

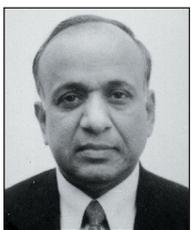
Views of some eminent personalities on New Exim Policy 2003 recently announced by Government of India



Dr. Amit Mitra ,
(Secretary General, FICCI)

"This year's Exim Policy has put in place building blocks for India to achieve 1% share of world exports by 2007. Apart from a definite move towards procedural simplification with a view to reduce transaction costs, the policy has identified key engines for long-term export growth. Special thrust on services exports including entertainment, health care, professional services and tourism, apart from focus on exports from sectors like agriculture and allied products, electronic hardware, textiles, auto components, gems and jewellery, chemicals, drugs and pharmaceuticals would have a 'pull-effect' on other sectors of exports. These are sectors of exports. These are sectors where India has intrinsic advantages to emerge as a major global player in the future."

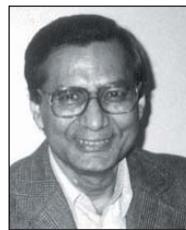
ent matters. This has been achieved by stipulation in regard to reliance upon professionals' certifications in respect of certain matters. It is expected of them that they will exercise due care and diligence in furnishing various certificates to the applicants concerned. It is on their responsible discharge of the functions so set down that the success of the liberalised procedure depends. Also, the Chartered Accountant who is not a partner or proprietor or a director or an employee of the concerned firm or company or its associates, is eligible to give various certificates required under the Exim Policy.



N.D. Gupta
(Former President, ICAI)

The Exim policy 2003 is certainly a concrete step towards paving way for second stage reforms of Indian Economy. Some of the measures such as, allowance of Imports of consumables, office and professional equipment, spares and furniture upto 10% of the average foreign exchange earnings in the previous three years, is surely highly appreciated by the service sector. Some other measures initiated to help SEZs such as, exemption from the levy of 4% SAD of customs, removal of the one year period limit for the remittance of export proceeds and allowing single - window clearance under GOI/State Governments are also appreciable.

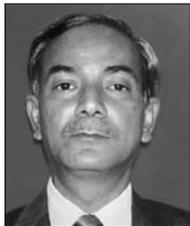
As already said one of the highlights of the new policy initiatives is to free the importers from paper work and the need to seek specific approvals for many differ-



Prof. Alok Ray,
(Professor of Economics, IIM, Kolkata)

The most important factor limiting Indian exports today is infrastructural bottlenecks and procedural hurdles. From that point of view SEZs are a good initiative since it is easier to develop the required infrastructure more easily in some designated places than all over the country. The same holds for procedural simplification. Here one point needs to be clearly recognized. The early success of the Chinese SEZs was mainly due to the practice of "raw capitalism" in those areas. The managers in SEZs were given unhindered hiring and firing rights. The workers, mostly female workers coming from the countryside, had no job security nor did they receive any social security benefits. This kept the labour cost in SEZs artificially low, relative to other areas in China. It is highly doubtful whether enforcing two different sets of labour legislation in SEZs and other areas is feasible in a parliamentary democratic system like India. If so, then we should not expect to get anything dramatic out of SEZs. It is good to see that the Exim Policy clearly recognizes that the bankrupt state governments do not have the resources and it is essential to involve the private sector in developing the infrastructure in the proposed agri-export zones and special economic zones. One more welcome feature is the thrust

the Policy seeks to provide to export of services, especially in entertainment, health, tourism and education. The major sops offered here are duty free import of consumables, spares, office and professional equipments against export earnings. However, tax sops alone would not suffice unless the infrastructural constraints are removed. For example, the flow of foreign tourists suffers due to the slow and erratic transportation system, poor connectivity, law and order problems and shortage of safe and reliable hotels for budget travellers in places of foreign tourist interest.



Dr. T.K. Bhaumik,
(Sr. Advisor - Policy, CII)

The New Exim Policy is an extension of our commitment to give proper encouragement to industries to flourish and to boost the global participation of it. The policy is good as it gives incentives for service sector and agriculture sector and it is framed to give aggressive thrust to exports.

The time has come when policy makers should stop spoon-feeding to the industry. A Real entrepreneur does not need hoards of incentives to give their 100% for successful business. What they need is conducive environment and properly installed infrastructure.

It is high time that one should start believing in the competencies of the Indian Industries. There should not be any doubt that they can very well compete in the International Market as well. What is required now is removal of administrative blocks and speedy installation of infrastructure. For example, golden quadrangle is a big step in this direction.

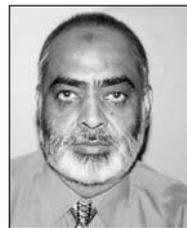
To make our Industry progress to their fullest potential, Ministry of Commerce should shed its role as a regulator and instead play an active role in Market Intelligence and Market Surveillance. Industry needs a body which can:

- Collect the data from the market and analyse it on a periodical and timely manner.
- Analyse the Exim Policies of different nations so that

Industry can make proper representation to them.

- Prepare the import penetration list.
- Prepare & Analyse trigger point of Safeguard duties etc.

Also, it would be more beneficial if input output norms are prepared by the technical experts of the Industry instead of administrative people.



Shri Mohd. Iqbal, (*Entrepreneur & MD - Leading Export Firm*)

From the small exporter point of view the new Exim policy does not offer as much as was expected.

Even though there are some good measures in the policy to boost up the export, the balance is tilted towards SEZs Government should have given more consideration to cottage industries and small exporters while formulating the exim policy.

Some of the suggestions which should have been there are, treatment of 100% EOUs at par with SEZs; the overall turnover limit for claiming duty free imports should be reduced so as to cover even small exporters; Non priority units should be free from customs bounding if these units are not importing and the ceiling in regard to financial assistance under Market Access initiative(MAI) scheme should be increased.



Shri S. Ramakrishnan
(*Vice President & Business Leader, Global Accounting, Leading Multinational Financial Institution*)

Globalization and focus on Services sectorare welcome highlights of the new Exim Policy...the revitalized approach to integrate Exim policy and the Finance Budget is a great step towards building 'India Brand' in the emerging global world. Critical success factors for 'growth engines' like IT Enabled services industry will need to be further sustained / supported for their

unique requirements (like changes to custom bonding regulations, service tax exemption etc.) to promote and realize the significant export potential from this sector.



Shri Brij Tankha,
(Chairman-Leading Software Export Firm)

The Exim Policy of 2003 - 2004 gives a major focus to the hardware industry. The new policy has in a welcome move addressed the problems of the hardware industry. Permitting ITA - 1 to be sold unhindered in the DTA and further DTA sales of such item being considered for fulfillment of NFEP criteria would definitely give a boost to the hardware industry.

EOU/EHTP/STP modified now allows companies

to donate IT Products, two years after their import without any duty obligation. Also a higher rate of depreciation i.e. 100% in 3 years has been fixed for all IT products and peripherals. This will help the particular organization in the bonded sector to donate IT equipments to educational institutions etc. and help promote IT in the country.

The policy has also allowed IT companies engaged in development of embedded software and systems to import equipments up to US\$ 10,000.00 for purposes of testing, free of duty. This is a welcome step in this industry.

EOUs would now require to be only net positive foreign exchange earner and there will be not export performance requirement. This should provide a better environment without the pressures of achieving revenues.

Export/Import of all products through post parcel/courier by EOUs will now be allowed. This will help software promotion and allow more flexibility of operation.

IMPORTANT ANNOUNCEMENT

The current round of negotiations, as mandated under the General Agreement on Trade in Services (GATS) for further liberalisation of international trade in services and rules thereunder, commenced on January 1, 2000 and is likely to continue upto January 2005. The main objective of the negotiations is to liberalise commitments in all the service sectors and all the modes of supply of services and to improve the multilateral rules for trade in services.

The Department of Commerce, Ministry of Commerce and Industry, Government of India has prepared a Paper on “**Consultation on the WTO negotiations under the General Agreement on Trade in Services (GATS)**” summarising the ‘Requests’ received from various member countries, the requests made by India to trading partners and the level of commitments given so far.

The same are available at website of the Department of Commerce at http://commerce.nic.in/wto_counsel_paper.htm.

The said Requests are for different Professional Services including Accountancy Sector. Members and Stakeholders may like to offer their suggestions/views to Department of Commerce as per the details available at the above site and are also requested to forward a copy to the Institute at E-mail ID rakeshehgai@icai.org.