CHEMICALS & ALLIED PRODUCTS EXPORT PROMOTION COUNCIL • INDIA •

CAPEXIL
कैपेक्सिल

Speech of : **Shri B. H. Patel, President**

62nd
Annual General Meeting of CAPEXIL

Tuesday, the 29th December, 2020 at 11.30 A.M.
through

Video Conferencing ("VC") /
Other Audio Visual Means ("OAVM")

CAPEXIL

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62nd ANNUAL GENERAL VIRTUAL MEETING OF CAPEXIL, DECEMBER 29, 2020

ADDRESS BY PRESIDENT, MR. B. H. PATEL

Ladies and Gentlemen,

It gives me great pleasure to extend a warm welcome to all of you at the 62nd Annual General Virtual Meeting of our Council.

At the outset, with great privilege I express my profuse gratitude and thankfulness to the members for their continued support, guidance, stimulating suggestions and feedback which inspires for betterment of services to them.

The 62nd Annual Report and Audited Accounts along with the Auditor's Report for the year ended 31st March 2020, have already been circulated to you.

With your permission, I take them as read.

Global Trade 2020 forecast

The untamed spread of the COVID-19 virus, over the past one year, has caused unimaginable crisis across the globe. Never before, in recent history, have we encountered a challenge of this dimension that has so profoundly impacted almost every human on this planet.

The WTO forecasts a 9.2% decline in the volume of world merchandise trade for 2020, followed by a 7.2% rise in 2021. These estimates are subject to an unusually high degree of uncertainty since they depend on the evolution of the pandemic and government responses to it.

India's Foreign Trade 2019-20

India's overall merchandise exports during 2019-20 reached USD 313.36Billion, exhibiting a negative growth of 5.06 per cent over the same period last year. The decline in exports has been mainly due to the ongoing global slowdown, which got aggravated due to the current Covid-19 crisis. The latter resulted in large scale disruptions in supply chains and contraction in demand resulting in cancellation of orders.

Overall merchandise imports in April-March 2019-20 are reached to USD 474.70 Billion, exhibiting a negative growth of 7.66 per cent over the same period last year.

Capexil's Export Target for 2019-20

The Export Target fixed for the CAPEXIL's products was US$ 25.58 billion during 2019-20. However, the actual exports have reached only US$ 22.19 billion in 2019-20 which was 13.25 per cent shortfall of the target fixed.

Capexil's Exports during 2019-20

Exports of CAPEXIL's products from India have declined by 0.51 per cent to a level of USD 22.19 billion during 2019-20 from USD 22.30 billion in the previous year.

Exports of Minerals and Ores have grown 7.72% and Non-Minerals Products have declined by 5.68% respectively compared to 2018-19. The Chemical based Allied sector assumes significance as it contributes over 7 per cent in the country's total merchandise exports.

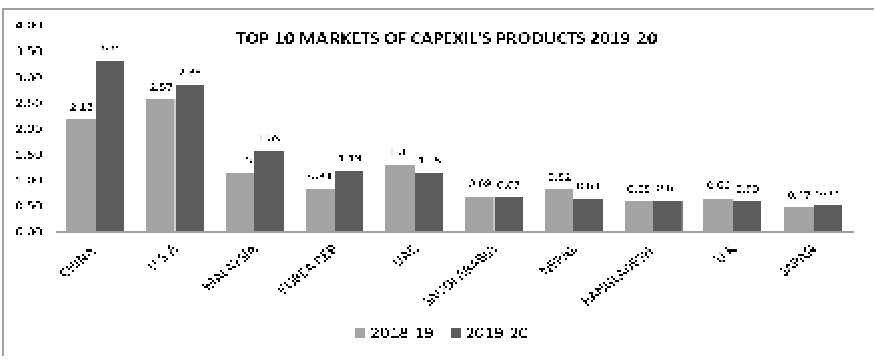
EXPORTS OF CAPEXIL'S PRODUCT DURING 2019-20			
			Value in US$ Million
Panel	**2018-19**	**2019-20**	**% Change**
Mineral & Ore Products			
Bulk Minerals and Ores	5336.89	6258.33	17.27
Processed Minerals	1293.64	1039.04	-19.68
Natural Stones and Products	1974.62	1972.25	-0.12
Sub Total	**8605.15**	**9269.62**	**7.72**
Non-Mineral Products			
Graphite, Explosives and Accessories	1328.21	545.96	-58.90
Glass and Glassware	966.50	856.12	-11.42
Miscellaneous Products	440.48	378.51	-14.07
Books, Publications and Printing	392.03	335.83	-14.34
Cement, Clinkers and Asbestos Cement Products	585.23	529.81	-9.47
Paper, Paper Board and Products	2032.05	1993.59	-1.89
Plywood and Allied Products	1124.61	1086.87	-3.36
Auto Tyres and Tubes	1910.04	1880.49	-1.55
Rubber Products	1461.97	1438.43	-1.61
Ossein and Gelatine	48.28	53.08	9.94
Animal By Products	293.96	304.99	3.75
Paints, Printing Ink and Allied Products	1365.62	1396.73	2.28
Ceramics and Allied Products	1749.25	2120.00	21.19
Sub Total	**13698.23**	**12920.41**	**-5.68**
Total	**22303.38**	**22190.03**	**-0.51**

Exports of 11 panel products of CAPEXIL's have declined during 2019-20. Remaining 5 Panel products are shown positive growth during 2019-20. These panels are Ceramic and Allied Products (21.19%), Bulk Mineral and Ore (17.27%), Ossein and Gelatine (9.94%), Animal By Products (3.75%) and Paint, Printing Ink and Allied Products (2.28%).

Top Markets during 2019-20

The top 10 markets contribute 59.29% of total exports of Capexil. These markets are China, USA, Malaysia, Korea Rep, UAE, Saudi Arabia, Nepal, Bangladesh, UK and Japan.

The top export destination for Capexil's Minerals and Ores products are China, Malaysia, Korea Rep, Turkey and USA. The major export destination for Non-Mineral products are USA, UAE, Saudi Arabia, Nepal and Turkey.



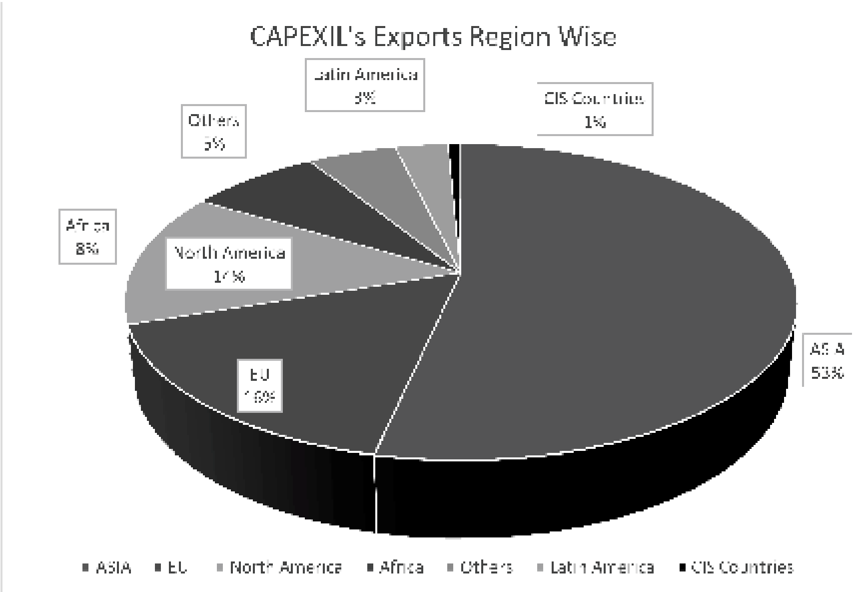
Value in US$ Billion

Top products during 2019-20

The Top 10 products being exported under Capexil's during 2019-20 are Aluminium Ingot, Auto Tyres, Granite, Graphite Electrodes, Paper & Paper board, Ceramic Tiles, Iron Ores, Calcined Alumina, Furniture and Pigments & Colouring materials.

CAPEXIL's Exports: Region-wise 2019-20

Exports of Capexil's products are directed to over 150 countries during 2019-20. Asia Region constitute the highest share of 53% in CAPEXIL's total exports followed by EU region 16%, North America 14%, Africa 8%, Latin America 3% and CIS countries 1%.



Government Export Target $1 trillion by 2025

Friends, addressing the Board of Trade meeting organized by the Department of Commerce & Industry, Government of India on 2nd November 2020, and the Hon'ble Commerce Minister said the government is looking at genuine single window to improve the ease of doing business. He said the ministry has identified 24 sectors that can add Rs. 20 lakh crore yearly product manufacturing in India. “Trade should bank on India's strengths of quality, cost competitiveness, economies of scale and competitive advantage like labour. Going forward, we have every possibility of achieving the export target of US$ 1 trillion by 2025”.

Sir, the Council fully support your views in this regard. Also appreciate identifying some of the Capexil's products like Wooden Furniture, Glass and Glassware and Ceramic products under 24 sectors that can add Rs. 20 lakh crore yearly product manufacturing in India.

CAPEXIL's latest Exports during April - November 2020

You may be aware that the country were seeing signs of a global slowdown before Covid-19 itself. We had the backdrop of the US-China trade war and slowdown in Europe and USA. That is when Covid-19 came along. It was a major negative shock both in terms of health and economic costs across the globe. If we look at Capexil's exports, during April to November 2020, there has been a slight increase of 0.56 percentage. However, we are concerned about continued decline in exports of Copper Ore, Graphite Electrodes, Tyres used on Buses/Lorries, Alumina Calcined, Printed Books, Wall Paper & Wall Covering, Wooden Furniture, Barytes Lumps, Sandstone, Articles of Vulcanised Rubber, Coal, Reclaim Rubber, Salts and Suspension shock absorbers etc. from March 2020.

Silver lining is that the exports of Iron Ore, Aluminium Ingot, New Pneumatic Tyre, Craft Paper and other Paper Products, Natural Stone, Urea, Petroleum Coke, Fly Ash, Surgical Gloves, Synthetic Rubber, Articles of Glass, Ceramic products & Animal Feed showing impressive growth during April to November 2020.

The Council is also glad that 9 out of 16 Panel products are showing positive growth during November 2020 compared to November 2019. However, the worst is not over for Indian exports. Christmas and New Year sales will be the litmus test. With lockdowns back in the US and Europe, there is question mark on that. If Christmas and New Year sales are not good, inventories will continue to be there. That is the big challenge. If it goes well, we can conclude that we are on the track to recovery. However, under this scenario, the Capexil's export target of US$ 25.57 billion set for the year 2020-21, which I trust it is not achievable.

CAPEXIL's EXPORTS DURING APRIL TO NOVEMBER 2020						
Value in US$ Million						
PANEL	Nov 19	Nov20	% Change	Apr - Nov 19	Apr - Nov 20	% Change
Bulk Minerals and Ores	528.24	611.65	15.79	4196.59	5437.67	29.57
Granite, Natural Stones and Products	158.06	179.42	13.51	1303.29	1337.02	2.59
Paper Paper Board and Products	160.36	160.63	0.17	1371.58	1149.58	-16.19
Rubber Products	113.55	117.27	3.27	936.64	820.00	-12.45
Plywood and Allied Products	60.10	97.22	61.78	541.46	526.52	-2.76
Paints, Varnishes and Allied Products	78.22	70.78	-9.51	642.91	524.33	-18.44
Processed Minerals	87.61	78.09	-10.86	624.28	509.68	-18.36
Glass and glassware	68.96	68.69	-0.39	597.47	508.57	-14.88
Auto Tyres and Tubes	69.45	64.56	-7.05	540.19	409.99	-24.10
Ceramics and Allied Products	48.13	48.77	1.33	418.29	346.38	-17.19
Miscellaneous Products	33.14	39.16	18.16	247.12	263.44	6.60
Cement Clinkers and Asbestos Cement Products	15.13	32.49	114.67	313.88	252.36	-19.60
Graphite, Explosives and Accessories	38.02	22.26	-41.44	360.60	166.80	-53.74
Books, Publications and Printing	25.42	22.76	-10.44	242.04	154.12	-36.32
Ossein and gelatine	5.03	4.16	-17.28	36.24	40.05	10.49
Animal By Product	4.29	5.22	21.49	36.65	32.27	-11.96
Total	**1493.72**	**1623.13**	**8.66**	**12409.22**	**12478.79**	**0.56**

Emerging Challenges

Friends, India and the world are now going through challenging times due to protectionism, trade barriers and slow down of economic growth. Therefore, there is greater need for focused efforts to maintain our position and grow in world trade. India's export share is still very small and share in the global trade is at below 2 per cent and we still have enormous opportunity to grow. Let us say even if there is some shrinkage in the pie of global trade, we can still grow our exports.

Free Trade Agreement with the US

On November 15th, something symbolically significant happened in the world. Fifteen countries, i.e. 10 – Nation Association of Southeast Asian Nations and Australia, New Zealand, China, South Korea and Japan have signed the world's biggest free trade pact, the Regional Comprehensive Economic Partnership Agreement (RCEP). The RCEP trade area is the largest in terms of population (3.4 billion or 49 per cent of world population), with a combined GDP of around $22 trillion and trade share of 30 per cent. When fully established, it will become the largest trade bloc in the world. This can have a direct impact on India's plans to export goods and services worth US$ 1 trillion by 2025. Therefore India must sign a free trade agreement with the US.

In fact, more trade with the US is exactly what India need to compensate for whatever market access it may lose by opting out of RCEP. The US is central to India's trade plans. It is India's second trade partner – with a US$ 28.8 billion trade surplus in India's favour. India's exports to the US have been growing consistently and have more than doubled in the last 10 years. India had a US$ 16.8 billion trade deficit with China in goods alone as against a US$ 10.3 billion surplus with the US. The Indian government has been courting US investors and discouraging Chinese investments. The government is hoping that US multinational corporations' move to de-risk their supply chains by diversifying in order to avoid a repeat of pandemic induced supply disruptions may make them shift a part of their production base from China. India wants to be one of the beneficiaries. India's preference for the US has a national security angle too. The US is increasingly seen as a strategic partner and a key source of advance defense equipment. China is a potential preferential threat due to border tensions.

India has been **GSP's** biggest beneficiary with over 12 per cent of its exports, worth US$ 5.58 billion, falling under the category. The US had withdrawn its preferential treatment to Capexil's exports under the GSP that covered around 180 items valued at $730 million which was 31 per cent of total exports from Capexil's products to USA. Preferential tariff under GSP benefits range was from 0.7% to 14%. Items were spread across Processed Mineral Products, Natural Stone Products, Rubber, Auto Tyres and Tubes, Plywood, Ceramic, Paper and Glass and Gelatine Products. The government need to take up with new US government to reinstate GSP programme for India to make Indian product competitive. USA is the second largest market for Capexil's products. The exports of CAPEXIL's products to USA has reached US$ 2.85 billion during 2019-20 and showing a growth of nearly 11% compared to 2018-19.

Exports to Iran

Resumption of economic relations with Iran without sanctions and restrictions has immense strategic and economic importance for India. Presently, there is an uncertainty with Iran on trade front. The government needs work with new US Government to resolve issues being faced by exporters shipping consignments to Iran. Recently, products like Graphite, Glass and Glassware, Processed Minerals, Ceramic, Granite and Natural Stone, Animal By Products and Books and Publication are showing declining trend to Iran. We assumes that Iran will open a branch of its Bank Pasargad in India in near future to help boost trade between the two nations as the Trump economic sanctions have blocked international banking channels. India's US$ 500 million commitment to build Iran's Chabahar Port on the Gulf of Oman – connecting India to Afghanistan, through which it could gain access to Central Asia and Eurasia by passing Pakistan.

Way Forward

Introduce RoDTEP Scheme without any further delay

The government's decision to withdraw the additional 2 to 5 per cent incentive given to exporters under the popular Merchandise Export from India Scheme, is likely to hit shipments of Capexil's products. The MEIS scheme, which is not compatible with WTO norms, will be replaced by Remission of Duties or Taxes on Export Products (RoDTEP). RoDTEP should be notified with the rates for the products urgently so that exporters may factor the same in finalising new orders and make transition to new scheme smooth.

Ensure easy credit disbursal to exporters

In its quest to become a self-sufficient nation, promote domestic production and discourage imports, the government has been aggressively promoting the 'Make in India' & “Atmanirbhar Bharat” initiative. Being a self-sufficient nation is an ideal situation but requires active government intervention and support. The MSME sector, considered to be the engine of growth for any nation, is currently facing multiple challenges in India. MSME contributes about the 45% of the export of the nation. Absence of adequate and timely organised finance, limited knowledge, non-availability of suitable technology, high cost of credit and over-regulation are factors impeding growth of this sector. Adding to the woes, currently, banks, NBFCs and other financial institutions are facing severe turbulence, thereby further choking the liquidity pipeline and growth engine of the nation. Exporters are facing global headwinds and slowdown in several key markets, they need to be supported in terms of easy credit disbursals without procedural bottlenecks, requiring cumbersome documentations. RBI should strengthen the ombudsman mechanism for redress of grievances and difficulties faced by the exporters so that they are empowered to scale up their competitiveness.

Focus on improving ease of doing business

We would request Government to keep a relentless focus on improving the ease of doing business where the country has been rewarded with significant gains in recent years. Minimize the interface of officials by transferring all paperwork online. Reduce the time it takes to enforce contracts in particular, where India's performance is amongst the worst in the world.

Regulate Shipping freight rates

Shipping Companies are charging and recovering various unrelated and unregulated costs which are not relevant to the services provided. Many of these charges are far in excess of those mentioned on their website as also there is no uniformity in such charges. The Director General (DG) of Shipping should be given regulatory powers to ensure that all such charges to be levied and recovered at the destination port should be mentioned on the B/L as was done by Sri Lanka & Bangladesh. This would give transparency and level playing field.

The plan to regulate freight charges is one of the new provisions in the draft Merchant Shipping Bill, 2020. The Central government has decided to regulate freight charges levied by shipping firms for export, import and local transportation in a welcome move that is bound to reduce transportation cost to EXIM community.

Provide Export benefits to Nepal & Bhutan in Indian Rupees

An export to neighboring countries such as Nepal and Bhutan are becoming unviable in the absence of any incentive from the Centre in spite of stiff competition from China. As per Foreign Trade Policy 2015-2020, the reward under MEIS is admissible on value of exports realized in foreign currency only and not in Indian rupees. Since exports to these countries are done in Indian rupees, the exporters are not entitled to any incentive under the MEIS. India's exports to Nepal and Bhutan reached to US 7.85 billion during 2019-20 and showing a decline of nearly 7% compare to 2018-19. There is a huge scope in exports of Capexil's products to Nepal and Bhutan. Even if Indian exporters are exporting in Indian Rupees, they are creating employment and contribute to the economic development of the country. Considering this, the government should introduce all export benefits for exports to any nation, including Nepal and Bhutan.

Support for Export Certification Services\Quality Lab to achieve regulatory compliance in the export Markets

Most countries demand that our products conform to national and international standards. As a result, our products need to be designed and tested so that they can be sold in the export markets. Achieving the necessary export certificate often requires product testing and certification by an independent accredited body and it is always costly affairs. Exporters of Chemical based Allied Products are presently depending on Private Labs for these services and they are charging huge amount for their services which make Indian products uncompetitive in overseas markets. Therefore, the Government may introduce the Common Facility Centre for Export Certification services/Quality Lab to achieve regulatory compliance in the export Markets.

Relax EPCG requirement to fulfil average export obligation and increase the time limit for fulfilment of export obligation from existing 6 years to 8 years

Chemical based allied exporters use equipment of various degrees of complexity in almost all the operations and machines are largely imported under EPCG scheme with an undertaking to complete export obligation within 6 years of obtaining EPCG authorisation. Industries have been hit hard due to shutdown of factories, cancellation of export orders in most of the traditional markets. Therefore, DGFT should relax the requirement to fulfil average export obligation and increase the time limit for fulfilment of export obligation from existing 6 years to 8 years.

Extension of Interest Equalisation Scheme for all exports:

Interest Equalization Scheme may be introduced immediately for all Capexil's products beyond 31st March 2021. All exporters, irrespective of product groups, including Merchant exporters should be given the benefit of the Scheme.

Time bound Exports Refund in 15 days

All exports related refund and statutory refunds like Duty Drawback, GST etc. should be paid to exporters, including risky exporters, within 15 days so as to ease liquidity at their end. A Bond may be taken from risky exporters so as to recover it, if so warranted.

Resolve major Panel Specific Issues of CAPEXIL

CAPEXIL has 16 different Industry Panels under its product spectrum. The constraints faced by these product groups are not common rather distinctly different from each other.

Considering the time constraint, without going into details of these, I take opportunity to draw the attention of the Government of India to CAPEXIL's major specific proposals submitted before the Ministry of Commerce & Industry and other Ministries from time to time regarding the bottlenecks and export constraints faced by our member-exporters. A number of products under the CAPEXIL canopy are dominated by small scale & MSME industry which sector require special care/assistance & hand holdings from the Government of India to fight against overseas competition and opening job opportunity for young Indians. Now let me take this opportunity to specify below some of the major panel specific problems which need immediate attention and support of the Central Government.

Allow free Import of raw material into India relevant to Capexil's products

a. The granite industry is facing actuate shortage of raw material (granite block) and in view of this many of the units are working only 50% of their capacity. Even the available small quantity of raw material is also not economically viable since the cost has become very high due to short supply. Currently, granite block tariff lines 25161100 & 25161200 are under restricted category and hence unable to import into India. Only 100% EOU are allowed to import. Non 100% EOU exporting companies are in great disadvantages position since they could not import Granite block due to restrictions. Currently, the European & US buyers are shifting their source from China to India. Considering above facts kindly allow Granite block imports under OGL category which will boost up our exports by 30-40% instantly.

b. Demand for exports of Gelatine has gone up and the exporters are confident of increasing the exports substantially. However, the industry is facing acute shortage of its main raw material bovine bones due to COVID and other issues. We do not expect the situation to improve in the foreseeable future. Only solution is to permit the Gelatine manufacturers to import bovine bones from neighbouring countries like Bangladesh. The Industry has approached the department of Animal Husbandry to allow this import subject to following the required guidelines stipulated by Global health authorities.

Imposition of GST on Granite blocks and consumables purchased by 100% EOU.

The EOU units were established since 1981. All the EOU units have executed a bond with the Government with obligation. In order to fulfill the obligation the Government has extended certain benefits like exemption in Central excise, VAT and customs duty. Under GST, all the benefits to the EOUs are withdrawn and the obligations still continues. The whole object of establishing 100% EOU units was to make the country competitive in the international market. Pre GST the EOU units were exempted from payment of excise duty, customs and VAT by using a green card, CT3. Before the introduction of GST, SEZ and EOU units were treated at par and same facilities / benefits / advantage were available for all the units under both the category. After GST Law, all the facilities/benefits/advantage are withdrawn from EOU units, but the SEZ units are continuing to get the same privilege like earlier, so it is very clear that the GST regime has given discriminatory treatment to EOU units.

As per the GST norms EOUs has to pay GST on the procurement of Supplies (Raw Material, Consumables etc.) needed in the manufacturing of goods intended for

Export, ITC must be paid and a refund has to be applied for. This ITC can be utilized for payment of GST taxes payable on the goods cleared in the DTA (which is capped at 50% of previous years export turnover) and refund of unutilized ITC can be claimed under Section 54(3) of CGST Act. We request that Purchases / Procurement by EOUs for inputs used in the manufacture of good/services for export should be treated as a Zero Rated supply hence reducing the GST Burden on the Cash Flows of EOUs. Further by taxing on transfer from EOU to EOU and the third party export will bring down the turnover of the units. In the present GST system the facility offered to the EOU units has been withdrawn and brought under to pay and claim refund system which is not only blocking the fund and force to borrow more working capital and more interest burden on the industry and also created lot of paper work and this has created a negative impact on the EOU units.

Because of the discriminatory treatment between the EOU and SEZ, the entire business of the EOU is being diverted to SEZ and the EOU units are becoming sick. In view of this, we request you to kindly either give SEZ equivalent status to EOU units or extend all the benefits which were given to the EOU units prior to GST.

Allow DTA sale of Marble for 100 % EOU Units.

Earlier under license regime, to protect the interest of the license holder DTA sale of Marble Was restricted for 100% EOUs. Subsequently, on with drawl of license system, the policy makers by oversight not removed the restriction of DTA sale of Marble 100 % EOU units. Now, since the license system has been withdrawn and marble has been brought under OGL there is no meaning in restricting the DTA sale of Marble by 100 % EOU units.

In view of this, we humbly request you to kindly withdraw the restriction of DTA sale of Marble in100% EOU units. This will enable the EOU units to increase the export after value addition and generate more revenue by foreign exchange

Correct Inverted Duty Structure

The raw material inputs required for manufacture of rubber products are mainly Petrochemical base apart from Natural Rubber. Imports of NR are subject to 25% Import duty on Dry rubber and 70% on Latex rubber. Even though we produce only 650,000 tons of NR whereas the consuming industry requires 1.20 Million tons of NR this gap, industry has to be met through imports at high rates of Import duty. Apart from this, many Synthetic rubber, Carbon black, rubber chemicals are being imported at the peak rate of duty where additionally Anti-dumping duty and safeguard duty are being levied. Whereas, finished goods are being imported at between 0 to 10% import duty. Apart from this, a number of rubber manufactured products are identified under various Free Trade Agreement (FTA) where the imports are permitted at between 0 to 5%. Even though China is not identified under FTA they are using countries like Malaysia, Thailand, Vietnam and Singapore to promote their exports. According to the survey conducted by the Rubber Board in the state of Maharashtra, Kerala, Tamilnadu and Punjab, nearly 40% of the MSME have closed down thereby causing serious unemployment problems. Many of these units are now importing manufactured rubber products and rebranding them, thereby causing loss of jobs and out-go of foreign exchange, thereby giving a huge set-back to the MAKE IN INDIA programme. We suggest that on all finished goods; at least 25% import duty should be levied thereby giving protection to the local units. Also finished goods being imported should be as per relevant to Bureau of Indian Standards Specifications / Certification so that substandard goods, which are non-environmental friendly, are not to be imported.

Pre-import condition of Natural Rubber

By far the biggest “BUG BEAR” is the pre-import condition as per Public Notice No. 81 dated 9th January, 2015 on NR wherein Pre-import of NR is imposed thereby violating Foreign Trade Policy where in exports have been permitted immediately on generation of the file number of the AAs' by the issuing authority. Further, the exports have to be within 6 months of its imports which is not practical as the delivery time for imports of all items under AA may take 3 to 4 months. The quantities involved for 1 order would not be sufficient to justify duty free imports and hence this would be totally uncompetitive exercise apart from the humongous paper-work.

Rubber products are made up of nearly 15 to 20 different items like NR, Synthetic Rubber, Processing Oils, Additives, Carbon Black, Zinc Oxide, Rubber Chemicals, Processing Aids, etc. All these products have to be masticated and mixed and for further process to manufacture the required rubber products. The time frame for imports of all the items under AA and then export of the first consignment would totally be self-defeating exercise in futility.

Small Value Shipments

Small Value Shipments require the same level of documentation and transaction cost as in the case of large value container shipments. Books and such other consumer material have a large contingent of customers world over which are either individuals or institutions. Because of the cost involved and the documentation required, exports are slowly going down in respect of these segments. Exports up to some minimum amount say US$ 1000 may be fixed as for small value shipments which should be without such heavy documentation in terms of export as well as banking at least in respect of Books & Periodicals. For example if an individual in the USA wishes to order one copy of Sri Ram Charit Manas produced by Geeta Press, Gorakhpur the price of this is about Rs. 250/-. The weight about 3 Kilogrammes. Now if we look at the cost of mailing or courier + documentation + Bank charges in respect of inward remittance and the EDPMS clearance, an exporter will have to charge at least US$ 60 and in such a situation the individual in the US does not feel comfortable paying so much for obtaining the book. There are numerous such customers across the globe.

Export of Books by Post

Postal Bill of Export (PBE) have been introduced by the Government of India effective June 2018 and exports have been permitted through 3 Foreign Post Offices (Delhi, Mumbai, and Chennai) throughout the country. Exporters of Books who export very small value shipments by Post are undergoing a stressful procedure discouraging exports. In the current Scenario of e-Commerce, on the one Hand the whole world has become a global village in terms of accessibility of any products within no time, on the other, the industry is facing severe hurdles in meeting the required formalities and the cost thereof. Government of India should consider giving special consideration at least in respect of Books / Periodicals.

Reduction of value addition from 30% to 15% in line with Advance Authorisation Scheme/DEEC Scheme

The value addition needs to be worked out in line with other products i.e. value addition should be 15% not 30% as prescribed for the sawn timbers. This 30% was fixed, when then the DEEC scheme carried the VA @ 30%. Now at present the DEEC or say AA scheme carry VA @ 15%. Therefore, the VA needs to be revised to 15% in par with the AA scheme. Further, this causes the diversion of business to competing countries like Singapore or China. Though these countries do not grow the logs, but still compete with India in global market as these countries do not have such restrictions. To face this competition strongly, the Value addition needs to be in par with the other products, i.e. at the rate of 15%. This will surely increase the export volume for the country. Please note that this industry is mainly located in the rural area & has been providing the much need employment to skilled & semi-skilled persons at rural & semi urban areas. With the increase in the export, the level of the employment generation too is going to go up.

Re-export of the imported sawn timbers should be allowed freely

Re-export of the imported sawn timbers should be allowed freely. More and more countries globally are resorting to export of value added product, due to this; it is not possible to get the quality raw logs for the export productions. To maintain the continuity of the export with the existing buyers, imported Sawn timbers should be allowed to be freely exported. The sawn timbers at present are allowed to be imported freely.

To restore Most Favoured Nation (MFN) duty on import on Paper & Paper Board products into India from ASEAN, China and Korea RP countries.

Due to the India-ASEAN Free Trade Agreement Preferential Tariff and India Korea CEPA Preferential tariff, paper import duty has been tapered down to zero. Further, under the Asia Pacific Trade Agreement, India has extended import tariff concessions to China and other countries. From 10%, the basic customs duties on most grades of paper were reduced to 7%.

Even as the import duty on paper is down-pegged at a vulnerable zero rate, paper imports have jumped up by a steep 119% from ASEAN countries and 25% from China for the last 5 years.

The major Paper and Paper Board products being imported from ASEAN Region are Uncoated Paper and Paper Board (HS Code 4802), Coated Paper and Paper Board (H S Code 4810), Toilet or Facial Tissue Paper (H S Code 4803), Other Uncoated Paper and Paper Board (H S Code 4805), Cellulose Paper and Paper Board (H S Code 4823), Vegetable Parchment greaseproof Papers (H S Code 4806), Cartons, Boxes and Cases (H S Code 4819), Cellulose Wading Paper (H S Code 4811) and Carbon Paper (4809).

Presently Most Favored Nation (MFN) duty for imports of Paper and Paper Board products into India is 10%. However, under India-ASEAN Free Trade Agreement Preferential Tariff, import duty is 0%. Similarly under India-Korea CEPA also, the basic customs duty on paper and paperboard has been progressively reduced, and currently stands at 0%.

Domestic industry has invested huge amounts in the recent past to upgrade and implement clean technologies, product quality, farm forestry, etc. and more investments are in the pipeline. Such large investments will not be meaningful if imports are allowed at nil rates. To provide a level playing field to the domestic industry, paper and paperboard should be kept in the negative list while reviewing the existing FTAs and formulating new FTAs.

High cost of raw material coupled with significant increase in fuel cost and other inputs has resulted in increase in the cost of domestic manufacture of paper and paperboard. This has made the Indian market amenable to cheaper imports from countries where cost of raw material and other inputs is much cheaper, leading to underutilization of existing domestic production capacity. Taking advantage of low import duty rates countries like China and Indonesia diverting their inventory, rendered excess by levy of anti-dumping and anti-subsidy tariffs by their traditional markets of USA and EU, to India

Therefore, the Council appeal to the Ministry for a review of FTAs for import of paper and paperboard that has led to large quantities of paper being imported in the country at significantly lower costs to the disadvantage of domestic industry.

Demand of NOC from Wildlife by Customs Authorities for Animal By Products

Prior to 2002, Customs used to demand NOC from Wildlife for all products of Animal Origin. Being Competent Authority and aware of the fact that all these products are sourced from Buffalo Meat Industry, CAPEXIL took up the matter with the Commissioner of Customs, Tughlakabad, New Delhi. The Commissioner of Customs, ICD, TKD, and

New Delhi waived the condition of requirement of NOC from Wildlife of Bones, Horns, etc. where the Shipment was accompanied with a “Shipment Clearance Certificate” issued by CAPEXIL the Competent Authority.

After Single Window Project came into force, Wildlife Crime Control Bureau, Ministry of Environment & Forest, Government of India in a communication addressed to the Deputy Commissioner (SW), Single Window Project, Central Board of Excise and Customs, Ministry of Finance vide File No. 3-10/WCCB/2015-Vol-II/3060 dated 23rd December 2016 communicated revision of Customs Tariff Head (CTH) mapped to WCCB due to changes made in Finance Act, 2016. In the above communication, the CTH which are covered under CAPEXIL as Competent Authority are also mentioned.

All Plants of all exporters of these products exporting to European Union are approved by CAPEXIL. They are issued a Plant Approval Number and their Plants are regularly monitored by Plant Approval Committee of CAPEXIL. The Plant Approval Committee ensures that all these products are produced from by-products of Slaughterhouses where healthy Buffalos are slaughtered for human consumption.

We request you to kindly waive the requirement of NOC from Wildlife for the Shipments which are accompanied by “Shipment Clearance Certificate” issued by CAPEXIL, the Competent Authority.

Major hurdles faced by the Fireworks industries

India is the largest producer of fireworks in the world, next to China. Sivakasi contributes for about 80% of fireworks manufacturing. Fireworks were exported from Sivakasi until the year 2000. We have exported 200 to 300 containers approximately per year during that period of time. From the year 1986 to 2000 we have seen a rapid stride in our growth.

Then the Colombo port stopped issuing NOC from the year 1996. We then exported through the Singapore port. At the dawn of new millennium, Singapore Port also shut its doors by not issuing the NOC. We became option less as the nearest port to our town was Tuticorin port, which is a small port that could hold only the feeding vessels due to which we were unable to operate from this port and as such NOC was also restricted at Colombo and Singapore.

Our Government is doing yeomen service to the industry by permitting to use machineries to manufacture fireworks accessories and helping us to make quality products. But in addition, if our Government coerce the Government of Shri Lanka (for Colombo) and Government of Singapore to issue NOC to utilize their ports for trans-shipment, it will boost the industry as we can manufacture 25 containers per day for 150 days per year.

Since Indians are spread across the world, and if we could get the NOC for trans-shipment, we can do export seamlessly to African countries, South America, USA and other European countries, whereby achieving huge export growth to our country. As we are fighting this Global pandemic and the sentiments across the world are against China, China being our major competitor, we can use this opportunity to push our Export growth and market our self to become the major Exporter of fireworks across the World. We can enhance the Export of Fireworks from India and achieve an Export growth of at least 75 million US $ in 2025.

Issues of Anti-Dumping Duty imposed by GCC on Ceramic Products

Please note that on 30th April 2020 Cooperation Council for the Arab States of the Gulf (GCC) has issued a notification stating imposition of Definitive Anti-Dumping Duties against imports of Ceramic Flags and Paving, Hearth, Floor, or Wall Tiles; Whether or Not on a Backing; Finishing Ceramics (Ceramic and Porcelain Tiles) classified under GCC-Unified Tariff Code from item (6907), other than those of subheading (69073000) originating in or exported from India and China for a period not exceeding 5 years starting from 6th June 2020.

GCC has imposed duty ranging from 41.2% to 106% for Indian Exporters whereas for China it is 23.5% to 76%. India has competitive advantage over China to this region in all sorts and as a result acquired major market share on the said products. However, with this anti-dumping duty and massive gap of anti- dumping duty with China i.e. 17.7% to 30% shall definitely force Indian exporters to leave the market resulting loss of exports from India to the tune of USD Million 500(approx.) as per 2019-20. Nonetheless, factories who are directly or indirectly dependent on this market may shut down their operation resulting in unemployment, unable to pay out loan's EMI etc. which will certainly badly hit the total value chain of the Industry. Considering the above, the Council strongly suggests the following to the Ministry to address the above issues and thereby help the industry to come out from this predicament and ensure overall export growth of the Ceramic Products from the country:-

- Request to address the issue of Anti-Dumping Duty on priority basis with the respective Government, of GCC countries since a huge number of MSME and other units from the said industry is solely dependent on GCC market due to our competitive advantage failing which many factories may shut down their operation resulting further unemployment, non-payment of loan EMI etc.

- Most of the building material in 5% GST slab and hence Ceramic products may be shifted to 5% from current 18% GST at least for coming 2 years to make market moving.

- Ceramic industry operates on Natural Gas supplied by GSPC; need some price benefits for coming 6 months to overcome the situation and back on track.

- 90% subsidy towards any export promotion measures viz virtual fairs & exhibition, B2B Meets, opening up of overseas counter etc. taking up by the Council.

- The government may provide 90% subsidy towards the cost of export promotion measures i.e virtual fairs & exhibition, B2B Meets etc to the Council.

Anti-Dumping Duty on Soda Ash

Soda Ash is the key raw material for the Glass Industry (both Container Glass and Float Glass). Cost of Soda Ash in India continues to be the highest in the world on account of unethical practices adopted by local Soda Ash Manufacturers, leading to imposition of Anti-Dumping Duties on countries producing 98% of the global output of Soda Ash, that too continuously since 2000. Since last 20 years, these 3-4 Soda ash manufactures have a history of getting unjustified protective duties imposed through adopting all legal and illegal means.

The undue advantages that the soda ash manufacturers are getting due to the imposition of ADD are highlighted below:

- All the Soda Ash manufacturers have managed to increase their revenue at an average CAGR of 15-25% post the imposition of ADD

- Soda Ash Manufacturers earn Super normal profits owing to imposition of ADD on 98% of the Global Soda Ash Manufacturers

- Imposition of ADD has resulted in BIG difference between Domestic Vis-à-vis Imports prices. Domestic prices become excessively high once soda ash is shifted to Southern and Eastern part of India. India Soda ash Plants are concentrated in Gujarat region only

While declining initiation of Sunset Review, DGTR in his order dated 5.4.2018 with a finding that the continuation of dumping and recurrence of injury is unlikely and the domestic manufacturer don't deserve protective duties any more, in para 4 noted as under:

"4. Whereas, on examination of the facts in detail, the Authority notes as under :-

a. Despite alleged dumping of subject goods, the **average profit earned by the petitioner companies is around 41% of cost of sales,** which is way above the one (i.e. 5 %) permitted by the designated authority while constructing Normal Value in an anti –dumping investigation.

The Key soda ash player's capacity expansion and their international acquisitions clearly state the malafide intentions of the soda ash manufactures to force the domestic glass industry to procure locally whereas they can use their foreign subsidiaries to export. They are planning to expand capacity in anticipation of imposition of Anti-Dumping Duty which would help them to sell more Soda Ash at Supernormal profits. It is worth noting that despite ADD IMPOSITION in the past there has been continuous increase in Import volume as Local players have not increased their capacities to desired level.

Soda Ash industry in concentrated within 3 Key players and they are situated only in Gujarat. Soda Ash Industry has total of 15,000-20,000 workforce whereas Glass Industry is spread out nationally, and has more than 150 active manufacturers, most of which are in the MSME segment. Glass Industry is an employment intensive industry and provides direct employment to more than 100,000 people and 500,000 people indirectly. Growth of the Glass Industry has been severely restricted because of high pricing of Soda Ash and Energy Cost in India which is evidenced by the low per capita consumption of both Glass Containers and Float Glass.

All the leading Soda Ash Manufacturers are earning very high profits whereas the Glass industries are bleeding and shutting down. India is losing on key exports as the glass industry is becoming un-viable due to very high cost of key raw material i.e. Soda Ash Costs at the behest of the Soda Ash Manufacturers. Today global customers are looking at India to substitute supplies from China. India has tremendous potential for Glass Exports owing to excess local production capacity. India is aiming to get more foreign investment and boost exports and glass industry has the potential to increase exports 10 folds to counter China Exports to the world, but these ADD & CVD Measures form a major hindrance to the high export potential of the glass Industry.

Today CHINA has 50% of worlds' capacity in GLASS and is the largest exporter of GLASS of EUROPE / LATIN AMERICA /AUSTRALIA and USA. The Indian per capita consumption of Glass is lowest in the world and there lies the opportunity for both local market expansion and becoming a GLOBAL supplier. Indian Glass Industry has all the wherewithal to replace CHINA as dominant player of GLASS. Amongst the major component of cost for Glass Industry in India, it is uncompetitive with China in Power and Fuel and SODA ASH (HS Code: 2836)

As and when Soda Ash prices (which form 60% of the raw material cost of the Glass Industry) are brought to international standards, the Glass Industry can commit to invest more than INR 25,000 crore in India to cater to the enhanced demand within the country, as well as make India an export hub with incremental export of INR 9,000-10,000 crore per annum. This has the potential to create additional employment for 100,000 people directly and more than 500,000 people indirectly.

Production Linked Incentive Scheme

Introduce Production Linked Incentives to Auto Tyres, Cement, Ceramic, Glass, Paints, Gelatine, Graphite, Fireworks, Paper and Rubber Manufactured Products.

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I take this opportunity to convey my sincere thanks, deep regards and gratitude for the support and encouragement received from various other Officials of the Government of India in the Ministry of Commerce & Industry, DGFT, Ministry of Finance, Ministry of Mines and Ministry of Fisheries, Animal Husbandry & Dairying and Ministry of Environment & Climate Change.

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I thank you all once again.

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