

# Gujarat Chamber of Commerce & Industry



31<sup>st</sup> July, 2020

ગુજરાત વેપારી મહામંડળ

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To,  
**Shri Piyush Goyal**  
**Hon'ble Minister of Commerce & Industry**  
**Government 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

**Sub: Sudden withdrawal of MEIS**

Dear Sir,

Greetings from Gujarat Chamber of Commerce & Industry.

GCCI is the apex body of all Trade & Industry in Gujarat, having membership strength of 6,000 direct members and 2,00,000 indirect members, which includes more than 205 Associations and regional chamber across the state.

If India's foreign trade in goods and services have in recent quarters been a drag on GDP the pull-down effect could be far stronger and deeper in the current fiscal. By capping the outlay for MEIS at RS.9000 crore GoI has deprived exporters of two third of the duty remission benefits they are entitled to. This move may also have wider implications for exporters of assorted goods as the denial of benefits will suffice to blunt the already narrow edge they have in the key market over competitors.

This action might have been prompted by the fear of shortage of funds but this would affect specially the MEIS exporters far more adversely as they are already starving of liquidity, cash flow is bad and export recovery would be in shambles now. Merchandise exports have declined since March and as lock down curbs were lifted the trade has been limping back to recovery, however this decision has dashed all hopes for a faster and sooner recovery.

Although the Department of Revenue may prevail upon the Department of Commerce to review the coverage & MEIS tariff lines and rates, in order to bring down the incentive levels to Rs.9000 crore this year, it is very difficult for exporters to finalize their deals after factoring in MEIS scrips which is between 2 to 5% of export turn over. Any sudden or premature withdrawal or reduction would result in a decline of exporters margin proportionately. This may be avoided at this crucial juncture when exporters are already hurt by a COVID induced cancellation of orders. Exporters are apprehensive due to such uncertainties and in fact they are looking for some kind of succour to beat the pandemic.

State of Gujarat is amongst 5 top states in exports and having a handsome share of about 20% in the country's Foreign trade. MSME have a lion 's share in this business and major product exported are; Agriculture, Automobile, Chemicals, Gems & Jewellery, Textiles, Pharma & Petroleum.

We request GOI to reverse the decision to help the Exporters as that's the need of the hour for them.

We are looking forward to have your positive response in the matter.

Best Regards,

**Yogendra Trivedi**  
**Chief Operating Officer**