



**Pankaj Mohindroo**  
Chairman

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Ref: ICEA/ MOF/ 2019/ 321  
July 15, 2019

**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**

Ref: Our prev. communication # ICEA/ MOF/ 2019/ 209 dated June 11, 2019

*Dear Mr Srinivas,*

Thank you very much for sparing your valuable time to the industry delegation when they called on you on 8<sup>th</sup> July, 2019. We also thank you for bringing all your colleagues on board who are handling this issue of finalizing the IGCR draft which is already notified by your department.

Through this letter we would like to reiterate that a result oriented and flexible IGCR is the *sine qua non* for manufacturing in the mobile handset industry as well as other industries where IGCR is a required condition for exemption. In our own industry, the manufacture of parts under notification 57/2017 is crucial and without linking IGCR Rules, the activity will not take place. If do not reform IGCR, the PMP duty to promote import-based manufacture will turn into a cost to the industry. Thus, result of the PMP will do the reverse of what was originally planned.

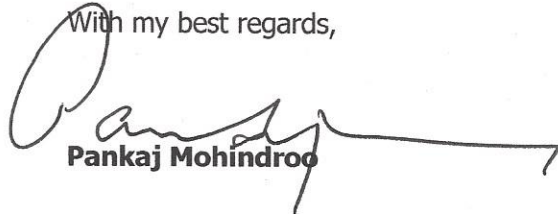
We would like to repeat for your kind consideration now:

1. The big brands are at times outsourcing the entire range of manufacturing to take advantage of the low-cost manufacturing in the ancillary and job work space. As discussed in the meeting, a clause should be inserted in the final IGCR Rules to the effect that while manufacturing as such is a must for IGCR, the entire manufacturing may be carried out in the job worker chain. The brand will be taking on the responsibility as the "principal" and undertake the pledges by fulfilling the conditions of bonds etc.
2. The problem of two IGCRs for the same company as insisted by some field formations will be dealt at your level by issuing suitable instructions. Copy of the representation from the affected party is enclosed. (There could be more such cases which have not come to our notice as yet).
3. The issue of wastage and duties there on in manufacturing in IGCR will be examined by your officers once again in the light of field experience.



We wish to thank you once again for taking this complex issue forward. Our detailed representation with possible solutions, after conducting industry survey is already with you – a copy of which is enclosed for your ready reference.

With my best regards,

A handwritten signature in black ink, appearing to read "Pankaj Mohindroo", with a long horizontal flourish extending to the right.

Encl:

- Copy of communication # ICEA/ MOF/ 2019/ 209 dated June 11, 2019

Copy to:

- Mr Pranab Kumar Das | Chairman - CBIC
- Shri Raj Kumar Barthwal | Member (Customs)