



Role of CBEC in implementing “Make in India” Program

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PRESSENTATION PLAN

- **What is Make in India Program**
- **Evaluation**
- **Comparable Programs in the world**
- **Role Played by CBEC**
- **Way Forward**

What is Make in India Program

- Launched in September 2014
- Timely response to a critical situation:
 - much-hyped emerging markets bubble had burst,
 - India's growth rate had fallen to its lowest level in a decade
- To transform India into a global design and manufacturing hub

What is Make in India Program Contd....

- Overhaul of out-dated processes and policies
- A complete change of the Government's mindset
- Tenet of 'Minimum Government, Maximum Governance'
- Aimed at raising the contribution of the manufacturing sector to 25% of the GDP by 2020.

Mandate

- To inspire confidence in India's capabilities amongst potential partners abroad, the Indian business community and citizens at large
- To provide a framework for a vast amount of technical information on 25 industry sectors
- To reach out to a vast local and global audience via social media and constantly keep them updated about opportunities, reforms, etc.

25 Industry Sectors



AUTOMOBILES



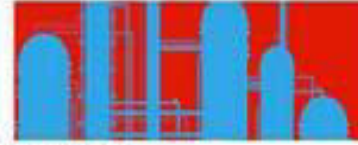
AUTOMOBILE COMPONENTS



AVIATION



BIOTECHNOLOGY



CHEMICALS



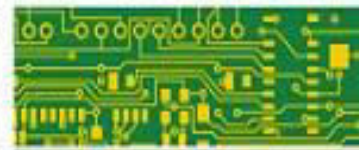
CONSTRUCTION



DEFENCE MANUFACTURING



ELECTRICAL MACHINERY



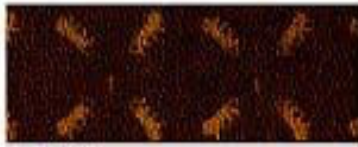
ELECTRONIC SYSTEMS



FOOD PROCESSING



IT AND BPM



LEATHER



MEDIA AND ENTERTAINMENT



MINING



OIL AND GAS



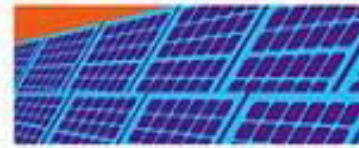
PHARMACEUTICALS



PORTS



RAILWAYS



RENEWABLE ENERGY



ROADS AND HIGHWAYS



SPACE



TEXTILES AND GARMENTS



THERMAL POWER



TOURISM AND HOSPITALITY



WELLNESS

Evaluation

- Ease of Doing Business Rank:
 - **130th** in 2017 from 142nd in 2015 report
- Global Competitiveness Index:
 - **39th**rank in 2016 from 71st position in 2014
- Global Innovation Index :
 - **66th**position in 2016 from 81st in 2015
- Logistics Performance Index:
 - **35th** position in 2016 from 54th in 2014
- Global Retail Development Index:
 - **2nd** position 2016 from 15th in 2015
- World's Leading Manufacturers:
 - **6th position** from 9th in previous year

Specific examples in manufacturing

- **Schneider Electric** – to invest around US\$ 110 million in the coming 5 years
- **US chipmaker Qualcomm** – to establish an **innovation lab** (Bangalore)..... launched ‘Design in India’ initiative with the aim to mentor up to 10 Indian hardware companies
- Japan – setting up a US\$ 12 billion fund in the name of ‘**Japan-India Make in India Special Finance Facility**’
- French aircraft manufacturing company **LH Aviation** signed a MoU with Indian OIS Advanced Technologies (OIS-AT) – manufacturing of **tactical drones**

Specific examples in manufacturing contd....

- **Lenovo and Motorola** plan to manufacture smartphones in India in Chennai. The facility currently can create 6 million smartphone units per year
- **Xiaomi** launched local manufacturing in Visakhapatnam in August 2015. The plant exclusively assembles Xiaomi phones and is Xiaomi's second manufacturing unit outside China
- **Mercedes Benz** India inaugurated its second manufacturing facility in Chakan, Maharashtra
- Taiwan's **Foxconn** signed a pact with Maharashtra to invest US\$ 5 billion over 5 years in a semiconductor manufacturing

Specific examples in manufacturing contd....

- **Hyundai Heavy Industries** partnered with Hindustan Shipyard Ltd., Visakhapatnam to build naval ships
- **Huawei** invested US\$ 170 million – new R&D campus in Bengaluru
- **Spice Group** to invest US\$ 75.16 million to manufacture budget smartphones in UP
- **Daimler India Commercial Vehicles Pvt. Ltd. (DICV)**, inaugurated new bus manufacturing facility in Oragadam, Tamil Nadu
- **Magneti Marelli** joint venture with Hero MotoCorp, Manesar to manufacture Electronic Fuel Injection (EFI)
- **Hitachi** – to roll out ATMs in India – investment capital of US\$ 15 million

Comparable Programs in the world

➤ *Germany's Industrie 4.0*

- collaboration between the German government, research institutions and businesses and
- focusses on the development of **fully-automated "smart" factories** for making products on the shop floor fully customizable.

Comparable Programs in the world contd...

➤ **Made in China 2025**

- master plan in 2015
- proposes advanced automation, digital systems of factory management and large-scale deployment of robots, along with the development of an indigenous industry for advanced manufacturing equipment through green manufacturing and manufacturing internationalization.
- As Chinese factories move up the value-chain to hi-tech manufacturing, **opportunities may open up for Indian entrepreneurs**. The coming together of smart entrepreneurs, employees, infrastructure and know-how could overtime become a durable advantage, as had happened in China's case.

Role played by CBEC

Central Excise

- **Online registration** of new Central Excise assessee in **2 days**.
- **Records** can be maintained **electronically**
- **Digitally signed invoices** accepted.
- Facility of **direct dispatch of goods** by registered dealer from seller to customer's premises provided. Similar facility allowed in respect of job-workers.
- **Chief Commissioner's Tariff Conference** – a platform leveraged to resolve sustained **litigation** on technical issues
- **Time limit** for taking **CENVAT Credit** increased from six months to **one year**.

Role played by CBEC **Central Excise** Contd.....

- **E-payment of refunds and rebates**
- Factories can operate from **multiple premises** falling within a range
- **Number of returns** in r/o large manufacturer reduced from 27 to 13.
- Rules for Removal of Goods at **Concessional Rate of Duty for Manufacture of Excisable Goods simplified.**
- **Procedure for fixation of input-output ratio for payment of rebate simplified.**
- **CENVAT Credit Rules** amended to improve credit flows and reduce litigation.

Role played by CBECCentral Excise Contd.....

- **Apportionment of credit** between exempted and non-exempted goods and services **simplified**.
- Input services credit flow from **Input Services distributor** to outsourced manufacturer allowed.
- Maintenance of **common warehouse** for distribution of inputs and credit allowed.
- **Interest rate on late payment** of duty **reduced** to 15% per annum from the present rate of 18% per annum.

Role played by CBEC

Service Tax

- **Online registration in 2 days**
- Permission to maintain **electronic records**
- Acceptance of **digital signatures**
- Granting **provisional payment of 80% of the refund** amount with 5 days in respect of service exporters, subject to fulfillment of certain conditions.
- **Interest applicable on outstanding taxes** has been **reduced** to 15%. Only in cases where service tax has been collected by the assessee and not deposited shall interest, at a higher rate of 24%, be applicable.

Role played by CBEC

Customs

- **SWIFT** (Single Window Interface for Facilitating Trade) clearances.
 - a common electronic Integrated declaration
 - Customs, **FSSAI, Plant Quarantine, Animal Quarantine, Drug Controller, Wild Life Control Bureau and Textile Committee**
 - replaces nine separate forms required by above agencies
- **Integrated Risk Management facility** for Partner Govt. Agencies (PGAs)
- Filing of declarations by importers, exporters, Customs brokers and manifests by shipping and airlines through **digital signatures** with effect from 01-01-2016

Role played by CBEC **Customs** Contd.....

- **Deferred duty payment** for select categories of importers and exporters
- **Documents required** for Import/Export reduced to **3**
- **Electronic Delivery Orders** - between Shipping Lines and Custodians
- **24X 7 customs clearance** facilities extended to **19 sea ports** and **17 Air Cargo** complexes
- **Customs Clearance Facilitation Committee (CCFC)** to address the issue relating to Customs Clearance and infrastructure impacting clearance of goods

Role played by CBEC Customs Contd.....

- **Warehousing:** From physical to Record based controls
- **Special Valuation** procedure revamped,
 - Extra Duty Deposits waived
 - the provisions for renewal of SVB orders have been dispensed.
- Guidelines in r/o **valuation of second hand machinery** revised
 - Including formats for certification by chartered engineers (Indian & Overseas)
- Temporary Imports for **display/exhibition/demonstration exhibitions**
 - Process is simplified for availing duty-exemption
 - Requirement of India Trade Promotion Organisation certification dispensed.

Role played by CBEC Customs Contd.....

Authorized Economic Operator (AEO) Initiative:

- an aim to secure the **global supply chain** by strengthening the **cooperation between Customs administrations** and building a partnership with the Businesses

Prominent features:

- Direct Port Delivery of imports
 - just-in-time inventory management
 - clearance from wharf to warehouse
- Direct Port Entry for exports
- Focus on small and medium scale entities

Role played by CBEC Customs.....

(AEO) Initiative contd...

- Provision of **Deferred Payment** of duties – delinking duty payment and Customs clearance
- **Fast tracking** of drawback, refunds and adjudications
- **Self-certified** copies of FTA / PTA origin related or any other certificates required for clearance would be accepted
- **Paperless declarations** with no supporting documents
- Recognition by Partner Government Agencies and other Stakeholders as part of this program
- **Mutual Recognition Agreements** with other Customs Administrations

Role played by CBEC

Export Promotion

- 100% disbursal of **Drawback electronically**
- **Provisional payment of drawback** to exporters pending fixation of brand rate
- **Full transferability of duty credit scrips** to pay dues under all **three indirect taxes**
- **Exemption to payment of excise duty** in the case of locally procured excisable goods against advance authorization, which shall improve cash flow of exporters
- **Electronic monitoring of export proceeds realization**
- **Installation certificates** from private chartered engineers

Role played by CBEC

Dispute Resolution

- **Penalty provisions** in Customs, Central Excise and Service Tax rationalized
- **Withdrawal of cases from High Court and CESTAT**
 - On monetary limit basis as well as precedent Supreme Court decision, against which no review is contemplated.
- **Pre Show- cause notice consultation**
- **Mandatory audit done away with.**
- **Threshold for filing of Appeals** by the department
 - **Rs. 25 Lakhs - Supreme Court, Rs. 15 Lakhs - High Court and Rs. 10 Lakhs - CESTAT**
- **Prosecution proceedings** in cases older than **15 years** involving duty of **less than Rs 5 Lakhs** to be withdrawn

Role played by CBEC

Tax rates

- **13 cesses levied** by other Ministries / Departments and administered by the Department of Revenue, where the revenue collection from each of them is **less than Rs.50 crore** in a year has been **abolished**.
- Major concessions given to **ship repair units and aircraft maintenance and overhaul operations**.
- **Duty rationalization** done in many commodities to avoid **classification disputes** and consequent litigation.

Role played by CBEC

Capacity Building

a new **Directorate of Tax Payers Services**

- To address **public grievances** and
- To provide improved **access** to the tax payers
- mandated to focus on
 - **taxpayer outreach,**
 - **education,**
 - **communication and**
 - **would also act as a medium for the CBEC to respond to the taxpayers' concerns**

Way Forward

- Clarity in Tax Laws
- Tax laws which are easy to administer
- Tax laws which are non-adversarial and taxpayer friendly
- Fair dispute resolution mechanism
- Improving Ease of Doing Business

Way Forward contd....

- Provide **single window** for all Indirect Tax: Central Excise, Service Tax and Customs
- **Tax holidays** to attract new investors: foreign or domestic
- Strict adherence to timelines for **service delivery** as per **Sevottam**
- Spreading awareness and strengthening **Advance Rulings System** for all Indirect Rulings
- An **online repository** for Tariff Rulings
- **Outreach programs** for Start Ups

Way Forward contd....

- **GST**
 - destination based indirect tax
 - levied on supply of goods and services
 - subsume the various indirect taxes currently levied by the Centre and the states including CE duty, ST, State VAT, CST, octroi, entry tax etc.
 - simultaneously levying it on a common tax base



Thank You

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