MINUTES OF THE MEETING HELD BY HON’BLE MINISTER FOR COMMERCE & INDUSTRY, SHRI PIYUSH GOYAL, WITH THE EXPORT PROMOTION COUNCILS ON 20th April 2021

A meeting was held on 20th April 2021, under the Chairmanship of Hon’ble Commerce & Industry Minister, Shri Piyush Goyal through Video Conferencing with the Export Promotion Councils.

At the outset, DGFT welcomed the Hon’ble Commerce & Industry Minister, Hon’ble Minister of State for Commerce, Commerce Secretary, the officers and the participating EPCs to the meeting. He informed that the meeting is being held to review the export performance during last Financial Year 2020-21 and the plans for the current year 2021-22. DGFT noted that in March 2021, exports were 34 billion USD which was highest figure of exports in a month in the history of the country.

Commerce Secretary in his opening remarks congratulated all the member councils for their excellent performance during the period of pandemic and extended full co-operation of the Ministry for continuing the same. He informed that overall for 2020-21, the exports are not too much behind than that of the previous year except in Gem & Jewellery and Petroleum Product sectors. As compared to earlier yaer, during 2020-21 the overall export decline is 24 Billion USD, which includes 15-16 Billion USD in Gem & Jewellery sector alone. He noted that from a 60% decline in exports in April 2020 as compared to April 2019, due to continuous efforts of Government and Industry there was just 7.2% decline for the year 2020-21. This shows resilience of our exports.

Thereafter, DGFT invited the exports councils to provide their inputs. The salient issues raised and information provided by the Councils is detailed as follows:
Handloom Export Promotion Council

- As compared to the previous year, the sectoral exports in the year 2020-21 have fallen by 41% in USD terms.

- The main hurdles in growth of HEPC exports last year were - exorbitant increase in the price of raw materials mainly yarn and packing materials and increase in sea freight by 300%.

- In absence of clarity in rate of RoDTEP, exporters are not booking new orders. Therefore, the RoDTEP rates need to be announced, at the earliest. (Action-DGFT)

- The IES (Interest Equalisation Scheme) should be extended for the full year. (Action-DGFT)

Shellac & Forest Products Export Promotion Council

- In 2020-21, there was an overall growth of 31% in their sector.

- There was a negative growth of 18.71% in Guar Gum Powder but in shellac which has now being used in sanitizers exports demand have gone up.

- Guargum exports needs to be promoted and Guar Gum Powder exports should be covered under TMA. (Action – DoC/DGFT)

Sports Goods Export Promotion Council:

- In 2020-21, there is a slight decline of exports of less than 1% in the sector.

- Need for early announcement of RoDTEP Rates and release of MEIS benefits for increasing liquidity of exporters. (Action – DoR/DGFT)

Indian Oil Seeds & Produces Export Promotion Council:

- There is a reduction in exports of 6% in 2020-21 as compared to previous year.

- Sesame Seeds exports to Europe were disrupted for two months due to pesticide issue.

- Groundnut oil exports of 380 Million USD are not considered as exports of oil seeds.

- Under TMA Scheme, many members could not timely submit application because of COVID-19 for the 1st and 2nd quarter of 2020-21. An
additional six months may be allowed for submission of applications of such exporters. (Action- DGFT)

**Synthetic & Rayon Textile Export Promotion Council**
- It was informed that Shri Dhirubhai Shah has taken over as the new Chairman of the Council.
- During 2020-21 there was a negative growth of 19%, as compared to the previous year due to shortage of raw material and increased prices of raw material and freight charges.
- There should be timely refund of IGST. (Action- DoR)
- There is a need for early announcement of RoDTEP rates. (Action- DGFT)
- The EPCG scheme should continue in the new FTP so as to support the manufacturing capability. (Action- DGFT)

**Project Export Promotion Council**
- There was a decline of 59% of export booking during 2020-21 i.e. only 4.2 billion USD as compared to 1.7 billion USD in earlier year due to COVID restrictions.
- The shortfall is largely due to restrictions on travel and movement of natural persons which is very essential for implementing projects has suffered in the year 2020-21 and countries spending more funds on social sectors rather than infrastructure works.

**Wool and Woolens Export Promotion Council**
- There has been decline in exports, however it has not been quantified.
- Two virtual events and one physical event were held last year and requested for enhanced Government support in conducting such events. (Action- EMDA Division, DoC)

**Basic Chemicals, Cosmetics and Dyes Export Promotion Council (CHEMEXCIL)**
- In dyes and dyes intermediates there is negative growth of 13.86%, in inorganic chemicals there is growth of 1.22%, in organic chemicals there is a decline of 7.5% as compared to the previous year.
- In inorganic and organic sector, non-availability of raw materials was the main problem.
• Agro Chemicals have grown by 3.8% and cosmetics exports have reduced by 3.5% as compared to the previous year.

• Overall last year exported 17.699 billion USD as compared to 18.17 billion USD in 2019-20

**Powerloom Development & Export Promotion Council**

• Powerloom industry is totally depends on labour and there are 6 million workers employed in this sector.

• Increase in prices of Yarn has affected the sector adversely besides lockdown due to Covid-19.

• There is a need for booster dose for the powerloom sector.

• The RoDTEP rates may be announced early and the drawback rates may be revised as they have remained unchanged for years. *(Action – DGFT/DoR)*

• Interest Equalisation scheme should be provided to the Powerloom sector. *(Action – DGFT)*

• MAI may be extended upto 90% due to the present situation. *(Action - EMDA Division, DoC)*

• On exports to Nepal, Bill of Export issue may be resolved and requirement of BRC should be waived off. *(Action – DGFT/DoR)*

**Plastic Export Promotion Council**

• There was only a marginal decline of 1.6% in exports as compared to the previous year.

• The main challenge is high polymer prices, shortage of containers and high freight cost.

• There is a mandatory BIS standards made applicable on few polymers and it is affecting polymer prices. BIS is applicable on inputs and not on finished products made out of it and on imported products which is affecting the domestic industry. *(Action – BIS)*

• RoDTEP scheme not applicable to Advance Authorisation holders is a big concern. *(Action – DoR/DGFT)*

• We can achieve quantum jump is exports if we are Atmanirbhar in polymers. It was requested to start PLI Scheme for the plastic sector. *(Action – DPIIT)*

**Chemical and Allied Products Export Promotion Council**
- Capexil products achieved 12% growth in exports in 2020-21.
- Bulk mineral exports, granite and plywood have achieved positive growth.
- Requested for a joint meeting with all stakeholders to address certain issues of the Council. In this regard, Hon’ble CIM directed DoC and DGFT to convene a joint meeting with different stakeholders. (Action – EP CAP, DoC/DGFT)

**Export Promotion Council for Handicrafts**
- There is a decline of 3.39% in USD terms in exports in 2020-21.
- A virtual fair is being organised in May 2021.
- Requested for restoration of benefit withdrawn in the budget wherein exporters were previously allowed to import duty free 5% of FOB value of components/samples etc as duty free. (Action- DoR)
- ECGC increased premium 40% for whoever submitted claims. Request for reduction of ECGC premiums. (Action – ECGC)

**Telecom Export Promotion Council**
-Exports in 2020-21 would likely match 2019-20 exports.
- Expressed gratitude to the Commerce Ministry for taking up the overdue payment issue. (Action – DoC)
- Oxygen is not available to Optical Fibre industry. Requested to add the same in list of industries eligible for receiving Oxygen as optical fibres is one of the major export item. (Action – DPIIT)
- In the line of credit tenders Indian companies may be specifically mentioned. (Action – DEA/MEA)
- All type of optical fiber cable be brought under the PLI Scheme. (Action- DPIIT)

**The Cotton Textile Export Promotion Council**
- There is shortfall of exports by 2.2% as compared to last year.
- RoDTEP Rates to be announced earlier. (Action- DGFT)
- In EPCG scheme, the maintenance of AEO should be removed. (Action- DGFT)
- For exports there should be early IGST refund issue. (Action- DoR)
• Removal of import duty on cotton may be withdrawn as duty imposed is on kind of cotton which is not grown in the country. **Action- DoR**

• Restoration of duty free import of Trimmings and embellishments which was removed in this budget. **(Action- DoR)**

**Indian Silk Export Promotion Council**

• There is a shortfall of 22-25% as compared to the previous year. Main reason for this is due to the pandemic situation, as buyers keep on postponing their orders.

• Prices of packaging, raw materials, logistics etc have gone up but export prices are not increasing, as buyers are not ready to pay more. This is impacting profit margins and exports.

• Duty increase on silk in last budget makes export product more expensive. The duty may be withdrawn. **(Action- DoR)**

**Apparel Export Promotion Council**

• Overall exports are down in this year by 20% as compared to earlier year.

• The sector may be declared as Essential Service so that they can be exempted from lockdowns declared by the state governments.

• The Self Declaration scheme may be allowed for Special Advance Authorisation Scheme for export of Articles of Apparel and Clothing accessories. **(Action – DGFT)**

**Leather Export Promotion Council**

• There has been a significant shortfall in exports as compared to earlier year.

• CLE had entered agreements with US associations for increasing exports.

• In Budget 2021, duty free benefit for leather industry to import components as a percentage of export earnings has been withdrawn. Same may be restored as this would affect export industry. **(Action– DoR)**

• Import duty imposed on finished leather, will affect exports. This may be reviewed. **(Action– DoR)**

• PLI scheme may started for the leather industry **(Action – DPIIT)**

**The Pharmaceutical Products Export Promotion Council**
Pharmaceutical exports achieved 18% in the year 2020-21, highest growth after a period of 8 years. In March 2021, the growth rate was 48% which is very encouraging.

Merchandise Exports from India Scheme (‘MEIS’) scheme did not impose any restriction on availing of benefit for 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 – DGFT/DoR)

RoDTEP benefit be extended to all the exporters uniformly, without any restrictions and be made effective from 01 January 2021. (Action – DGFT/DoR)

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. The procedure is cumbersome and the MSME are finding it difficult to follow the same. Due to which, the huge amount of working capital is stuck. (Action – DoR)

Rule doesn't allow refund on GST/ITC on services received. This leads to a huge accumulation of ITC without any recourse for a refund (Action – DoR)

The weighted deduction of R&D expenses under section 35(2AB) of IT ACT in respect of DSIR approved in-house R&D facilities is 100% from April 2020. To continue not only the current scheme of weighted deduction but also introduce new R&D incentive schemes which are administratively easy to implement and allow 200% weighted basic deduction (Action – CBDT/DoR)

Electronic and Computer Software Export Promotion Council
- There is a growth of exports by 2.25% as compared to last year.
- For RoDTEP, till final rates are announced interim rates may be announced so that exports would not be affected. (Action-DoR)
- Due to flight ban with Hongkong supply chain of electronic industry is affected.

Service Export Promotion Council:
- There is difficulty in collecting details of service exports as compared to the goods exports. The services exports declined by 7% as compared to
previous year, there is a decline in services imports of 12% during the same period.

- Tourism and Hospitality industry was hit hardest due to COVID. Early announcement of SEIS scheme for the year 2019-20 as their single and most important request. (Action – DGFT)

**Engineering Export Promotion Council**
- Engineering exports in 2020-21 fell only marginally by 2.4%
- Interest equalization Scheme be extended for whole year. (Action- DGFT)
- Request for a one time settlement for defaulters of Advance Authorisation and EPCG schemes. In such scheme penalty and interest should be waived on payment of duty default. (Action – DGFT/DoR)
- PLI scheme should include Engineering sector. (Action – DPIIT)
- Declare export related activity as essential service (Action – DoC)

**EPC for EOUs/SEZ**
- There is a decline of 21% in export of goods and growth of 8% in export of services.
- RoDTEP scheme should cover EOUs and SEZ units. (Action- DGFT)
- Work from Home facility need to be made a permanent feature by amending SEZ rules. (Action- DoC)
- Rupee payment should be allowed for procuring services from DTA, similar to that of procurement of goods from DTA (Action-SEZ Division, DoC)
- FTWZ should be allowed as multi sector SEZ (Action-SEZ Division, DoC)
- ICEGATE may be extended to SEZ units to make SEZs as EDI portsLegal lacuna ( Action: SEZ Division, DoC/DG Systems CBIC DoC)
- Legal lacunae in GST act and SEZ Act related to payment of customs duty may be corrected. (DoR/ SEZ Division, DoC DoC)

**Gem and Jewellery Export Promotion Council**
- Exports are down by 28% as compared to previous year.
• The main challenge is non-availability of raw materials and labourers due to lockdown and procuring finances.

• Surge of imports of gold imports in March was due to pent up demand.

• DGFT is requested to take up the matter with DG systems where payments have come and are not being reflected in the system. (Action – DG Systems, CBIC/DGFT)

• A number of issues of the Council have to be addressed by DoC and DGEP, CBIC jointly. In this regard, a joint meeting may be organised. (EP G&J, DoC/DGFT/DGEP, CBIC)

FIEO

• Our overall export shortfall is 7% as compared to previous year.

• If due to budgetary constraints immediately MEIS claims for 2020-21 cannot be disbursed then 6% tax free 3 year bonds may be be issued in lieu of pending MEIS claims (Action –DGFT)

• To overcome shortage of containers, there is a need to start manufacturing in the country. (Action –Ministry of Steel/ DPIIT)

• Indian flagship vessels should be promoted for container cargo. This will save 70 billion USD per annum. (Action –Ministry of Shipping/DoC)

• Not to charge penal rate of interest on packing credit on delayed payments due to COVID pandemic. (Action –RBI)

Seafood Exporters Association of India

• Last year there was drop in exports by 20% both in volume and value terms.

• Many export markets like EU, China are closed for India. US trade authorities are proposing retaliatory tariff under Section 301. This will impact the exports as 40% of shrimps goes to the USA. (Action- EP Agri, DoC)

• Container prices have increased from 3,500 USD to 12,500 USD. This is absolute blackmail by shipping lines which are increasing rates by cartelising and should be taken seriously. (Action – Ministry of Shipping)

• TMA rates need to be increased for marine product sector. (Action – DGFT)
• Both FSSAI and EIC are doing inspections. There should be only one authority for inspections. (Action – EP Agri, DoC)

• Interest Equalisation scheme should be extended to marine products sector. (Action – DGFT)

• PLI scheme should cover marine products. (Action – DPIIT)

In his concluding remarks, Hon’ble Commerce & Industry Ministry thanked the exporters and other government agencies to achieve 93-94% of exports as compared to 2019-20. He lauded the performance of Exporters, for doing the nation proud in such difficult times through their resilience and hardwork. He said that during 2020-21, the Country’s cumulative value of overall exports declined by just 7% less than the previous year, despite disruptions, uncertainty, lockdowns, gradual unlockdowns, supply chain difficulties, labour issues, and order cancellations in the COVID year. He noted that despite challenges the services sector has performed well and was just short by around 7% as compared to exports of last year. He said that under the circumstances, the performance of the sector was really praiseworthy. He informed that trade data for March 2021 reflects the build-up of a strong recovery in exports, as the goods exports in March 2021 grew by 60.29% as compared to March 2020. Hon’ble CIM noted that this was the 12th meeting held by him with the EPCs in last one year, underlining the government’s emphasis on resolving the export related issues, at the earliest.

He suggested that the issues raised by the members should be processed by all concerned Ministries and Departments for an early resolution. For CAPEXIL, G&JEPC, SEPC and Seafood Exporters a separate meeting may be organised. Further, a joint meeting of Finance and Commerce Ministries should be convened soon for all important issues raised by the Councils. In the end, he asked all to support an ambitious growth of more than 25% to reach 400 billion USD exports during the current year.

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