

Department of Commerce
Directorate General of Foreign Trade
Udyog Bhavan, New Delhi

**MINUTES OF THE MEETING HELD BY HON'BLE MINISTER FOR
COMMERCE & INDUSTRY, SHRI PIYUSH GOYAL, WITH THE EXPORT
PROMOTION COUNCILS ON 11TH MAY 2021**

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A meeting was held on 11th May 2021, under the Chairmanship of Hon'ble Commerce & Industry Minister, Shri Piyush Goyal through Video Conferencing with the Export Promotion Councils to discuss the performance of exports during current time, issues and challenges.

At the outset, DGFT welcomed the Hon'ble Commerce & Industry Minister, Commerce Secretary, the officers and the participating EPCs to the meeting.

Commerce Secretary in his opening remarks stated that in spite of initial setback, overall export performance during 2020-21 was reasonably well which was around 7% below as compared to 2019-2020. He thanked all members of EPCs for their concerted efforts for remarkable growth of some sectors like Agriculture, Pharmaceuticals, Iron ore, etc during very difficult times and compelling circumstances. He further noted that the other sectors are showing signs of recovery and FY 2021-21 promises to be a great year for the exporters.

Thereafter, DGFT invited the exports councils to raise their issues in brief. The salient issues raised and information provided by the Councils is detailed as follows:

| Sl.No | Name of Export Promotion Council and Suggestions made |
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| 1. | FIEO <ul style="list-style-type: none">i. The profitability of exporters today is one of the lowest. Beyond this lowest, the exports will not be able sustain and consequently exports may suffer. Hence, the need of the hour is to resolve the issue of MEIS and RoDTEP. (Action : DGFT PC-3/DoR)ii. The exports of raw materials out of country need to be calibrated. China has reduced significantly the rebate on export of raw material and we may like to do the same. (Action : DoC) |

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| | <ul style="list-style-type: none"> iii. Please consider one time amnesty to regularise the export obligation under Advance Authorisation and EPCG Authorisation schemes. (Action : PC-4 and PC-5 DGFT/ DoR) iv. We must promote manufacture of containers in India plying Indian flag vessels. So that the freight does not go out of the country and competitive freight rates are available to exporters. (Action : Minsistry of Shipping/DPIIT) |
| 2. | <p>Service Export Promotion Council</p> <ul style="list-style-type: none"> i. There is a tremendous pressure from service exporters especially in sectors like Tourism, Medical and the Education on the issue of the SEIS for 2019-20 which have not yet been declared. (Action :DoR/PC-3 DGFT) ii. In the last meeting CIM had suggested that there would be consultation on what sort of incentives to be given to the services exporters. (Action : DGFT PC-3, TPD (Services), DoC) |
| 3. | <p>GJEPC</p> <ul style="list-style-type: none"> i. Exports in April 2021 is \$3.3 billion as compared to last April and we should hopefully continue with this trend. ii. Production is reduced in the month of May in manufacturing centres due to huge spread of Covid cases and absenteeism. If it continues to June then there would be a drop in the inventories. iii. 2% equalisation levy on the rough diamonds still continues to be a burning issue. We made our representations to the USTR who advised us to take it up more strongly with our Government to reverse the authorization levy just as strongly they are taking it up with USTR to not levy the 25% duty on jewellery. So the matter may be taken up with Ministry of Finance. (Action : EP G&J, DoC/ FT NAFTA, DoC) iv. Air cargo services of Export and import is not being allowed in Delhi Which should be allowed in spite of the lockdown. (Action : CBIC/DoR) v. Non availability of duty free gold/silver continues to be a challenge. (Action : DGFT PC-4/EP G&J, DoC) vi. Duty drawback rate for gold and silver has not been revised since long that is affecting exporters specially with the huge fluctuation in pricing. (Action : DoR) vii. Needed extensions on import payments, export payments, Gold loans, rescheduling everything happened last year because of the lockdown and the government was kind enough to give these extensions request is that once again to grant these extensions for the current year. (Action : EP |

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| | <p>G&J, DoC)</p> <p>viii. We have had a bad balance sheet last year and this year already the first quarter starting off not so well. If rating agencies now downgrade all the exporters a second time, most of the exporters will become unworthy to get any loans. Something should be done on this issue also. (Action: EP G&J, DoC/RBI)</p> |
| 4. | <p>EEPC</p> <p>i. The exports in sector are growing largely due to exports of primary iron steel and the manufacturing export is showing a negative growth varying to 10-35%. The steel prices have gone up by 50% and the shipping freight is also going from \$1500-2000 to \$6000 to USA and still there is a problem of getting the shipping space. Hence, there should be regulation of exports of primary iron steel so the prices are stabilized in our country. Accordingly, there should be some tariff non tariff measures which may be considered. (Action : Ministry of Shipping /Ministry of Steel/EP Eng, DoC)</p> <p>ii. Steel is an essential commodity. The manufacturing units who are engaged in exports should be declared as essential services and the Covid restrictions should not be applicable to them. (Action : Ministry of Steel)</p> <p>iii. The cost of production has gone up and lag time has also increased because shipping takes one month so total period which was 3 months has now increased to 6 month cycle. So the banks can be asked to give a ad-hoc 50% increase in the sanctioned facilities so that exporters can take care of our working capital. (Action : Ministry of Shipping/DFS/RBI)</p> <p>iv. Shipping freight is a big problem for exporters because it bears a very significant percentage of export price. Some compensation should be considered in this regard to make exports competitive. (Action : Ministry of Shipping)</p> |
| 5. | <p>PHARMEXCIL</p> <p>i. RoDTEP is an extremely burning issue as without this benefit in place it would be very difficult for our industry to be competitive during this difficult time. (Action : DGFT PC-3)</p> <p>ii. Availability of containers has been an extremely difficult task for us which is directly impacting the exports for the entire industry. (Action : Ministry of Shipping)</p> <p>iii. DGFT may issue some proper guidelines for manufacturing of</p> |

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| | <p>Ramdesivir because many companies would like to give the product for our country but there are no clear guidelines available with manufacturers as to what needs to be done and what needs to be addressed to get these companies registered. (Action : DGFT PC-2)</p> <p>iv. To consider the waiver of IGST on the oxygen concentrators during this difficult time. (Action : DoR)</p> |
| 6. | <p>AEPC</p> <p>i. Exports should be declared as essential services as a lot of orders are being cancelled due to closed factories. MHA should issue orders in this regard and all States should follow it. (Action : MHA/PC-2, DGFT)</p> <p>ii. RoSCTL should continue with same rates in RoDTEP. (Action : DGFT PC-3)</p> |
| 7. | <p>Council for Leather Exports (CLE)</p> <p>i. Duty Free Import scheme which has been removed in the recent budgets should be reinstated as due to lockdowns, exports are being deferred and imports are not taking place. Hence, unutilized import entitlements which have not been utilized should be allowed. (Action : DoR)</p> <p>ii. Due to corona crisis, profitability of the companies has completely declined and they are also subject to various audits. Foreign Companies are looking of healthy balance sheets. In case balance sheet is not good, they do not want to enter into business. (EP LSG DoC/RBI)</p> <p>iii. Import duty on raw leather should be waived for at least for six months. (Action : DoR/PC-2)</p> <p>iv. New Drawback rates should be notified. (Action : DoR)</p> <p>v. MEIS should be released. (Action : DGFT PC-3)</p> |
| 8. | <p>EPCH</p> <p>i. There are about 7 million artisans in the handicraft sector. The government may consider launching vaccination drives while setting off vaccination camps in the industrial area so that every worker and artisans are vaccinated. (Action : M/o Health)</p> <p>ii. Consider restoration of provision of duty free import of essential embellishments, trimmings, tools consumables for handicrafts sector which has been withdrawn w.e.f. 31st March 2021. (Action : DoR)</p> |
| 9. | <p>EPCES</p> |

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| | <ul style="list-style-type: none"> i. Vaccination should be done in SEZ and EOUs. (Action : Ministry of Health/SEZ Division, DoC) ii. Consider SEZ and EOU exports as essential services. (Action: SEZ Division, DoC) iii. SEZ and EOU should be eligible for RoDTEP and rates should be announced immediately. (Action : PC-3) iv. Due to the farmers agitation on NH1, SEZ exporters are suffering a lot as it take 2-3 days for shipments to reach the factory warehouse which increases the cost. At least one way should be cleared. (Action : MHA) v. There is skeleton staff available at custom stations. Customs clearance should be given priority. (Action : CBIC/DoR) vi. Waiver of lease rent by SEZ authorities should be announced by DoC. No increase in lease rent of SEZ authorities. (Action: SEZ Division, DoC) vii. There should be complete freedom to do business across products and services. Complete flexibility should be give without the need for long drawn process of LOA amendments and submission of list of HS codes, approvals from UAC and BOA. (Action : SEZ Division, DoC) viii. SEZ units should be allowed to sell in DTA on duty foregone basis. (Action : SEZ Division, DoC) |
| 10. | <p>Electronic & Computer Software Export Promotion Council</p> <ul style="list-style-type: none"> i. Cost of shipping from India is substantially high. A joint meeting with leading logistic companies both on the sea side and the air side should be organised to understand the issues. It should be brought under the ambit of cost audit to ascertain why cost is high. (Action : Logistics Division, DoC) ii. The duty on PMP for hearable and wearable is not favourable for final product. It is 15% on final product and 10% for input. Mere difference of 5% does not make it viable for the Indian Industry to survive the competition from China. Hence, duty on final product should be about 20 % and on the input it can restricted to only 5%. Some new technology like GPS should also be included in PMP. (Action : DoR/MeITY) iii. DGFT has issued a notification dated 10th May 2021 pertaining to chip import monitoring services making it mandatory to have the online registration before importing chips. The chip import monitoring system requires importers to submit advance info in online system for import of item on submission of online data information. The purpose of this notification is not understood as it is increasing the compliance burdens onto the industry. We would like to request you to ease the compliance button. (Action : MeITY) iv. Industry should be involved along with BIS to have the standard which |

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| | are similar to the standards existing in the foreign countries. This will become a very convenient for our industry to get the product certified as per those standards which are prevalent in the international and then have the MRAs so that our product can have soft landing in the international market. (Action : BIS) |
| 11. | CAPEXCIL <ul style="list-style-type: none"> i. Lease renewals of mines for mineral sector are creating a lot of hurdles. Applications for renewal of lease are pending for years. This issue should be addressed. (Action : M/o Mines) ii. As per new guidelines of RBI, loans can be given to those MSMEs only which have not been restructured. However, during last year, due to COVID most of loans to MSMEs have been restructured. Hence, no MSME would be getting benefit of new guidelines of RBI. This issue should be addressed. (Action : DFS/RBI) iii. Export of fireworks has come to standstill due to non availability of principal vessel. Only coastal vessels are available. We have to take NOC from Sri Lanka or Singapore which are not coming. The issue needs resolution, which needs to be taken up with Sri Lankan side. (Action : FT SA, DoC) iv. As decided in the last meeting, a meeting to sort out certain issues should be convened. (Action : EP CAP, DoC) |
| 12. | CHEMEXCIL <ul style="list-style-type: none"> i. Duty on Acetic acid, which is primary basic raw material for many industries, including pharma industries, is 7.5% whereas it is only 2.5% in other countries which make our end product costlier. GNFC is only making 10 to 15% of the Indian requirement. Hence, import duty should be brought down to 2.5%. (Action : DoR) ii. The basic customs duty on ethyl alcohol, which is one of the basic product for many chemicals and pharmaceutical industry is 2.5% and IGST is 5%. The basic duty on ethyl alcohol should be brought down. (Action : DoR) |
| 13. | PLEXCONCIL <ul style="list-style-type: none"> i. Downfall in plastic sector is due to non-availability of polymers at competitive prices in India and also the shipping issues. Goods are lying in the factory after production and exports are not taking place as containers are not available. They are not loaded on the vessel on time and we are losing our competitiveness in this region with China and |

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| | <p>Vietnam and other countries. (Action : Department of Chemicals and Petrochemicals/Minsitry of Shipping)</p> <p>ii. RoDTEP should be available to Advance Authorisation holders especially in plastics value added exports. (Action : DGFT PC-3)</p> |
| 14. | <p>PEPC</p> <p>i. Due to lockdown, there are delays in shipment or so our engineers are not able to go to site for Commissioning the unit resulting into delay in the project and realization of the payment. Realisation of payment cannot be done beyond two years. Our request is that authorised dealers should be empowered to grant extension beyond two years. (Action : DFS/RBI)</p> <p>ii. Exporters avail pre-shipment finance and post-shipment finance and there is a definite date for delivering the payments and documents to bank. Due to present situation, in case of delays, the bank should be authorised to extend this period for at least three years so that no penalties are to be paid by the exporters. (Action : DFS/RBI)</p> <p>iii. The shipping lines are charging a very exorbitant freight as they take the cargo, offload the cargo at port of export and cargo remain lie on the ports which incur demurrage charges. Hence, DG Shipping or Logistics should intervene to resolve this peculiar situation. (Action : Ministry of Shipping/ Logistic Division, DoC)</p> <p>iv. Some developing countries like North Africa, Bangladesh etc. have restrictions on making advance payments for project exports making us short in working capital. Hence, Indian mission abroad should intervene in the matter to get some relaxation in this restriction. (Action : MEA)</p> |
| 15. | <p>TEPC</p> <p>i. Due to huge increase in raw material cost, its shortage, increase in cost of freight and due to lack of oxygen availability in the industry, the production of optical fibres have suffered drastically. Hence, the export as well as local supplies of cables has also suffered. These matter should be looked into. (Action : DPIIT)</p> <p>ii. We should try to do vaccination of industrial employees as a priority. (Action : Ministry of Health)</p> <p>iii. There is congestion at airport, eaport and everywhere but there is a huge problem in dealing with the export commitments. (Action : CBIC/Ministry of Shipping/ Ministry of Cicil Aviation)</p> <p>iv. The margins for the industry has suffered drastically specially during April and at this level industry is going to make losses and obviously this cannot continue because the raw material prices have shot up and the finished prices are not going up so therefore it is requested that something</p> |

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| | <p>should be done for the prices of plastic, steel etc. which have gone up. (Action : Ministry of Steel/Department of Chemicals and Petrochemicals)</p> <p>v. Emergency credit line guarantee scheme which has been applied by the Govt. for 26 sectors should also be extended to the Telecom Sector. (Action : RBI/DFS)</p> <p>vi. IGST on import of PSA, Oxygen generators and oxygen concentrators for 100% donation be immediately exempted. (Action : DoR)</p> |
| 16. | <p>HEPC</p> <p>i. The Government should enter into an FTA with developed countries like European countries, US and Canada for handloom sector as all our major competing countries are having FTA with the major markets and Indian Textile exporters are at disadvantage & non-competitive. (Action : FT Eurore, DoC FT NAFTA, DoC)</p> <p>ii. Due to recent lockdown in various states, the exporters find it difficult to get the raw materials such as yarn, fabrics. (Action : Minsitry of Textiles)</p> <p>iii. The Govt. should to make export as essential service. (Action : DGFT PC-2)</p> <p>iv. Interest Equivalisation scheme to be extended till 31st March 2022 in order to support the exporters during this pandemic. (Action : DGFT PC-4)</p> |
| 17. | <p>TEXPROCIL</p> <p>i. Refunds to exporters of MEIS, RoSCTL, GST and duty drawback be decided to help in cash flow to the exporters. (Action : DGFT PC-3)</p> <p>ii. Request to announce the RODTEP rates at the earliest . Also to extend the same RoSCTL rates for Garments and Made-ups under the RODTEP scheme in terms of Notification dated 17th April 2020 issued by the Ministry of Textiles. (Action : DGFT PC-3)</p> <p>iii. To remove the Customs duty on Cotton that was imposed in the Union Budget for 2021-22 as it is increasing the cost for the entire value chain of textiles & clothing. (Action : DGFT DoR)</p> <p>iv. To extend the Interest Equalization Scheme till March 31, 2022 . Currently the scheme is extended from April 1, 2021 to June 30, 2021. (Action : DGFT PC-4)</p> <p>v. To remove the Anti-dumping duty on spandex yarn as almost 60% to 65% of garments being sold uses this yarn as an input. (Action : DoR)</p> |

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| | <p>vi. Request to re-instate the facility of duty free imports of trimmings & embellishments and other specified items which were allowed against exports of Cotton Made ups and Garments at the rate of 1% and 5% respectively of the fob value of exports in the preceding year. This facility has been removed in the Union Budget for 2021-22. (Action : DoR)</p> |
| 18. | <p>Indian Oilseeds & Produce Exporters Association (IOPEPC)</p> <p>i. TMA should be extended for one more year to help the exporters. (Action : FT Agri, DoC/DGFT PC-6).</p> <p>ii. Refund of TMA of already approved applications should be given. (Action : DGFT PC-6)</p> <p>iii. MEIS for which application for 2019-20 were filed in April, 2021 should be granted. (Action : DGFT PC-3)</p> |
| 19. | <p>SHEFEXIL</p> <p>i. There is a huge shortage of raw material called SMCA which is used in derivatisation of tamarind and guar gum due to shut down of Gujarat National Fertiliser Corporation (GNFC). Even marked price of the raw material from China remained high, because huge shortage is being created artificially. This issue needs to be addressed soon otherwise tamarind exporters are going to face an issue. (Action : FT Agri, DoC)</p> <p>ii. Materials such as propylene oxide are not even available. limited quantities are being exported to India. (Action : FT Agri, DoC)</p> <p>iii. Delhi Customs is demanding RCMC of Spices Board for exports of essential oils which is not required as per any DGFT Notification. In fact export of essential oils is free but still Customs are creating problem and whole lot of consignments are on hold. This issue needs to be resolved. (Action : DGFT PC-2/CBIC)</p> |
| 20. | <p>The Sports Goods Export Promotion Council</p> <p>i. Situation of export of sports goods is satisfactory during last year there was a slight decline of less than 1% during 2020-2021 as compared to the previous year. The situation on export orders for 21-22 is also promising but exporters are facing liquidity crunch due to non release of MEIS. Look forward to an early release of MEIS and announcement of RoDTEP rates. (Action : DGFT PC-3)</p> |
| 21. | <p>SRTEPC</p> |

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| | <ul style="list-style-type: none"> i. EPCG Scheme should be extended under the new FTP to boost investments. (Action : DGFT PC-5) ii. Extension in Export obligation under EPCG should be given due to the current COVID situation. (Action : DGFT PC-5) iii. Like man-made apparel is covered under PLI. Other items like fabrics, made ups, yarns and fibre should also be covered under PLI. (Action : Ministry of Textiles) |
| 22. | <p>The Indian Silk Export Promotion Council (ISEPC)</p> <ul style="list-style-type: none"> i. No unit were declared NPA due to due to intervention of Supreme Court till March 2021, in last financial Year. This declaration of NPA should be put on hold, for the current FY too. (Action : RBI/DFS) ii. Councils should be given permission to carry on their activities through virtual fairs. (Action : EMDA Division, DoC) |
| 23. | <p>Carpet EPC</p> <p>Submitted three procedural issues which should be taken up. (Action : DGFT PC-2)</p> |
| 24. | <p>PDEXCIL</p> <ul style="list-style-type: none"> I. Powerloom industry needs an immediate booster dose measures as regards interest subvention, exemption of import duty on raw materials and machinery/ spares etc. (Action : DoR/PC-2) II. EPCG scheme to be continued. (Action : DGFT PC-5) III. Exporters are facing major problem as regards export payment, which are delayed and held up due to pandemic in the buyer countries . In many cases , payment of 2018-19 are also delayed. Request to extend the deadline for eBRC compliance with RBI upto 31 March 2022. (Action : DGFT PC-2/RBI) IV. MAI grant given for various RBSM / BSM to be increased to 90%, so that we can again aggressively start the activities. (Action : EMDA Division, DoC) V. Textile trade simplification with Nepal: <ul style="list-style-type: none"> a . All Nepal Shipping Invoice should be marked NFEI (No Foreign Exchange involved) b. BRC compliance should be waived with retrospective effect from 1/7/ 2017 c . Bill of Exports to be generated at the place of delivery/ Exporters |

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| | place and not at Land Borders. (Action : FT SA, DoC) |
| 25. | Wool & Woollens Export Promotion Council <ul style="list-style-type: none"> i. Raised the issue of shortage of containers and increase in ocean freight. (Action : Ministry of Shipping) ii. Enhance EO period of all the EPCG licences which have expired in March 2021 year upto 2023 to give a sign of relief to all the exporters. (Action : DGFT PC-5) iii. The issue of risky exporter has not been solved. CBIC officials are taking lots of time and raising a lots of queries from exporters, which are already available on their portals. This issue should be resolved to enable us to work freely with prestige. (Action : DoR/CBIC) |

Hon'ble CIM, in his concluding remark, complimented the Exporters for their encouraging performance, even during COVID times. He noted that India's merchandise exports in April 2021 was USD 30.21 billion, an increase of 197.03% over USD 10.17 billion in April 2020 and an increase of 16.03% over USD 26.04 billion in April 2019. He said that the value of Export in the first week of May 2021 is also up by almost 9% over the same period of 2019-20 (6.48 billion USD). He said that Export excluding POL, is even better, and has increased in this period by 15% over same period of 2019-20. He said that performance of exports in April'21 and 2020-21 gives a hope that an ambitious target of \$400 billion merchandise exports can be achieved this year. He noted that there is a large potential for enhancing exports in several sectors like Pharma, Engineering, Auto-component, Fisheries and Agro-products.

Hon'ble CIM said that exporters may approach the Covid helpdesk of the Department for resolving the problems emanating due to Covid related measures. Regarding the issues raised by the participants, he informed that the Department of Commerce has taken up several issues of exporters with the Ministry of Finance for their early resolution, like RoDTEP, MEIS, Inverted duty structure etc. He called upon the exporters to take advantage of the Production-Linked Incentive schemes for various sectors which have been announced.

The meeting ended with a thanks to the Chair.
