

India's Foreign Trade Policy



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SIES (Autonomous)

Foreign Trade Policy 2015-2020



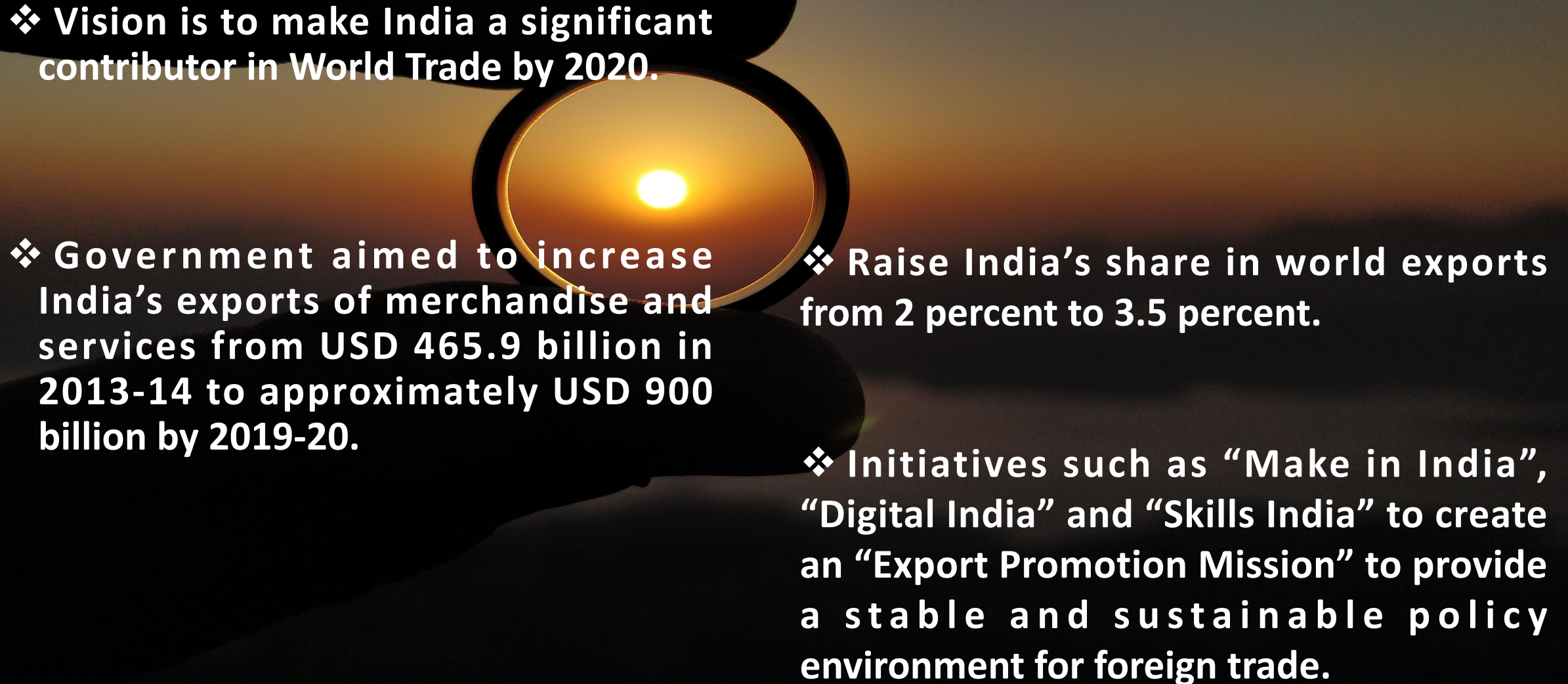
सत्यमेव जयते

DGFT



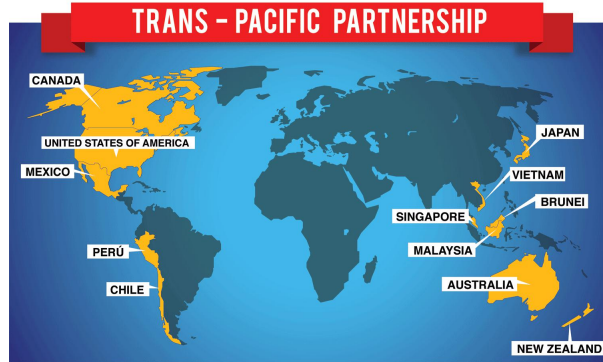
e-commerce

Vision, Mission and Objectives

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- A hand holding a magnifying glass over a sunset background. The sun is visible through the lens of the magnifying glass, which is held by a hand. The background is a gradient of orange and yellow, suggesting a sunset or sunrise over water.
- ❖ Vision is to make India a significant contributor in World Trade by 2020.
 - ❖ Government aimed to increase India's exports of merchandise and services from USD 465.9 billion in 2013-14 to approximately USD 900 billion by 2019-20.
 - ❖ Raise India's share in world exports from 2 percent to 3.5 percent.
 - ❖ Initiatives such as "Make in India", "Digital India" and "Skills India" to create an "Export Promotion Mission" to provide a stable and sustainable policy environment for foreign trade.

The Mega Agreements: Implications for India

- Trans Pacific Partnership



- Trans-Atlantic Trade and Investment Partnership



- Regional Comprehensive Economic Partnership (RCEP)

(These will add a completely new dimension to the global trading system.)



Highlights of FTP 2015-20

Foreign Trade

1. Merchandize Exports from India Scheme (MEIS)

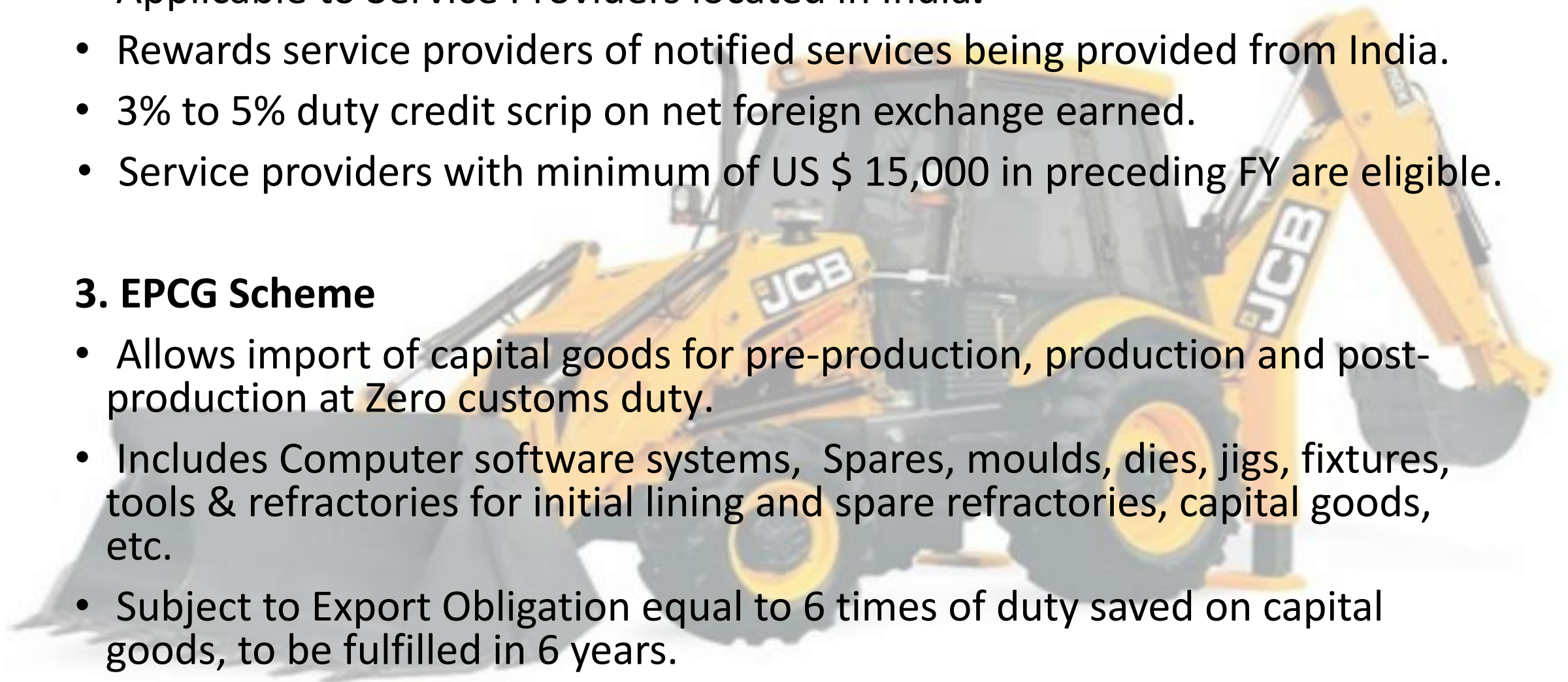
- Merger of FPS, FMS, MLFPS, Agri Infrastructure Incentive Scrip and VKGUY.
- 2% to 5% duty credit scrip on realized FOB value to be rewarded to notified goods exported to notified markets which is valid for 18 months.
- Scrips are issued by DGFT and can be used for payment of Customs Duty, Excise and taxes.
- Notified goods include agricultural and village industry products, eco-friendly and green products, labour intensive products, industrial products, hi-tech products, pharma products, leather goods, steel products, wooden products, etc.
- Notified markets involve 239 countries including Europe, Canada, Japan, South Korea, Taiwan, China, etc.

2. Service Exports India Scheme (SEIS)

- Applicable to Service Providers located in India.
- Rewards service providers of notified services being provided from India.
- 3% to 5% duty credit scrip on net foreign exchange earned.
- Service providers with minimum of US \$ 15,000 in preceding FY are eligible.

3. EPCG Scheme

- Allows import of capital goods for pre-production, production and post-production at Zero customs duty.
- Includes Computer software systems, Spares, moulds, dies, jigs, fixtures, tools & refractories for initial lining and spare refractories, capital goods, etc.
- Subject to Export Obligation equal to 6 times of duty saved on capital goods, to be fulfilled in 6 years.



4. EOU/STP Scheme

- EOUs with turnover of minimum Rs. 10 Cr.
- Permitted to set up warehouses outside premises or near port of export.

5. Status Holders

- Export House, Star Export House, Trading Export House, Star Trading House and Premier House became One Star, Two Star, Three Star, Four Star and Five Star Export Houses.

New FTP - The Export Criteria		US\$ million	Old Policy		In INR FoB/FoR
One Star Export House		3	Export House		Rs 20 crore
Two Star Export House		25	Star Export House		Rs 100 crore
Three Star Export House		100	Trading House		Rs 500 crore
Four Star Export House		500	Star Trading House		Rs 2500 crore
Five Star Export House		2000	Premier Trading House		Rs 7500 crore
Total of export earning for three years in US\$			Total of export earnings for four years in INR		

6. Approved Exporter Scheme (Self – Certification)

- Self certification by Status Holders.
- Vision of qualifying for PTAs, FTAs, CECAs, CEPAs.
- Can self certify goods as per Industrial Entrepreneur Memorandum (IEM), Industrial Licence (IL), Letter of Intent (LOI).

7. Online Filing of Documents

8. E-Commerce Exports

- Consigned goods upto FOB Rs. 25,000 can avail benefits under FTP.
- Can be exported through Foreign Post Offices / Logistics Services.



9. Quality Complaints and Trade Disputes

- A new chapter been incorporated in new FTP.
- Committee on Quality Complaints and Trade Disputes to be set up to resolve disputes faster.

10. Duty Exemption (EPCG, Duty Free Tariff Preference, etc.)

11. Export of Defence Items

- India To Export \$2 Billion Worth Of Defence Equipments By 2019.
- Indian defence equipments buyers include Vietnam, Mauritius, Bangladesh, Oman and Afghanistan.
- The increase in defence exports from Rs 4,682 crore in 2017-18 to Rs 10,745 crore in 2018-19.

Implications of FTP 2015-20

- Boost to make in India
- Implications of MEIS & SEIS
- Implication of EOUs/STPs
- Implications of Approved Exporter Scheme
- Implications of Deemed Exports for Status Holders
- Implication on Technology Use
- Boost to E-Commerce Exports
- Trade Disputes
- Boost to SEZ Units



A silhouette of a person climbing a ladder against a sunset background. The person is on the left side of the frame, reaching up towards the top of the ladder. The background is a warm orange and yellow gradient, suggesting a sunset or sunrise. The ladder is positioned diagonally across the frame.

Export Trade Facilitation

- **Niryat Bandhu Scheme**
- **Online Complaint Registering and Monitoring System**
- **Issue of electronic-IEC (<https://dgft.gov.in/>)**
- **e-Bank Realisation Certificate (Export Data Processing & Monitoring System)**
- **MoU with State Governments for sharing e-BRC**
- **Exporter Importer Profile**
- **Reduction in mandatory documents (only 3)**
- **Facility to upload documents by CA/CS**
- **Electronic Data Interchange**
- **Free passage of Export Consignment**

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- A large crowd of people, many wearing red and white uniforms, are seen from behind, celebrating and throwing a large amount of colorful confetti. The scene is festive and crowded.
- No seizure of export related stock
 - 24 * 7 Custom Clearance
 - [Single window in Customs](#) (Plant Quarantine, Animal Quarantine, Drug Labs, FSSAI Labs, Textile Labs, etc)
 - Export of perishable agricultural products (APEDA)
 - Prior filing facility for Shipping Bills
 - Online Filing of Documents/ Applications and Paperless Trade 24*7
 - Online Inter-Ministerial Consultations
 - Simplification of Procedures, Digitisation and E-Governance
 - Upcoming E-Governance Initiatives

Role of DGFT

Located at Udyog Bhawan, New Delhi with 32 Regional Offices countrywide.

Role of DGFT

1. Implementation of FTP
2. Granting of IEC
3. Regulator of Transit of Goods
4. Resolving Export Related Issues
5. Interaction with Trade and Industry
6. Publications
7. Facilitates Trade
8. Upcoming E-Governance Initiatives
9. Coordination with Other Offices





Negative List of Exports



Prohibited Items

Wild Animals, Exotic Birds, Wooden Logs, Timber, Pulp, Charcoal, Plants, Human Skeletons, Animal Fat, Chemicals, Sandalwood, Red Sanders



Restricted Items

Sea Cucumbers, Cattle, Camel, Fertilizers, Fabrics with imprint of Verses of Holy Quran, Deoiled groundnut cakes, Silver Pomfrets, Fur of domestic animals, Fodder



Canalised Items

Petroleum Products, Gum Karaya, Mica Waste and Scrap, Mineral Ores and Concentrates, Nigar Seeds, Bulk Agricultural items, Onions



MMTC

Impact of Negative List of Exports

- Environment Protection
- Conservation of Mineral Resources
- Avoids Domestic Shortages
- Better Prices

Deemed Exports

- Transactions where goods supplied do not leave the country and the payment for such supplies is received either in Indian rupees or in free foreign exchange.
 - not done on a zero-rated basis.
 - attract the IGST liability but input credit of IGST can be claimed.
 - DBK can be claimed.
 - can't be made with an LUT bond
- Supply of goods against Advanced Authorization
 - Supply of goods to EOUs, SEZs, STPs, EHTPs.
 - Supply of capital goods to licence holders under EPCG Scheme
 - Supply of goods to projects financed by Agencies notified by MoF.
 - Supply of goods to fertilizer plants during international competitive bidding.
 - Supply of goods for power, oil and gas projects notified by MoF.
 - Supply of Marine Freight Containers
 - Supply to UN funded projects
 - Supply of goods to Nuclear Power Projects through competitive bidding.

Status Holders

- All exporters of goods, services and technology having an import-export code (IEC) number shall be eligible for recognition as a status holder.

Star Export House in India as on 29-05-2017

Reliance Industries Ltd - 5 Star
Hindalco Industries Ltd - 5 Star
Bajaj Auto Ltd - 5 Star

ITC Ltd - 4 Star
Volkswagen India Ltd - 4 Star
Mahindra & Mahindra - 4 Star

JK Tyres and Industries - 3 Star
Ultratech Cement Ltd - 3 Star
Pidlite Industries - 3 Star

Exide Industries - 2 Star
Esteem Industries - 2 Star
Premier Mills - 2 Star

Shalimar Wires - 1 Star
Arihant International - 1 Star
Ayappa Enterprises - 1 Star

Status Category	Export Performance FOB/ FOR (as converted) Value (in US \$ million)
One Star Export House	3
Two Star Export House	25
Three Star Export House	100
Four Star Export House	500
Five Star Export House	2000

Benefits to Status Holders

- Incentive Scrip for Import of Capital Goods
- Foreign Exchange Retention
- Exemption from Bank Documentary Negotiations
- Customs Clearance on Self Declaration
- Longer Credit Period
- Exemption from Furnishing Bank Guarantee
- Fixation of Input Output Norms
- Approved Exporter Scheme

Towns of Excellence

- Recognition to certain strategic areas as “Towns of Excellence” to maximise export potential.

35 Towns of Excellence in India at present.

Tiruppur (TN) - Hosiery

Panipat (HR) - Woolen Blanket

Jodhpur (RJ) - Handicraft

Kanpur (UP) - Leather Products

Visakapatnam (AP) - Seafood

Kollam (KR) - Cashew Products

Ludhiana (PB) - Woolen Knitwear

Kanoor (KR) - Handlooms

Indore (MP) - Soya Products

Bhiwandi (MH) - Textiles

Surat (GJ) - Gems & Jewellery

Mahilabad (UP) - Horticulture

Benefits to Towns of Excellence

- **MAI benefits** - International marketing projects, capacity building, project development, market research and study.
- **EPCG Benefits**
- **ASIDE Benefits** - road connectivity, infrastructure, common effluent treatment facilities, power supply, freight stations.



Software Technology Parks

- 100% export oriented scheme for development and export of computer software using data communication or physical media.
- Includes export of professional services.
- Introduced in 1991 to boost software exports.
- Comprises mainly of software and business process outsourcing.
- An Indian Company or a Foreign Company is eligible to become a STP Unit only after applying for registration with STPI.
- Benefits - Duty Free Imports, Import of Second Hand Capital Goods, Deemed Exports, Tax Holiday, Foreign Investment, Realisation of unutilised materials, Conversion to EOU, Single Window Clearance for *Registration, Approvals, ITC, Green Card, Attestation of S/w Declarations, Conversion, Re-export, Exit.*

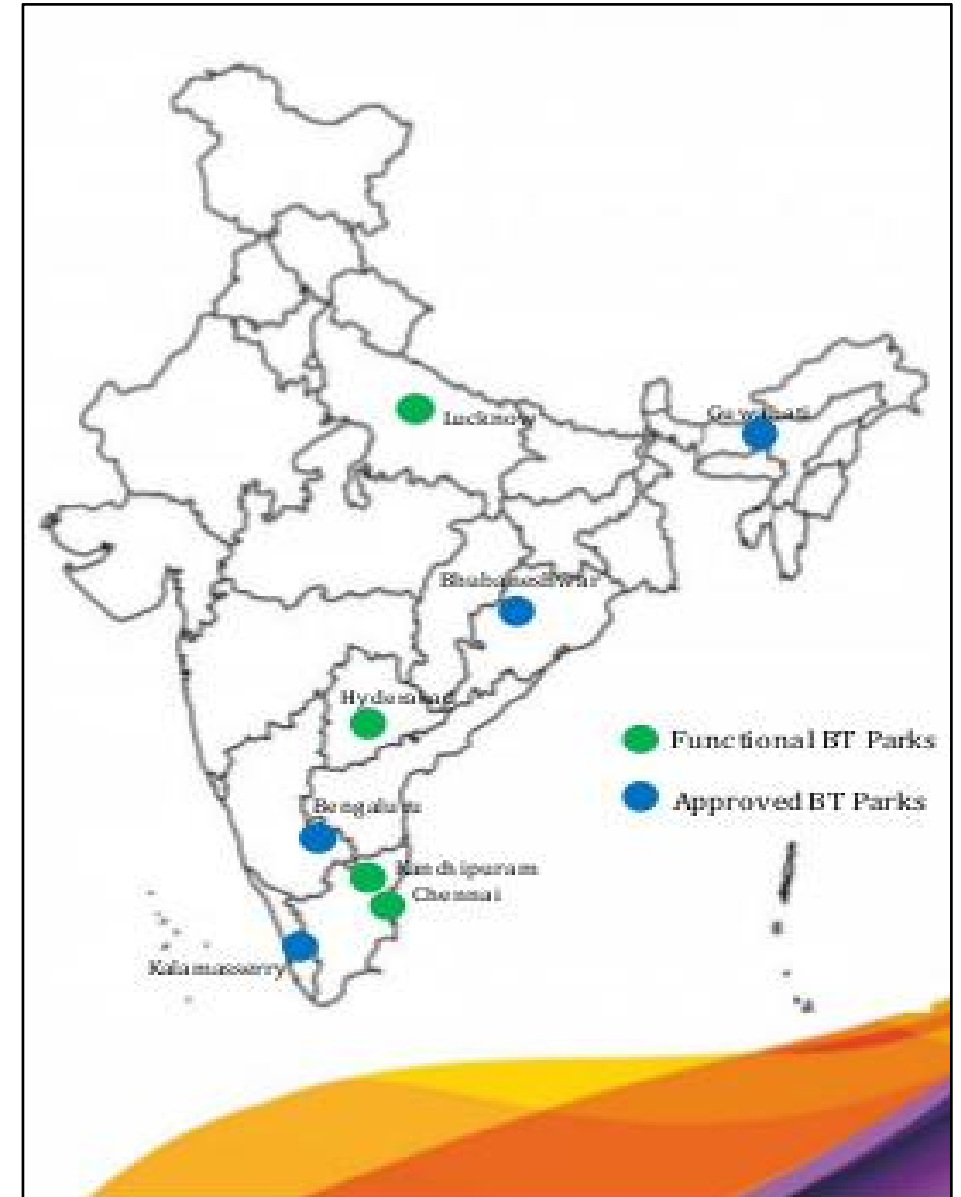


Electronic Hardware Technology Parks

- 100% export oriented scheme for electronic hardware equipment and component manufacturing in India.
- Can be set up by Central, State Govt, Public or Private undertakings.
- Capital goods can be imported outright, loan, free and lease.
- Benefits - Duty Free Imports, Import of Second Hand Capital Goods, Deemed Exports, Tax Holiday, Foreign Investment, Realisation of unutilised materials, Conversion to EOU, Single Window Clearance for *Registration, Approvals, ITC, Green Card, Attestation of S/w Declarations, Conversion, Re-export, Exit.*

Bio Technology Parks

- Specialised industrial parks in the field of biotechnology.
- Carries out related to genetic manipulation of microorganisms for the production of antibiotics, hormones, etc.
- Financial and Logistical support to new entrepreneurs with intellectual capabilities for innovation.
- Tamil Nadu, Telangana, Kerala, Karnataka, Maharashtra, UP, etc.
- Benefits - Duty Free Imports, Import of Second Hand Capital Goods, Deemed Exports, Tax Holiday, Foreign Investment, Realisation of unutilised materials, Conversion to EOU, Single Window Clearance for *Registration, Approvals, ITC, Green Card, Attestation of S/w Declarations, Conversion, Re-export, Exit.*

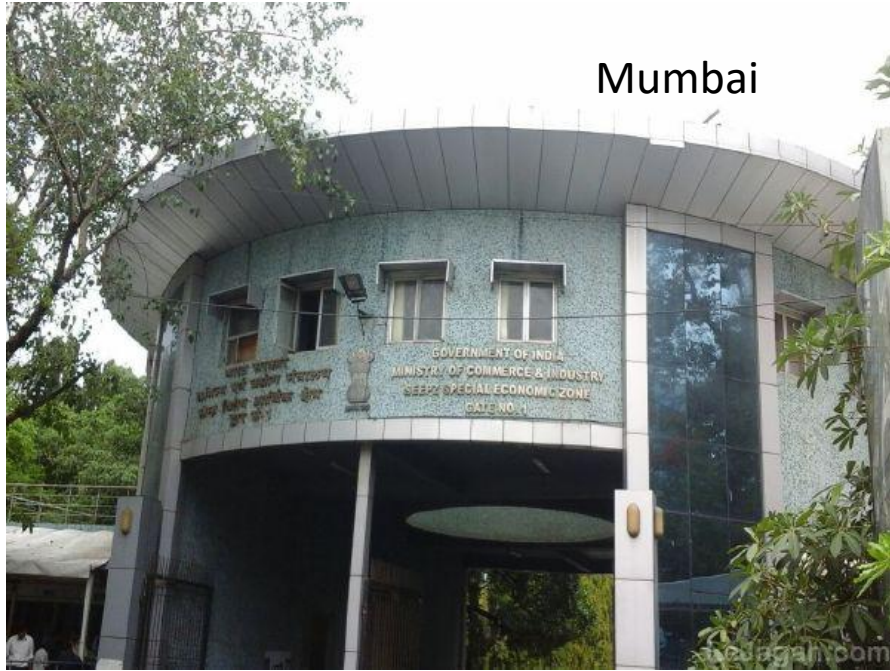


Integrated Industrial Areas

- An area where industry, residential and other facilities are integrated for increasing investment and employment generation.
- Land use of minimum 60:40 (Industrial:Residential)
- **Maharashtra** is in lead.
- Waiver of 50% Stamp Duty on the first agreement between promoter and buyer of the plot.
- 1% of Ready Reckoner Rate (Standard Value of an immovable property) is charged by **MIDC** which is further subject to 50% waiver.
- 54 SEZ may get converted into IIAs.
- Navi Mumbai SEZ to be converted to IIA by 2019 by the major promoter **Reliance Industries Jai Corp and CIDCO** with 15% for residential purpose with an opening of IT and IT enabled services.

Special Economic Zones

- A Duty Free Buisness Area
- Different Trade Laws from the rest of the country
- Deemed to be a Foreign Territory
- Located within a country's national borders
- Facilitates national trade balance, employment, investment, job creation and effective administration.
- Service, production, processing, assembling, trading, repair, remaking, reconditioning, re-engineering, making of gold / diamond jewellery.
- Allowed to manufacture items reserved for SSI's like pickles, chutneys, mustard oil, glass bangles, wax candles, steel chairs, laundry soap, stainless steel and aluminium utensils, etc.
- Covers Free Trade Zone (FTZ), Export Processing Zone (EPZ), Free Zones (FZ), Industrial Estates (IE), Free Ports, etc.



Mumbai



Satara



Agriculture Export Zone

- Specific geographic location in a country.
- Set up of industries for agricultural processing, for export.
- 60 AEZs been sanctioned with 40 agricultural commodities in India.

Pineapple - West Bengal	Lychee - Uttranchal	Vegetables - Punjab
Potatoes - Uttar Pradesh	Mangoes - Uttar Pradesh	Grapes - Maharashtra
Ginger - Sikkim	Onion - Maharashtra	Apples - Himachal
Chilli - Andra Pradesh	Darjeeling - West Bengal	Gherkins - Karnataka

- Promotes trade related research and development, quality improvement, better prices, value addition, product acceptance abroad, increase in employment opportunities, improved packaging of agri produce.

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