

# Gujarat Chamber of Commerce & Industry

12609

April 23, 2020

**Shri P. Raghvendra Rao,**  
Secretary,  
Dept. of Chemicals & Petrochemicals,  
Ministry of Chemicals & Fertilizers,  
Govt. of India, New Delhi.  
Email: [sec.cpc@nic.in](mailto:sec.cpc@nic.in)

Respected Sir,

## Re : Imposition of COVID-19 tax on imports

Greetings from the Gujarat Chamber of Commerce & Industry.

Gujarat Chamber of Commerce & Industry [GCCI] founded in 1949, is the apex trade and industry body of Gujarat which works to create and sustain an environment conducive to the growth of industry and trade in Gujarat. With more than 4000 direct members including more than 2 lakh members represented by 200 regional chambers and associations of Gujarat, GCCI serves the interests of all sectors of trade & industry of Gujarat.

This is with reference of imposition of COVID -19 tax on imports of petrochemicals and basic chemicals.

Industries of Gujarat request for the imposition of the COVID tax as,

(a) They have large inventory, which is lying idle with them prior to the lock down and at a higher cost compared to today's international prices (the prices have fallen due to fall in the global oil prices).

They apprehend that due to the low-cost imports, which may take place now, they will incur heavy losses due to the high cost of inventory they carry. So as to insulate them from the losses, they need a total protection in the form of COVID tax on imports.

b) There is also an assumption that China and other countries will dump materials in Indian markets.

c) China has already started giving higher incentives for exports.

Sir, in the above context, we submit that the downstream industry and manufacturers under MSMEs are also carrying a high cost inventory, which they will find difficult to sell. On top of it, if they have to pay an additional 15% COVID tax on imports there will double disadvantage for them.



ગુજરાત વેપારી મહામંડળ

૧૯૫૯ થી શરૂઆત

**Durgesh V. Buch**  
President

**Natubhai Patel**  
Sr. Vice President

**Bhargav Thakkar**  
Vice President

**Sanjeev Chhajer**  
Secretary

**Dilip M. Padhya**  
Secretary (R)

**Pathik S. Patwari**  
Treasurer



Also, it may be noted that rupee has depreciated by about 8% to US\$. The cost of imports will be further increased thereby sounding the death knell to the MSME sector.

Sir, we also request you to note that due to depreciation of rupee, imports have become costlier by 8% thereby giving a buffer to the manufacturers of petrochemicals and basic chemicals.

You are also aware, that a lot of chemicals are not manufactured in India or hardly by one or two manufacturers, who are not in a position to fulfill the demands of the downstream industry. In such cases, we have seen in the past that imposition of any additional tax / duty on imports leaves a monopolistic situation much to the detriment of the downstream user industry.

Sir, if the assumption that China and other countries will dump the materials in the Indian market comes true, we have the option of Anti Dumping Duty to safeguard the interest of the domestic manufacturers. Just because the anti dumping duty investigation takes time the interest of the MSME and downstream industry cannot be ignored. If need be anti dumping investigation may be fast tracked.

Sir, as you are aware, imposition of COVID tax on imports will lead to inflation down the line. It was also pointed out during the video conference that cost of products for petrochemical and basic chemicals in India vis-a-vis that in China and South Asian Countries is very high. Therefore, they need protection in the form of COVID tax on imports.

Sir, it is our submission here that the need of the hour is to lower the cost of production in the sector by either giving soft loans to them or lower electricity charges etc. allowing them to compete with the international players. In this background, it is not advisable to impose any tax on imports, which will lead to inflation and certainly put a lot of hardships on the MSMEs and downstream industry and put many of them out of business.

This is a great opportunity for the Indian Industry and economy to thrive on and excel with quantum jump in the world market share. We should not miss this opportunity by making the Indian industry uncompetitive in the global market on account of imposition of additional taxes.

**Durgesh V. Buch**  
President

**Natubhai Patel**  
Sr. Vice President

**Bhargav Thakkar**  
Vice President

**Sanjeev Chhajer**  
Secretary

**Dilip M. Padhya**  
Secretary (R)

**Pathik S. Patwari**  
Treasurer



We accordingly request you to kindly consider the above and refrain from imposing COVID tax on imports.

Thanking you,

Yours truly,

**Durgesh Buch**  
President, GCCI

c.c. to

(1) Shri Samir Kumar Biswas, Jt. Secretary, Dept. of Chemicals  
& Petrochemicals Ministry of Chemicals & Fertilizers,  
Govt. of India, New Delhi.

**Durgesh V. Buch**  
President

**Natubhai Patel**  
Sr. Vice President

**Bhargav Thakkar**  
Vice President

**Sanjeev Chhajer**  
Secretary

**Dilip M. Padhya**  
Secretary (R)

**Pathik S. Patwari**  
Treasurer