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POLICY ADVOCACY RESEARCH CENTRE

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ENHANCING LIFE THROUGH POLICY INTERVENTIONS & APPLICATIONS



**IMPORT** →  
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**IMPOSED**

**"PRE-IMPORT CONDITION"  
TAX PENALTY & INTEREST ON  
IMPORT-EXPORT INDUSTRY  
FOR AN INTERIM PERIOD**

i.e., 13.10.2017 & 09.01.2019



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### **Publication Date:**

October, 2023

### **Published By:**

Policy Advocacy Research Centre (PARC)  
A Unit of Vivek PARC Foundation (VPF)

## EXECUTIVE SUMMARY

Amidst the intricate web of economic challenges, the imposition of tax penalties & interest over and above the tax liability under the pre-import condition regime, for the interim period from October 13, 2017 to January 10, 2019, has intensified the financial strain on Indian exporters who imported raw materials under Advance Authorization scheme. In addition to the financial strain, the tax penalties & interests imposed under the pre-import condition have also produced a series of adverse consequences, including erosion of export profit margins, hindrances to exploring new export markets, and a reduction in the competitive edge of Indian industries on the global stage, as per the PARC's comprehensive primary research survey. Many MSMEs have been compelled to halt their export activities entirely due to the burden of these imposed penalties and interest amounts. This not only restricts their ability to benefit from international trade but also limits their contribution to the country's export sector. Furthermore, it is found that the absence of effective communication and collaboration between GST and customs officials, coupled with a lack of timely updates and clear guidance, significantly exacerbated the situation including the confusion experienced by exporters regarding tax payments and consequential penalty/ interest levied under pre-import conditions.

PARC firmly believes that, it is crucial for the concerned political & bureaucratic stakeholders within the respective converging ministries & departments of the Government of India to revoke the tax penalty & interest, as may be levied or proposed to be levied, with respect to tax under pre-import condition for the interim period, to assist, contribute to & position India as one of the lead global export hubs during India's Kartavya Kaal.



## INTRODUCTION

The imposition of a significant tax penalty and interest for the intervening period from October 13, 2017, to January 9, 2019 over and above the tax liability under the pre-import condition has placed a substantial burden on Indian exporters. This 'pre-import condition' affected those industries that had imported raw materials under the advance authorization scheme for subsequent export of final goods. The said imposed tax penalty & interest under pre-import condition has led to reduced capital flows with detrimental impact on curtailing production capacity, impeding technology upgradation and potential loss in the competitive edge of Indian exporters in the global markets.

Furthermore, this has resulted in operational & cash-flow problems for importers & exporters, who were unsure about the tax/ penalty/ interest liabilities on account of the ambiguity in the implementation and/or otherwise of the pre-import tax condition and the manner in which the entities were to comply. This discrepancy in the administrative gap has led to a huge financial burden in the nature of tax penalties and interests being imposed on businesses.

This is nationally detrimental in terms of

attracting & encouraging further investments into India wherein such procedural ambiguities would force companies to find other nations with more efficiently-managed taxation systems to invest, especially in the manufacturing sector. In order to increase competitiveness & ease-of-doing-business in India, such an issue would negatively position India, when compared to other markets wherein changes in regulation would be covered across converging institutions. Stakeholders within the Policy Advocacy Research Centre (PARC) opine that this needs to be addressed on war footing by the political & bureaucratic stakeholders within the Government of India.

Indian industries are grappling with a formidable set of economic challenges that have severely impacted their operational viability. These challenges include diminished demand and supply chain disruptions stemming from set of global headwinds, notably the Covid-19 pandemic, the Russia-Ukraine conflict, and the banking crises that have plagued both developing and developed nations. Amidst this intricate web of challenges, the imposition of tax penalties & interest during the interim pre-import condition regime has added another layer of financial strain to these industries.

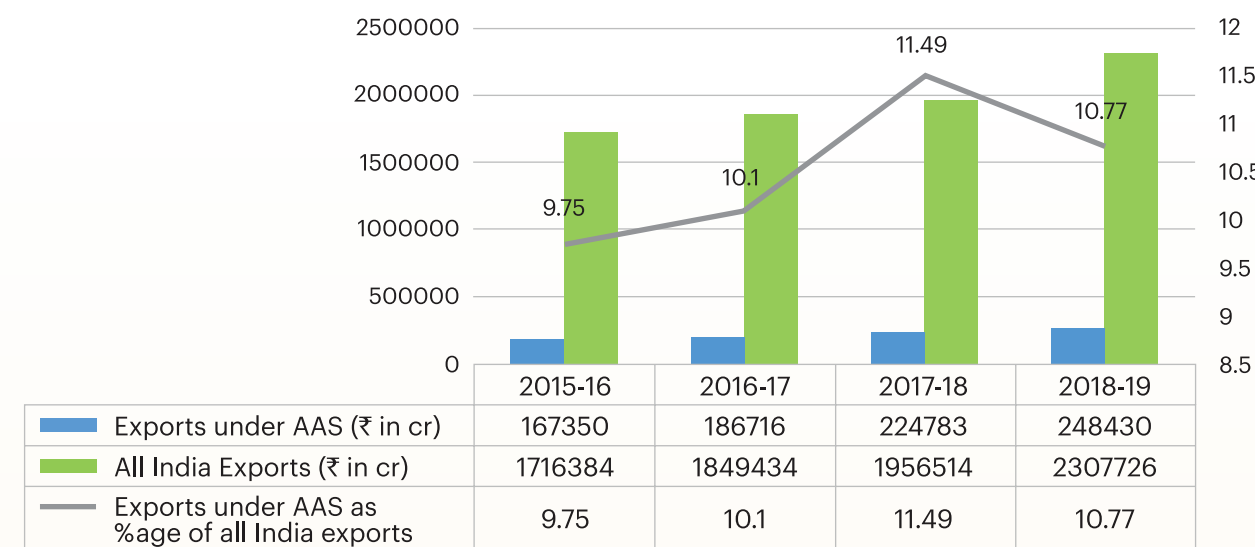
## ABOUT ADVANCE AUTHORIZATION & PRE-IMPORT CONDITION

### ADVANCE AUTHORIZATION:

The Advance Licensing Scheme also known as 'Duty Entitlement Exemption Certificate (DEEC)' was introduced in the Foreign Trade Policy (FTP) in the year 1976. The objective of the Scheme was to provide registered exporters with their requirement of basic inputs/raw materials at international prices without payment of Customs duty in India subject to the condition of export of manufactured goods with specific percentage of value addition. The name of the Scheme was subsequently changed to 'Advance Authorization Scheme' (AAS) under FTP 2004-09 effective from 1st September 2004.

The Scheme is administered by the DGFT while exemption from levy of Customs duty

## Exports under AAS as Percentage of All India Exports



Source: Report No.10 of 2021 (Performance Audit) – CA

on imported inputs is allowed by the Central Board of Indirect Taxes and Customs (CBIC), Department of Revenue (DoR) under Ministry of Finance (MoF) – Government of India.

### PRE-IMPORT CONDITION:

Pre-import condition is the term used to describe the situation wherein goods or products had to be imported first. Therefore, pre-import condition is the situation wherein the goods (inputs/ components/ ingredients) for further domestic value addition that have been imported against any specific advance authorization are being used to manufacture or produce value-added goods or products to be re-exported to accomplish the export obligation & commitment of that particular advance authorization. With the pre-import condition, Indian exporters are enabled to credit the claim of raw materials before exporting their final goods or products.

The above graph illustrates that the share of exports under the AA Scheme to that of total physical exports in value terms stood at 9.75 percent in 2015-16, which increased to 10.77 percent in 2018-19, highlighting the role of AA in encouraging India's export performance.

The below pie chart suggests that AA has benefited exporters across multiple industry sectors, principally chemical & allied products

& including engineering products, plastics, textile, leather & leather products, handicrafts, electronics, fish & fish products, gem & jewelry amongst others. The perilous & ambiguously imposed tax penalty & interest imposed for the intervening period, which is argued as the emergence of the procedural gap, is expected to impact the overall performance and balance sheet of the Indian exporters (who imported raw materials for export) across the sectors.

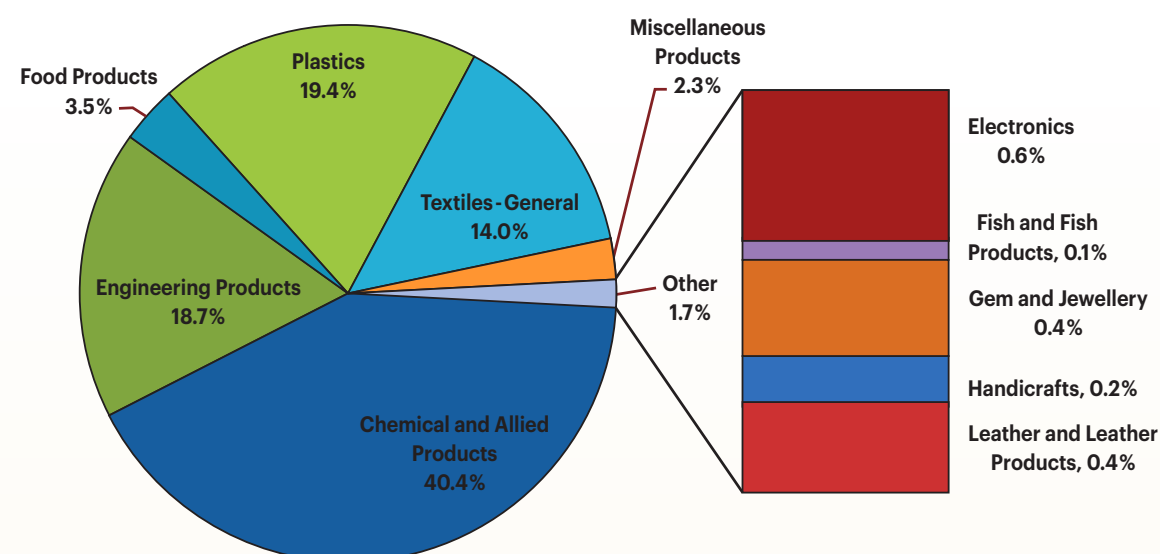
### UNDERSTANDING THE ISSUE

With the advent of GST in July 2017, the Department of Revenue, Union Ministry of Finance, Government of India amended the Notification No. 18/2015-Cus. governing import of inputs against advance authorization for physical exports w.e.f. from 13th October 2017 facilitating Integrated Goods & Services Tax (IGST) and compensation cess exemption subject to the fulfillment of the following two conditions 1) Export obligation should be fulfilled by physical exports only. 2) Fulfilment of pre-import condition.

However, simultaneously, Notification No. 33/2015-2020 was issued by DGFT, amending various provisions of the Foreign Trade Policy (FTP) 2015-20, which incorporated the 'Pre-import Condition' in paragraph 4.14 w.e.f. 13th October 2017.



## Sector wise share of Advance Authorisations issued during 2018-19



Source: MIS Report on Export Promotion Scheme 2019, DGFT

The Department of Revenue, Union Ministry of Finance, Government of India vide Notification No. 01/2019-Cus dated 10th January 2019 has omitted the pre import condition.

### WHAT LED TO THE ISSUE?

The introduction of the Goods and Services Tax (GST) in India marked a significant shift in the country's taxation system. However, the transition to GST and alignment with various schemes such as pre-import conditions were accompanied by various challenges and administrative obstacles that impacted businesses. One of the main reasons behind the difficulties faced by businesses stemmed from the challenges in integrating the GST system with customs procedures. Furthermore, the absence of effective communication and collaboration between GST and customs officials, coupled with a lack of timely updates and clear guidance, significantly exacerbated the confusion experienced by exporters regarding tax payments and interest levied under pre-import conditions.

Based on the results of PARC's extensive primary research survey, it was revealed that a significant majority, approximately 61.5% of respondents, expressed their dissatisfaction with

the government's responsiveness and efficiency when it came to addressing their queries and concerns related to the pre-import condition. Furthermore, the respondents conveyed that the customs officers responsible for processing crucial documentation such as the Bill of Entry and Shipping Bill occasionally failed to take into account the pre-import conditions. This oversight or lack of awareness on their part resulted in compliance issues for exporters, underscoring the challenges in coordination and implementation.

Therefore, the lack of clarity and communication gap between authorities created compliance challenges, which in turn forced numerous exporters to pursue legal measures, such as filing civil applications in high courts and engaging with industry bodies to advocate for their interests, to address tax penalties & interest imposed under pre-import conditions.

**Voice from the ground** – "In the context of the Advance Authorisation Scheme following the implementation of GST, a notable degree of ambiguity has persisted. This ambiguity primarily revolved around the absence of clear guidelines that delineate the boundaries between customs and GST procedures. Moreover, it has been

observed that the concerned departments themselves lack a definitive sense of direction or a well-defined process when it comes to overseeing License compliance under the Advance Authorization framework. In such a scenario where the administrative departments find themselves in a state of confusion, it raises a pertinent question: How can they reasonably anticipate full compliance from taxpayers?"

**Voice from the ground** – "The customs officers responsible for processing the Bill of Entry (BE) and Shipping Bill (SB) did not take into account the pre-import conditions. This lack of awareness or oversight on their part have led to compliance issues for our company."

### JUDICIARY'S STAND:

Petitions were filed by various affected industry bodies before various State High Courts challenging the 'pre-import' condition and the interpretation adopted by the Department of Revenue Intelligence (DRI), Union Ministry of Finance, Government of India. While the Madras High Court in the case of Vedanta Limited vs. UOI 2018 (19) G.S.T.L. 637 (Mad.) upheld the condition and Department of Revenue's stand regarding the pre-import condition, the Gujarat High Court in the case of Maxim Tubes Company Pvt Ltd. vs. UOI 2019 (2) TMI 1445 had struck down the 'pre-import' condition.

The Department of Revenue preferred an appeal from the Gujarat High Court order before the Supreme Court of India in order to normalize the ambiguity arising from the verdicts of two separate high courts. The Supreme Court of India has upheld the validity of pre-import condition citing it is not arbitrary or illegal to insert such a condition through its verdict in the case of Union of India vs Cosmos Films & Ors in Civil Appeal No.290/2023-2023-TIOL-45-SC-CUS. Therefore, the Supreme Court of India has not commented upon the merits of the pre-import condition, all it has said is that the insertion of such a condition is not arbitrary or illegal.

Since the Supreme Court of India has upheld

the validity of pre-import conditions and there is no retrospective application for the Notification No.01/2019-Cus dated 10th January 2019, hence the DRI and other Customs organizations throughout the various state jurisdictions within India started or (where applicable) continued with investigations with respect to payment of tax under the pre-import condition against all the exporters who have exported the goods under the advance authorization scheme during the period 13.10.2017 to 09.01.2019.

### UNDERSTANDING THE ISSUE THROUGH TIMELINE LENSES:

#### 1 APRIL 2015

##### Notification No. 18/2015-Cus.

- Governs import of inputs against Advance Authorization for physical exports.
- Initially granted complete exemption from payment of Basic Custom Duty (BCD), Countervailing Duty (CVD), and (Special Additional Duty) SAD for the importers, except for other customs duties like Anti-Dumping Duty (ADD) etc.

#### 1 JULY 2017

- Introduction of GST in 2017 – imposition of IGST and Compensation cess
- Amendment for exemption from IGST and Compensation cess through Notice No. 18/2015 Cus to Importer/Manufacturer/Exporter

#### 13 OCTOBER 2017

- The government introduces the pre-import condition for Advanced Authorisation (AA).
- **Notification No. 79/2017** – Customs is issued, which introduces the pre-import condition exemption under Advanced Authorization (AA).
- Simultaneously, DGFT amended **Foreign Trade Policy (FTP-2015-2020)** through **notification No. 33/2015-2020** and incorporated "Pre import Condition" in paragraph 4.14 w.e.f. 13.10.2017



## 2018

- **Department of Revenue Intelligence (DRI) investigations:** The DRI begins investigating companies that may have violated the pre-import condition.
- **The writ petitions:** The writ petitions were filed by exporters, manufacturers before multiple State High Courts and claimed that they were unaware about this condition, and continued exports in anticipation of grant of AA, and consequently expected exemption from all custom duty levies, including IGST and compensation cess.
- **Gujarat High Court case:** Under case titled **Cosmo Films Ltd. vs. Union of India** the Gujarat High Court rules that the pre-import condition is arbitrary and unreasonable.

## 2019

- The Department of Revenue, Ministry of Finance, Government of India vide Notification No. 01/2019-Cus dated 10th January 2019 has omitted the “pre import condition”.
- But there was no clarification with respect to intermediate period. It was not clear from this notification, whether this amendment was made applicable prospectively or retrospectively thereby retaining the ambiguity of the effect of ‘pre-import’ condition for IGST exemption during the intervening period i.e., 13.10.2017 to 09.01.2019.

## MAY 2023

- Supreme Court upholds the Gujarat High Court’s ruling: The Supreme Court sets aside the Gujarat High Court’s ruling and orders the government to claim input credit/ refund of the IGST and GST compensation cess (wherever applicable and/or where customs duty was paid). The case is titled **Union of India vs. Cosmo Films Ltd.**
- DRI raids and searches: The DRI raids several companies and seizes documents.

## JUNE 2023

- **DRI charges:** The DRI issues show cause notices and files charges against several

companies. The charges include allegations of evasion of IGST and GST compensation cess, as well as forgery and cheating.

## IMPACT OF TAX PENALTY & INTEREST UNDER PRE-IMPORT CONDITION:

### IMPACT ON WORKING CAPITAL OF INDUSTRIES:

The imposition of these tax penalties has resulted in an additional fiscal burden for the industrial sector, which has affected and/or will affect the ability of various companies to carry on regular and timely business operations. According to a comprehensive survey conducted by the PARC across 20 key industries in Gujarat, the average tax penalty & interest imposed under the pretext of violation of pre-import conditions stands at approximately INR 10 crore each for large enterprises and around INR 3 to INR 5 crore each for small and medium enterprises engaged in exporting products under advance authorization. Consequently, this has forced many of these industries to increase borrowing from bank or from market at higher interest rates. This heavy reliance on borrowing has intensified cash flow pressures within these businesses.

The additional amounts of penalties and interest together with increased borrowing and interest costs have translated into increased production expenses, directly impacting profit margins. In summary, the imposition of tax penalties under pre-import conditions has exerted profound and far-reaching negative effects on the working capital of Indian industries, with ripple effects resonating through their financial stability, production costs, profit margins, and global market presence.

**Voice from the ground** – “Companies are already contending with lower margins amid challenging market conditions, driven by global headwinds. The tax penalty exerted a detrimental influence on cash flow, amplifying the strain on profitability and potentially leading to operational losses, as these burdens were not initially factored into our margins during the order execution phase.”

**Voice from the ground** – “The imposition of tax penalties under pre-import condition posed a critical challenge to our company’s financial health. Significant portion of our capital blocked due to these tax penalties & interests and it directly disrupted the balance of our cash flow cycle. Such disruptions have impeded our ability to effectively manage our finances, invest in growth opportunities, and meet our operational commitments, ultimately hampering the overall financial health and sustainability of our business.”

## IMPEDING THE GROWTH OF MSMEs:

The imposition of tax penalties and interests has emerged as a formidable economic challenge for Micro, Small, and Medium Enterprises (MSMEs) involved in export by severely impacting their operational dynamics. According to comprehensive primary research survey conducted by the PARC, these penalties have resulted in a substantial reduction in cash flow, ranging from 30% to 40%, leading to a severe depletion of working capital of the MSMEs. This reduction in liquidity not only hampers their day-to-day operations but also restricts their ability to explore new export opportunities in the global market, potentially hindering their ability to tap into international markets and expand their customer base.

The consequences of these tax penalties extend beyond the financial realm, as they have a profound impact on the labor force employed by these industries. The MSME sector is known for its significant contribution to employment generation, and the tax penalties have forced many companies to downsize or even cease operations, leading to job losses and heightened unemployment concerns.

Furthermore, the penalties have directly affected the profit margins of MSMEs, thereby diminishing their ability to compete effectively in the global market. This has had a detrimental effect on export activities, particularly under the Advance Authorization scheme. Many MSMEs have been compelled to halt their export activities entirely due to the burden of these

penalties. This not only restricts their ability to benefit from international trade but also limits their contribution to the country’s export sector.

In light of these challenges, questions arise regarding the efficacy of the Indian government’s initiatives aimed at improving the Ease of Doing Business in the country. The current scenario underscores the need for a more supportive and enabling tax and regulatory framework that fosters the growth and sustainability of MSMEs, which are pivotal to India’s economic development and global competitiveness.

**Voice from the ground** – “For the Financial Year 2018-19, the proposed penalties and taxes are expected to reach approximately INR 4 crore. It is abundantly clear that such a substantial financial obligation, particularly for an MSME, will lead to a shortfall of funds, making it exceedingly challenging to sustain business operations in the absence of adequate financing. This sizeable payment requirement will not only deplete our current working capital but also necessitate additional borrowings to bridge the financial gap.”

**Voice from the ground** – “The weight of taxation and substantial penalties directly influences our purchasing capacity. Insufficient funds for procurement directly impinge on our profit margins. Despite operating in the chemical industry with already narrow margins, the imposition of such taxation burdens, especially under pre-import conditions, places a significant strain on smaller entities like ours. It not only makes timely vendor payments a challenge but also compels us to operate at a loss.”

## IMPACT ON EXPORTS:

According to the PARC’s primary research survey findings encompassing 20 key companies in Gujarat spanning over the last five fiscal years, it is evident that the export landscape has been severely affected, on account of tax penalty & interest under pre-import condition. On an average, each company surveyed (MSMEs & large companies) reported that 50% of their

productions are directed to export markets, with an average annual export market value of INR 26 crore, largely facilitated by the Advance Authorization scheme. These companies primarily sourced their raw materials from countries such as Australia, Singapore, Japan, Germany, China, and Thailand etc., while their final products found their way to destinations including Vietnam, Indonesia, Italy, Australia, Brazil, Netherlands, UAE, USA, EU, Bangladesh, Finland, Argentina, Portugal, and more.

A concerning revelation from the PARC's primary research survey is that 60% of respondents indicated that the tax penalties & interests imposed under pre-import conditions had an overwhelmingly negative impact, ranging from 61% to 100%, on their export operations and another 26% of respondents reported a moderately negative impact, ranging from 31% to 60% on their export operations.

The repercussions of these imposed penalties & interests are further underscored by the severe erosion of export profit margins. A substantial 66% of respondents witnessed a moderate decrease, ranging from 1% to 30%, in their company's export profit margins. For another 20% of respondents, the decline was even more pronounced, exceeding 30%.

Consequently, the tax penalties & interests imposed under pre-import conditions have produced adverse outcomes, including diminished export profit margins, a hindrance to the exploration of new export markets, and a decrease in the competitive edge of Indian industries on the global stage. These outcomes run counter to the overarching vision of positioning India as a global export hub during India's Kartavya Kaal.

**Voice from the ground** – *“The tax penalty under pre-import conditions has directly impacted our purchasing power strategy. The company is grappling with export margin losses stemming from cash flow constraints in this fiercely competitive market. Our primary competition hails from China, and this tax burden threatens*

*to undermine our competitiveness on the international stage.”*

**Voice from the ground** – *“Waiving interest and penalties on tax payments for the interim period can provide much-needed relief to businesses. This can help prevent additional financial strain on exporters during this challenging period.”*

### IMPACT ON COMPETITIVENESS OF INDIAN INDUSTRY:

The imposition of tax penalties & interests under pre-import condition has had a detrimental effect on the competitive edge of the Indian industries at the global market. These tax penalties have substantially diminished the available working capital for businesses, resulting in a direct and adverse influence on the cost of production inputs. Consequently, the prices of exported goods have surged, rendering them less competitive within the international market.

The PARC's comprehensive primary research survey across 20 key companies in Gujarat reveals that approximately 40% of respondents noted that these tax payments & interest under pre-import condition have significantly curtailed their companies' decisions, affecting their ability to explore new export opportunities by 51% to 100%. Additionally, 46.7% of respondents reported a moderately negative impact, ranging from 26% to 50%, on their company's decision to enter or explore new export markets.

This, in turn, has eroded the overall competitiveness of Indian industries, placing them at a disadvantage, especially when compared to their Chinese counterparts. The ripple effect of reduced profit margins and diminished trade activities has been acutely felt across Indian industries, hampering their growth and viability in the global market.

**Voice from the ground** – *“The escalation in our working capital needs was primarily driven by a substantial tax liability coupled with accrued interest under pre-import condition. This financial burden had a direct and adverse impact on*

*our cost structures, rendering our pricing less competitive and hindering our ability to secure export orders. Consequently, it resulted in a decline in our Customer Satisfaction Index, a crucial metric for any exporter's success in the international market. Regaining our customers' trust in our company became a formidable struggle.”*

**Voice from the ground** – *“Owing to the added tax and interest obligations, we found ourselves compelled to raise the prices of our products in order to offset this additional tax burden. Additionally, we were compelled to secure additional bank loans to sustain our business turnover. This unfortunate situation, resulting in increased pricing, led to diminished satisfaction among our long-standing international clientele, resulting in a decline in their order placements compared to previous levels.”*

**Voice from the ground** – *“Our esteemed international customers found it challenging to maintain competitiveness in their Dyestuff markets due to the upsurge in our prices relative to other suppliers in their industry. Regrettably, we were left with no other option as we relied on external business loans from the market or banks, to meet the increased working capital requirement on account of tax penalty under pre-import condition. Our pricing offers were notably higher compared to other players in the international Dyestuff market, resulting in the loss of numerous orders.”*

### KEY FINDINGS OF PARC'S PRIMARY RESEARCH SURVEY:

PARC has undertaken a comprehensive primary research survey among 20 key companies within the Dye & Chemical industry sector in Gujarat. The Dye & Chemical industry in, Gujarat, plays a significant role in the nation's manufacturing landscape. This sector primarily engages in the production of dye, food colorings, intermediates, and specialty chemicals. These products cater to various industries, including pharmaceuticals,

agrochemicals, personal care, specialty pigments & dyes, and polymer additives.

- An estimated 50% to 75% of these companies financing comes from export revenue, indicating its reliance on international markets.
- On an average 50% of each companies' production were exported under Advance Authorization to Indonesia, Turkey, Vietnam, Germany, UAE, Italy, Australia, Brazil, Netherlands, Spain, Greece, Sri Lanka, Bangladesh, Egypt, Mexico, Argentina, Portugal, USA etc.
- On an average, over the past 5 fiscal years, each company allocated an expenditure to the tune of 20% to 30% on the import of raw materials for the production of final goods intended for export under Advance Authorization.

### IMPACT OF IMPOSED TAX PENALTY & INTEREST UNDER PRE-IMPORT CONDITION:

- Over 70% of respondents have incurred substantial tax, averaging between INR 5-10 crore per company, excluding interest and penalties.
- Over 60% of the respondent in the survey conveyed that the imposed tax penalty & interest under pre-import condition had a very high negative impact (61% to upto 100%) on the export operations of the company. And 26% of the respondent conveyed that this financial burden created a moderate negative impact (i.e., 31% to 60%) on export operations of the company.
- On account of tax penalty & interest under pre-import condition, 66% of the respondent conveyed that the export profit margins of the company have decreased moderately (i.e. 1% to 30%). And for 20% of the respondents the export margins were decreased significantly i.e., above 30%.

- Approximately 40% of respondents noted that these tax penalty & interest under pre-import condition have significantly curtailed their companies’ decisions, affecting their ability to explore new export opportunities by 51% to 100%. Additionally, 46.7% of respondents reported a moderately negative impact, ranging from 26% to 50%, on their company’s decision to enter or explore new export markets.
- On an average, each company faced a loss to the tune of 20% to 30% on account of tax penalty & interest under pre-import condition during the interim period.

**GOVERNANCE AND COMPLIANCE CHALLENGES:**

For 61% of the respondents, the responsiveness & efficiency of the government authorities in addressing the company’s queries & concerns related to pre-import condition was “Not responsive & Not Efficient”. This in turn reflects the gap in governance & lethargic response from the government officials with respect to resolving issues under pre-import condition.

For 84.6% of the respondents, the lack of clarity and inconsistency in information from the government authorities were the significant cause that led to the compliance challenges for the company under pre-import condition during the interim period.

**CONCLUSION**

It appears that the tax authorities are following the letter of law while neglecting the spirit of law in dealing with the tax penalty & interest under pre-import condition imposed on the exporters for the interim period. Considering that pre-

import condition tax was revoked from 10 January 2019 is proof that even the government accepts and clearly understood the disadvantages or lacunae/ ambiguity under the pre-import condition regime. Hence, there is most certainly no rationale or justification in imposing penalties and interests for the interim period.

This ambiguously imposed tax penalty & interests are unjustly adding substantial costs to businesses, in terms of reduced capital flow, decreased trade investments, reduced competitiveness of Indian industry at the global market, declined export profit margins, and fall in traders’ moral. Consequently, leading to a negative impact on India’s trade & commerce, contradicting the Hon’ble Prime Minister of India, Shri Narendra Modi’s vision for Make-in-India and India’s aspiration to become a global export hub.

Therefore, it is crucial for the concerned political & bureaucratic stakeholders within the respective converging ministries & departments of the Government of India to revoke the tax penalty & interest under pre-import condition for the interim period between 13th October, 2017 to 9th January, 2019.

It is imperative to correct the procedural gap in administration to correct this taxation discrepancy to alleviate the tax penalty & interest faced by the exporters, as this will serve as a catalyst in boosting the industries’ confidence. Consequently, this would also enhance the competitiveness of the Indian exporters, through increased capital flows, increased investment in innovation & expansion, enabling exporters to better navigate the global market, establish a stronger presence and will contribute to accelerating the trade economy’s growth trajectory in India’s Kartavya Kaal.

**DISCLAIMER:**

The Policy Advocacy Research Centre (PARC), a unit of Vivek PARC Foundation, has compiled information & data through public vetted resources and has collated & moderated information, curated & presented in this note, in compliance with statutory norms. The information, data & representations are sourced from publicly available sources, wherein this quantitative & qualitative data & information may transform through progress.



## POLICY ADVOCACY RESEARCH CENTRE

*Policy Advocacy Research Centre (PARC), a unit of Vivek PARC Foundation is an independent think-tank and socio-economic development oriented implementation agency that engages in progressive impact-driven policy intervention & impact assessment. It focuses on building dialogue-for-impact with members of Central & State Governments, bureaucracy, corporates, small and medium scale enterprises, entrepreneurs, domain experts, academicians, NGOs, other concerned institutions and individuals. PARC aims to engage, structure, study, evaluate & revise policies, reforms and initiate action to positively impact society in the interest of the nation and citizens.*

*The focus in policy areas ranges from economic development, urban & rural development, human capital development, political development & governance, solid waste management, food & nutrition security, art & culture, industry and more to understand socio-economic issues and suggest action-oriented solutions that can shape the growth trajectory of the economy and contribute to nation development.*

*PARC engages in dialogue and further action with emerging territories within the country & developing nations to catalyse their socio-economic growth through technology & knowledge transfer, trade, support infrastructural development and an economic multiplier effect through investments. This is with the intent to bring about socio-economic benefits for stakeholders in that region enabling the creation of new grounds for growth on the state, national and international front.*



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