

No. 9/3/2019-EP(CAP)
Government of India
Ministry of Commerce & Industry
Department of Commerce

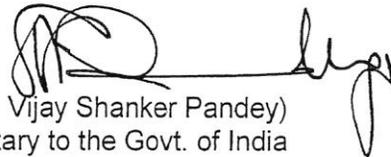
Udyog Bhawan, New Delhi
Dated: 11 July, 2019

OFFICE MEMORANDUM

Sub: Record of Discussions (RoD) of the interactive meet chaired by Shri Som Parkash, Hon'ble MoS(C&I) held on 25.06.2019 with stakeholders / exporters of chemicals, plastics, minor forest produce & allied products sector with the concerned line Ministries / Departments to discuss the issues hampering export growth.

The undersigned is directed to enclose herewith the Record of Discussions (RoD) of the interactive meeting held on 25.06.2019 under the chairmanship of Shri Som Parkash, Hon'ble MoS(Commerce & Industry) regarding the subject mentioned above and to request the concerned Ministries / Departments / Agencies to take appropriate action in this regard as per the discussions held.

2. Kindly acknowledge the receipt of this communication and furnish Action Taken Report on the same latest by 1st August, 2019.



Vijay Shanker Pandey
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To

1. Shri Alok Vardhan Chaturvedi, Director General, DGFT, Udyog Bhawan, New Delhi
2. Shri Ritvik Ranjanam Pandey, Joint Secretary, Department of Revenue, North Block, New Delhi
3. Shri Suchindra Mishra, Joint Secretary, Insurance-II Division, Department of Financial Services, Jeevan Deep Building, Sansad Marg, New Delhi
4. Dr. Niranjan Kumar Singh, Joint Secretary, Mineral Policy & Legislation Division, Ministry of Mines, Shashtri Bhawan, New Delhi
5. Shri Ritesh Kumar Singh, Joint Secretary, Ministry of Environment, Forest & Climate, Paryavaran Bhawan, New Delhi
6. Shri Atish Chandra, Joint Secretary, Plant Protection Division, Department of Agriculture, Cooperation & Farmers Welfare, Krishi Bhawan, New Delhi
7. Shri Samir Kumar Biswas, Joint Secretary, Department of Chemicals & Petrochemicals, Shastri Bhawan, New Delhi
8. Shri Pranab Kumar Das, Chairman, CBIC, North Block, New Delhi
9. Dr. S.K. Khurana, Secretary(CIB&RC) and Additional Plant Protection Adviser
10. Chairman - PLEXCONCIL / CHEMEXCIL / CAPEXIL / SHEFEXIL

Copy to:-

1. ED, CHEMEXCIL / PLEXCONCIL / SHEFEXIL.....with a request to share the RoD with the participants.
2. Addl. PS to Hon'ble MoS(C&I)
3. PS to JS(SM)

**Department of Commerce
EP(CAP) Division**

Record of Discussions of the interactive meeting held on 25.06.2019 at Udyog Bhawan, New Delhi, chaired by Shri Som Parkash, Hon'ble MoS(C&I) with stakeholders / exporters of chemicals, plastics, minor forest produce & allied products sector along with the concerned line Ministries / Departments to discuss the issues hampering export growth

Shri Shyamal Misra, Joint Secretary, EP(CAP) Division, DoC welcomed the Hon'ble MoS and thanked him for sparing time for having this interactive meeting with the stakeholders/exporters pertaining to 4 EPCs i.e. Plexconcil, Chemexcil, Capexil & Shefexil, and also welcomed the representatives from the concerned Ministries / Departments such as D/o Revenue, D/o Chemicals & Petrochemicals, M/o Environment, Forests & Climate Change, Department of Agriculture, Cooperation & Farmers Welfare, CBIC, DGFT and CIB&RC. The representative from Ministry of Mines could not attend the meeting.

2. After a brief round of introductions, Shri Som Parkash, Hon'ble MoS initiated the discussions and asked the stakeholders to discuss the issues as per the Agenda of the meeting, in the presence of the representatives from line Ministries/Departments and try and achieve a resolution of the problems being faced by industry/exporters.

3. JS(SM) highlighted the double digit export growth recorded by the 4 EPCs during the last year i.e. FY 2018-19 as compared to its previous year FY 2017-18. However, noting that there is immense export potential in the chemicals, plastics, minor forest produce & allied sectors, JS(SM) asked the participants to raise their issues point wise to brief the Chair and to get an appropriate response from the concerned Ministries / Departments.

4. The summary of the discussion is as follows:-

A. PLEXCONCIL

i. The representatives of Plexconcil requested the Hon'ble MoS that they may be allowed import of virgin PVC industrial scrap and highlighted the issue that processing of post industrial surplus or virgin PVC scrap does not add any excess pollution if compared with processing of virgin raw materials. Permission has been granted to EOUs which are operating within India and DGFT has issued license to import Pre Consumer Industrial Scrap for producing PVC Floorings for export. The import of PVC scrap is allowed under a license by DGFT as per policy conditions, but no licenses have been issued for Domestic Units as approval from Ministry of Environment and Forests and Department is awaited.

- JS(SM) mentioned that the matter has been taken up with Ministry of Environment and Forest (MoEF) wherein queries raised by MoEF have been answered and detailed justification has been provided by the organization

mentioning the non-hazardous aspect of the PVC scrap. JS(SM) requested MoEF to examine the case on its merits and share their response with DoC.

- The representative of MoEF mentioned that imports of any kind of plastic waste is not permitted; however the matter is being examined.

[Action: MoEF]

ii. The representative of the Human Hair industry raised the issue of rampant smuggling and highlighted that there is under-invoicing of their product and declaring lesser value of exported materials of consignments by Indian exporters backed by Chinese agents/traders, in order to evade taxes in importing countries like China and Myanmar. This illegal trading has resulted in severe loss of jobs as it is a labour intensive industry.

Shri Vijay Kumar, Addl. DGFT mentioned that the proposal of Human hair industry is being considered, where they have asked to restrict the export of Human hair and inspect the material; also the department is working on the standards to be set for the inspection process.

JS(SM) advised the industry members to suggest standards to be set for inspection and accordingly to represent their case with DoC/DGFT to expedite the process.

Shri Nitish Kr. Sinha, JS, Department of Revenue (DoR) further mentioned that they are open to have a consultation with the industry members to resolve the existing issues.

[Action: EPC / DGFT /DoR]

iii. The representatives of AIPMA highlighted that the outdated technology/machines with high operational cost and poor efficiency are acting as a barrier to their growth. The organization was of the view that establishing a Technology Upgradation Fund Scheme (TUFS) for plastics sector may provide assistance for up-gradation to modern and efficient machinery. Such a scheme, if introduced, will be for the benefit of plastic sector and would help in enhancing the productivity and energy efficiency of the sector.

JS(SM) suggested that AIPMA may submit their proposal for introducing such a scheme for technology upgradation for plastic sector directly to the line Ministry, ie the Department of Chemical and Petrochemicals and assured that this department will support the said proposal.

[Action: AIPMA / DCPC]

iv. The representatives of the Masterbatch industry raised the issue being faced by member exporters of Masterbatches panel while exporting to Bangladesh due to ITC HS code mismatch, increased assessment by Bangladesh Customs and high import duty and requested for inclusion of new HS code in SAFTA.

JS(SM) mentioned that this issue has been taken up with the territorial division in DoC (FT-SA division) for consideration.

[Action: FT-SA division]

B. CHEMEXCIL

i. The representatives of Chemexcil requested for the expansion of Interest Equalization Scheme by adding more tariff lines of chemical sector and making the scheme available to merchant exporters.

- Addl. DGFT informed the industry that the requests are onboard, but the availability of budget is less as the funds during last year were Rs 2600 crore, which exceeded the budget. Therefore presently there is no scope of any review.

[Action: DGFT]

ii. The representative of Chemexcil raised the problems pertaining to permit for import of Yellow Phosphorus by Actual User (AU) exporter on the basis of 3 years average instead of projections submitted by the exporter.

- Shri S.K. Khurana, Secretary, CIBRC has mentioned that the issuance of District Industries Centre (DIC) Certificate is based on the data that is obtained at district and state level.
- Hon'ble MoS directed CIBRC to ease the License norms for exporters by considering the request of doing away the DIC Certificate with the average basis and follow the projections submitted by the AU Exporters.

[Action: CIB&RC]

Additional issues raised by the Industry apart from the Agenda Items:-

iii. The representatives of Chemexcil raised the issue regarding the time consuming process of registration with CIBRC, which takes around two years.

CIB&RC shared that the registration process has now been put on fast-track, the registration for star exporters takes ten working days, and if the exporters have procured an export order, even if they are not star exporters, the process takes five working days.

Representative of Crop Care Foundation stated that the Ministry of Agriculture has started to provide fast track export registrations through CIB&RC. However, even after the approval from EC Committee, remaining process may take 6 to 8 months for final issuing of industrial license.

Hon'ble MoS expressed concern regarding the delay in process and enquired regarding the time period taken in various other countries and directed the industry members to examine and represent their case with proper rationale.

[Action: EPC / CIB&RC]

iv. The representative of Chemexcil mentioned that the first time registration process for new molecule takes time to be included in the schedule and in Non notified areas, state level license is required resulting in more delays. It was further mentioned that the issues of Environmental Clearance takes 4 months to 1 year, resulting in the export orders moving away, owing to the delays. It was requested to issue notifications on the pattern of Rajasthan Government especially for small and medium scale industries.

On the issue of delay in obtaining environment clearance, the representative of MoE&F mentioned that the prescribed time limit for the clearance process has been reduced from 300 days to 120 days and approximately 80 to 90 percent of the cases are processed within the time limit. However, specific cases with respect to the nature of the product might exceed the time limit and the representative asked the industry to share specific details of those cases in order to understand and resolve the issue appropriately.

- Hon'ble MoS directed MoEF to ensure speedy clearance within the shortest possible time, and certainly within the mandated period of 120 days, including state level and central level clearances.

[Action: MoEF]

v. It was mentioned by the industry representatives that certification by Indian Institute of Packaging (IIP) for Packaging gets approval for a period of one year, after which a new approval has to be sought.

- Hon'ble MoS stated that the approval should be considered to be given for longer periods like 5 to 10 years, in order to make it easier for the exporters.

[Action: TP Div., DoC / IIP]

vi. The representative of Chemexcil raised the issue regarding payment of GST/ erstwhile excise duty on Import of Raw Material for the unfulfilled portion of EODC (Export obligation discharge certificate) under Advance Authorization used by actual user exporters. It was further mentioned that the issues related to GST are taking time with 90% of export working capital getting blocked.

- Hon'ble MoS has asked D/o Revenue to facilitate the Exporters.
- JS, DoR has mentioned that the entire process is computerized and there is no human intervention, subject to fulfilment of the required documents; the entire process takes three to four working days for the amount to get redeemed. However JS, DoR has asked that if there are any delays, the specific cases may be cited, so that they could be taken up and the needful may be done at the earliest.

[Action: DoR/EPC]

C. CAPEXIL

i. Shri M.F. Vohra, Chairman – Rubber Products Panel, CAPEXIL raised the issue of Pre-Import condition imposed under Advance Authorizations due to which the exporters have to discharge Export Obligation within 6 months of the import of Natural rubber (NR). This condition imposed on the Industry hampered the export growth. The representative raised another issue with regard to matter of Reinsurance rate hike which is escalating the transaction cost for the exporters of Rubber goods and also Plastics, Chemicals, Textiles sectors.

- The Addl. DGFT mentioned that the condition was put into place for the interest of the domestic industry. However, this matter has been represented by the Industry/exporters time and again and since it involves various stakeholders, consultation is being done and an appropriate decision will be taken in the matter within a month.

[Action: DGFT]

- On the issue of Re-insurance rate hike, JS(SM) clarified that in this regard, Insurance Regulatory Development Authority of India (IRDA) has informed that this matter was also filed before the Hon'ble High Court and the Hon'ble Court has passed an order dismissing the petitions filed in this regard.

ii. The representative of Natural Stones & products Panel, CAPEXIL raised the issue of renewal of leases of mines.

- JS(SM) mentioned that most issues are related to Ministry of Mines and the representation of the industry have been shared with them, and the other issues of expediting environment clearance have been forwarded to MoEF for appropriate action. Since the issue of renewal of mining/quarrying are in the domain of the concerned State Governments, the industry may take up the matter appropriately.
- The representative from MoEF mentioned that for the issue of expediting environment clearances, the Ministry may issue appropriate advice to all the State Governments.

[Action: M/o Mines / EPC/ MoEF]

iii. The representative of Plywood Panel, CAPEXIL requested for amendment in Export Policy of Sawn Timber, i.e. 30% value-addition requirement may be changed to 15% value-addition and the export of sawn timber may be allowed freely from all ports.

- Addl. DGFT stated that comprehensive data is required for assessing this issue and requested the industry to forward a detailed proposal so that the request could be appropriately examined.

[Action: EPC/DGFT]

iv. The representative of Ossein & Gelatine Panel, CAPEXIL raised the issue regarding 100% opening up of Factory Stuffed self-sealed containers by Custom Authorities at ICDs/Ports.

- JS, DoR mentioned that there is a percentage basis checking of the containers which is done for risk assessment, and it can never be 100%. However, this problem could be avoided by availing the Authorized Economic Operator (AEO) option and a lot of exporters have been availing it, off late. Also, if the container is sealed in front of customs authorities, then it wouldn't be opened at a later point of time. However, specific instance of such a problem may be represented for appropriate action.

[Action: EPC / DoR]

D. SHEFEXIL

i. Dr. Debjani Roy, Executive Director, SHEFEXIL highlighted the issue pertaining to Guar Gum which is the major export item in the Council's Basket. ED, SHEFEXIL raised the issue of revision of classification of Guar Meal, a by-product of Guar seed processing which as per the Industry and the Council should fall under Chapter 23 instead of Chapter 11. Further, the issue regarding Guar Gum Powder, ITC HS Code 13023230, a value-added product which is not included in the recently announced Transport & Marketing Scheme (TMA) was also raised.

- JS(SM) mentioned that DoC has taken up the issue of re-classification of Guar Meal with DoR at various levels. Also, the issue of inclusion of Guar Gum Powder under TMA Scheme has also been taken up with DGFT.
- JS, DoR mentioned that the issue of re-classification of Guar meal is under examination and appropriate action will be taken.

[Action: DoR]

- Addl. DGFT mentioned that inclusion of products in TMA Scheme would be examined in consultation with EP(Agri) Division.

[Action: DGFT]

ii. The representative of SHEFEXIL requested for inclusion of Curcumin, a value-added product of turmeric powder in MEIS scheme under FTP 2015-20.

- Addl. DGFT has mentioned that a new policy is coming up in August, 2019 and such requests for inclusion of items will be taken up for assessment.

[Action: DGFT/EPC]

E. Common issues of 4 EPCs:-

i. The EPCs highlighted the issue regarding removal of pre-import condition for claiming IGST exemption under duty elimination schemes of Advanced Authorisation/ EPCG/ 100% EOUs. They cited concern as this condition blocks their

financial capital and thereby hampers their export. The Industry / stakeholders also raised issue regarding expansion of MEIS for the products facing duty disadvantages due to Trade Agreements of other Countries.

- JS, DoR stated that this issue has been represented by the Industry at various levels and is being considered.

[Action: DoR]

- Addl. DGFT informed that expansion of MEIS is being considered and a decision would be taken up in August, 2019.

[Action: DGFT]

5. Hon'ble MoS thanked the industry and the Government representatives for having a meaningful interaction and urged the Ministry/Department/Agencies concerned to try and resolve the problems being faced by the exporters and industry with an open and positive approach.

The meeting ended with a vote of thanks to the Chair.

Participants:

1. Shri Som Parkash, Hon'ble MoS (C&I) - Chair
2. Shri Shyamal Misra, Joint Secretary, EP(CAP) Division, DoC
3. Shri Nitish Kr. Sinha, Joint Secretary, CBIC, Drawback, Department of Revenue
4. Shri Vijay Kumar, Additional DGFT, DGFT
5. Dr. Sushil K Khurana, Secretary, Central Insecticides Board & Registration Committee & Addl. Plant protection Adviser, Department of Agriculture, Cooperation & Farmers Welfare
6. Shri D.K Madan, Director, Department of Chemicals and Petrochemicals
7. Manoj Kumar Gangeya, Director, Ministry of Environment, Forest and Climate Change
8. Shri O.P. Sharma, Consultant, Department of Chemicals and Petrochemicals
9. Shri S.S. Kandpal, Joint Director, Wildlife Crime Control Bureau
10. Dr. Binitha, Assistant Director, Wildlife Crime Control Bureau
11. Ms. Bhumika Verma, Joint Director, Department of Financial Services
12. Shri V S Pandey, Under Secretary, EP(CAP) Division, DoC
13. Shri Abhishek Raj, Assistant Director, EP(CAP) Division, DoC
14. Shri Ravish Kamath, Chairman, PLEXCONCIL
15. Shri Arvind Goenka, Vice Chairman, PLEXCONCIL
16. Shri Vikram Bhadauria, Regional Chairman, PLEXCONCIL
17. Shri Sribash Dasmohapatra, Executive Director, Plexconcil
18. Shri Deepak Ballani, DG, All India Plastics Manufacturers Association
19. Shri Naresh Kumar, All India Plastics Manufacturers Association
20. Shri P Mohan, M/s Sakkthi Polymers
21. Shri T.S. Giridharan, M/s. OmniActive Health technologies
22. Shri Sunil Reddy Eamani, M/s Indus Hair Extensions
23. Shri Prasad Joglekar, M/s Jubilant Life Science Ltd.
24. Shri Mukesh Kanwal, Associate VP- EXIM
25. Shri Lalit Jain, M/s Tina Organics Ltd.
26. Dr. K K Sharma, General Crop Science, CHEMEXCIL
27. Dr. Tanu Sethi, CropLife India, CHEMEXCIL
28. Shri Vipin Saini, M/s Parijat Industries Ltd.
29. Shri Ajay Kumar Jain, M/s Virat Exports Pvt Ltd
30. Shri Raju Kapoor, M/s FMC India Pvt Ltd
31. Shri Sagar Kaushik, M/s UPL Limited
32. Shri Rajesh Gupta, M/s UPL Limited
33. Shri Harish Mehta, Advisor, Crop Care Federation of India
34. Shri O. S. Tyagi, UPL Limited, Crop Care Federation of India
35. Shri M. F. Vohra, Chairman – Rubber Products Panel, CAPEXIL
36. Shri Vikram Makkar, M/s Oriental Rubber
37. Dr. C.H. Rao, General Secretary, Federation of Andhra Pradesh Granite Industry

38. Shri S. Krishnaprasad, General Secretary, Federation of Indian Granite & Stone Industry
39. Shri Manish Poddar, Committee member, Federation of Indian Granite & Stone Industry
40. Shri Atul Jindal, Panel representative, Plywood Panel, CAPEXIL
41. Shri S V Kumar, All India Bone Mill Association and Animal By Products Panel, CAPEXIL
42. Shri J B Backdani, Secretary General, Ossein & Gelatine Manufacturers Association
43. Shri Amit Varma, M/s Tyre & Indus. Ltd
44. Shri Swaminathan Krishnan, M/s JK Tyre & Inds. Ltd
45. Shri Rajiv Bahadur, Gem Granites, Chennai
46. Shri SK Ghosh, Former Chairman & COA Member, SHEFEXIL
47. Dr. Debjani Roy, ED, SHEFEXIL, Kolkata
48. Shri V.K. Sharda, M/s. Hindustan Gum & Chemicals Ltd.
49. Ms. Nandini Merchant, M/s. Encore Natural Polymers Pvt. Ltd.
50. Shri T. Giridharan, M/s. Omniactive Health Technologies Ltd.
51. Shri Naresh Chutani, Deputy Director, CAPEXIL NR
52. Shri Dr. Bhanwar Singh Rajpurohit, OSD, CAPEXIL NR
53. Shri Sanjiv Dewan, Regional Director, PLEXCONCIL
54. Dr. J. P. Tiwari, Regional Director, CHEMEXCIL
