



## The Foreign Trade Policy

The Hon'ble Commerce and Industry Minister Ms. Nirmala Sitaraman released the Foreign Trade Policy 2015-20 on April 1, 2015 at Vigyan Bhawan, Delhi, laying down a road map for India's foreign trade in the coming years. The Foreign Trade Policy provides a framework for increasing exports of goods and services, generation of employment, etc., in line with the "Make in India" vision of the Hon'ble Prime Minister, key changes of which are enumerated below:

### 1. Changes in reward schemes

#### 1.1. Merchandise Export from India Scheme

Five different schemes (Focus Product Scheme, Market Linked Focus Product Scheme, Focus Market Scheme, Agri-Infrastructure Incentive Scrip, VKGUY) merged into a new single scheme MEIS. Rewards for export of notified goods to notified markets under MEIS shall be payable as percentage of realized FOB value of exported goods. Debits towards BCD along with existing CVD/ Excise Duty/ Service Tax also allowed adjustment as duty drawback. For grant of rewards under MEIS, countries have been categorized into 3 Groups, and rewards range from 2% to 5%.

#### 1.2. Service Exports from India Scheme

Served from India Scheme replaced by SEIS to allow benefits to all 'service providers located in India', instead of 'Indian Service Providers'. Further, rate of reward under SEIS will be based on net foreign exchange earned. Under SEIS selected services would be rewarded at the rates of 3% and 5%.

#### 1.3. Incentives under MEIS and SEIS

- No conditions attached to any scrips issued under both schemes.
- Duty credit scrips and goods imported against these scrips fully transferable and usable for payment of BCD, Excise duty and Service Tax.
- Benefits extended to units located in SEZs.
- BCD paid in cash under duty credit scrips can be taken back as duty drawback if inputs used for exports.

#### 1.4. Status Holders

- Business leaders who have excelled in international trade and have successfully contributed to country's foreign trade proposed to be recognized

### DISCLAIMER



- as 'Status Holders' and given special treatment/ privileges to facilitate trade transactions in order to reduce transaction costs and time.
- Nomenclature of Export House, Star Export House, Trading House, Star Trading House, Premier Trading House certificate changed to One, Two, Three, Four, Five Star Export House. Further, criteria for export performance for recognition of status holder changed from Rupees to US dollar earnings.
- 2. Boost to "Make in India"**
- 2.1. Reduction in export obligation (only 75% in place of 90%) proposed if capital goods under the EPCG scheme procured indigenously.
- 2.2. Higher rewards under MEIS for export items with high domestic content and value addition.
- 3. Trade Facilitation and Ease Of Doing Business**
- 3.1. Online filing of documents
- Procedure for filing online documents/ applications for paperless trade in 24x7 environment. Further online procedure to upload digitally signed documents by Chartered Accountant/ Company Secretary/ Cost Accountant to be developed in place of present physical forms like annexure attached to ANF 3B, ANF 3C, ANF 3D, etc.
  - Hardcopies of certain applications initially under Chapter 3 & 4 and specified documents not required to be submitted to Regional Authorities.
  - Landing documents of export consignment as proofs for notified market to be digitally uploaded.
  - Online inter-Ministerial consultations for approval of export of SCOMET items, Norms fixation, Import Authorisations, Export Authorisation proposed in a phased manner.
- 3.2. Simplification of procedures/processes, digitisation and e-governance
- Obtaining and submitting of Chartered Accountant certificate confirming use of spares, tools, refractory and catalysts imported for final redemption of EPCG authorizations dispensed with.
  - EPCG Authorisation holders required to maintain records for 2 years instead of 3 years after redemption of Authorisations.
  - Facility created to upload documents in Exporter/Importer Profile, Online applications for refunds, online message exchange with CBDT and MCA etc.

**DISCLAIMER**



#### 4. Other New Initiatives

##### 4.1. New initiatives for EOUs, EHTPs and STPs (Units)

- Units allowed to share infrastructural facilities among themselves.
- Inter-Unit transfer of goods and services allowed among Units.
- Time period for validity of LOP for Units revised for faster implementation and monitoring of projects. Now initial validity for LOP to be of 2 years.
- EOU allowed to set up warehouses facility near port of export.
- Units allowed to use all duty free equipment/goods for training purposes.
- EOU allowed to supply spares/ components up to 2% of value of manufactured articles to a buyer in domestic market for the purpose of after sale services.
- Export obligation period for export items falling in the category of defence, military store, aerospace and nuclear energy to be 24 months from the date of issue of authorization or co-terminus with contracted duration of export order, whichever is later.
- Simplified procedure to be provided to fast track de-bonding/ exit of Units.
- EOUs having physical export turnover of INR 100 Million and above, allowed the facility of fast track clearances of import and domestic procurement.

##### 4.2. Facilitating & Encouraging Export of dual use items (SCOMET)

- Validity of SCOMET export authorisation extended from present 12 months to 24 months.
- Verification of End User Certificate simplified if SCOMET item is to be exported under Defence Export Offset Policy.
- Outreach programmes to be conducted at different locations to raise awareness among various stakeholders.

4.3. E-Commerce exports of handloom products, books/ periodicals, leather footwear, toys and customized fashion garments through courier or foreign post office to get benefit of MEIS (for values upto 25,000 INR).

4.4. Imports against Advance Authorization shall be eligible for exemption from Transitional Product Specific Safeguard Duty.

4.5. Calicut Airport, Kerala and Arakonam ICD, Tamil Nadu notified as registered ports for import and export.

4.6. Duty Free Tariff Preference Scheme extended to 33 Least Developed Countries across the Globe.

4.7. A Chapter on Quality Complaints and Trade Disputes incorporated in the Foreign Trade Policy and a Committee on Quality Complaints and Trade Disputes to be constituted in 22 offices.

#### DISCLAIMER



#### 4.8. Vishakhapatnam and Bhimavaram added as Towns of Export Excellence

### Glossary

The Foreign Trade Policy 2015-20 of the Government of India	The Foreign Trade Policy
The Merchandise Export from India Scheme	MEIS
Basic Customs Duty	BCD
Additional Customs Duty	CVD
The Service Exports from India Scheme	SEIS
Special Economic Zone	SEZ
Export Promotion Capital Goods	EPCG
Special Chemicals, Organisms, Materials, Equipment and Technologies	SCOMET
Central Board of Direct Tax	CBDT
Ministry of Corporate Affairs	MCA
Export Oriented Unit	EOU
Electronic Hardware Technology Park	EHTP
Software Technology Park	STP
Bio-Technology Park	BTP
Letter of Permission	LOP

### DISCLAIMER

*The Information contained herein is of a general nature and does not constitute a professional advice on indirect taxes. This News Letter is meant for circulation to specific clients and associate firms for information and not meant for public distribution. Before taking any decision based on above information, please consult the Finance Bill and relevant legal provisions.*