



## American Chamber of Commerce in India

### Pre Budget Memorandum - 2017-18

#### Supplementary Note

S. no.	Issue	Justification
1.	<p><b>Transfer of credit by Large Taxpayer Units (LTU)</b></p> <ul style="list-style-type: none"> <li>➤ Till 10 July 2014, Large Taxpayer Unit (LTU) were allowed to transfer duty credit from its one manufacturing unit to another unit by issuing a transfer challan.</li> <li>➤ With effect from 11 July 2014, this facility has been withdrawn.</li> <li>➤ This restriction could give rise to accumulation of Cenvat credit in one unit and takes away one of the important benefits of the LTU dispensation thereby resulting in blockage of working capital funds and entailing higher interest cost to do business in India.</li> <li>➤ Blockage of working capital in the form of unutilized credit.</li> </ul>	<ul style="list-style-type: none"> <li>➤ For overall benefit of industry, the position prior to 11 July 2014 should be restored.</li> </ul>
3.	<p><b>Reduction of Custom tariff on Poly acrylic acid in granule and liquid form sourced from France.</b></p> <ul style="list-style-type: none"> <li>➤ One of the key application of Poly Acrylic Acid is in Powder laundry to suspend the dirt in the wash liquor. It helps in keeping cloths looking whiter over repeated washes. The use of this technology in this application has been growing steadily with more and more brand owners using this in their</li> </ul>	<ul style="list-style-type: none"> <li>➤ Once more and more manufacturers use granule Poly Acrylic Acid this would lead to product improvement and demand generation. This demand generation would lead to more manufacturers in India helping the Make in India program of the government and thus leading to increased collection of revenues from Excise duty, CST / VAT and would off set the proposed duty benefits for import of granule material from France.</li> </ul>

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	<p>formulations. Since India is a Powder laundry market and brand owners prefer to use powder/granule version of Poly acrylic acid.</p> <ul style="list-style-type: none"> <li>➤ The local production volumes of Liquid Poly Acrylic Acid are constant and with no new addition of capacities thus there is a need to import this material in India to feed the demand growth.</li> <li>➤ Today there is no granule manufacturing capacity in the country and the local manufacturing only has liquid version which do not help in improving the product quality and also acts as a discouragement to the brand owner to use a granule version on account of the customs tarrifs.</li> <li>➤ The Powder laundry manufacturers in India are unable to use any granule Poly Acrylic Acid as desired to upgrade their products as the import duties act as a roadblock.</li> </ul>	

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