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Mr. L Satya Srinivas
Joint Secretary (Customs)
Central Board of Indirect Taxes & Customs
Ministry of Finance
Government of India
North Block, Room. No. 156 B,
New Delhi – 110001

Sub: **Revision of IGCR Rules**

Dear Mr. Srinivas,

We wish to go on record the excellent work done by Department of Revenue and its officers in revising the IGCR 2017 – the herculean task of marrying of IGCR with Job work have been carried out. It will indeed bring about a game change in the supply chain management in the manufacturing of mobile phones.

On our part, we have carried out an extensive exercise to examine each clause in the IGCR. The results of this are attached herewith. The major change suggested from our side is that the emphasis should be on job work with importer performing the role of 'Principal'. The importer may or may not be a manufacturer, but is solely responsible for filing the consumption statement and also full accounting of the imported materials. He or she takes the liability for any misuse by way of executing a bond to this effect.

Accordingly, we have suggested that the clause requiring some manufacturing on the part of the importer be deleted.

Our members as well as associated TV industry also feel very strongly on the above. In fact, this clause is a must if manufacturing has to take off in full potential. We urge you to accept this suggestion of ours.

It may be noted that GST does not provides for full transferability in the value chain and there is no insistence of manufacturing at any point. This feature may be adopted by customs also which is going the old-fashioned emphasis on manufacture and actual user condition.

In this representation, we have not made any suggestion on scrap valuation. In the draft IGCR full duty at the time of import is being charged on scrap on domestic clearance. We have reservations on this and continue to hold our view that 2% may be allowed for scrap on the lines of the practice

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already followed elsewhere. We would, however, request you to kindly incorporate this in the revised Rules so that IGCR can work with full force in promoting manufacturing in India.

Our last suggestion is that IGCR may be used as alternative window to Advance Authorisation for duty-free import for export promotion itself - a simple Rule with minimal oversight. This suggestion we will develop at a later date.

With my best regards,


Pankaj Mohindroo

Encl:

- IGCR amendments proposed by ICEA