased premises has to be surrendered back to Seepz for auction creates an impediment in mortgage and getting loans. Rule 74 A permits transfer with taking over of assets and liabilities. Request to adopt a simple buy/sell of SEZ property with a transfer fee option and the other forex obligation could be like the EPCG scheme. **(Action: SEZ Division, DoC, DOR)** 5. Bringing goods from DTA and removal of manufactured goods to DTA is permitted in the SEZ Rules. For removal, duty as applicable u/s 30 of Customs Act is payable as per Rule 47(1) of SEZ Rules. So there is no requirement of specific provision in SEZ Rules. However, to have more clarity, the necessary provision for doing jobwork for DTA may be incorporated in a new rule after Rule 43 as Rule 43A. **(Action- SEZ Division, DOC)** 6. There is no distinction between Dore gold/silver (gold/silver ore for processing into gold/silver bars by refineries) and gold bars as per the current ITHS system due to which there is huge anomaly in import data of gold and classification as others. **(Action: PC-2)**
23.	**Export Promotion Council for EOUs & SEZs** 1. Main request is that Government should cover SEZs and EOUs under the new RoDTEP scheme. SEZ and EOUs also pay the taxes and duties covered under the RoDTEP scheme. **(Action: PC-3, DGFT, DoR)** 2. EPCES has conducted two studies one by PwC and other by EY in respect of contribution of non IT SEZ units and for extension of ICEGATE to SEZs. Draft reports have already been shared with all stakeholders and final report will be submitted soon after incorporating the comments received. **(Action: SEZ Division, DoC)** 3. It is requested that DPIIT should study and conduct ranking of top 50 SEZs as per WB system so that it is comparable. They should also identify regulatory processes and procedures and identify infrastructure bottlenecks so that Government can focus on improving them. **(Action: DPIIT)** **4.** Equalization duty/duty free for SEZ to DTA supplies to promote Atmanirbhar Bharat as SEZs and EOUs are also in India and do provide employment and they should be preferred over imports. **(Action- SEZ Division, DOC/ PC-6)** **5.** Rupee payment for services provided by SEZ units to DTA units. **(Action- SEZ Division, DOC)** 6. FTWZ to be allowed as multi sector SEZs. **(Action- SEZ Division, DOC)**

	7. On the pattern of SEZ units, EOUs must also be exempted from payment of GST instead of refund as EOUs are primarily meant for exports, and in any case, there will be a refund of GST. This will prevent blockage of the working capital of such units. **(Action- PC-6)** **8.** Legal lacuna of double payment of customs duties in IGST as well as SEZ acts to be corrected. **(Action- SEZ Division, DOC)**
24.	**FIEO** 1. Classification problem of "Others" is more acute in exports than in imports. Roughly 23% of imports were classified as others while in exports, it was as high as 32%. For better focus and targeting, we should move towards 10 digits Code. Moreover, we should also more frequently use Chapter 98 and 99 which are for "national use". **(Action : CBIC)** 2. The extension of Interest Equalization Scheme may be announced immediately. **(Action: PC-4)** 3. The IGST exemption for imports under Advance Authorization and EPCG should be extended , preferably on a permanent basis. **(Action: PC-4/5)** **4.** The Budget has rolled out R&D imports facility to exporters, based on previous year exports, where the entitlement is to be verified by Jt DGFT. DGFT should notify the procedure for operational of the facility. **(Action: DGFT)** **5.** The IGST Refund for exports should continue.If a list has to be drawn, we should draw a negative list rather than a positive list, else e-wallet approved by the GST Council should be rolled out immediately**.(Action: CBIC)** **6.** The liquidity should be infused by releasing claims pending with exporters. Exporters may be given the option to be given tax free bonds at 6% with 3 years maturity. **(Action: DOR, PC-3)**