Foreign Trade Policy 2015-2020

The Government of India announced the new Foreign Trade Policy 2015-2020 (FTP) on 02 April 2015 laying down a road map for India's global trade in the coming years. The FTP has made major changes in the past policy in terms of enhancing the benefits of export of goods and services ,aligining the "make in India" drive with the trade policy and digitizing the submission of documents and information with the authorities to facilitate the trade as well as the administration. Benefits to the SEZ, EOU,STPI,EHTP units also form a significant part of the new FTP. Major highlights of the policy are placed below.

Five Incentive Schemes for Product Exports merged into One w.e.f. 01-04-2015

Five incentive Schemes under Chapter 3 of the Foreign Trade Policy ('FTP'), known as *Focus Product Scheme - FPS, Market Linked Focus Product Scheme - MLFPS, Focus Market Scheme - FMS, Agriculture Infrastructure Incentive Scrip - AIIS, Vishesh Krishi and Gram Udyog Yojana – VKGUY,*have been merged into a single scheme named **Merchandise Export from India Scheme ('MEIS').**

Incentives under this scheme are available on Exports of notified goods to Notified Markets at specified rates ranging from 2% to 5%. Higher incentives for exports with higher domestic value addition.

The Duty Credit Scrips issued as reward under this scheme will be freely transferable and usable for all types of goods/services for payment of customs duty, excise duty and service tax.

Incentive Scheme for Service Exports Made More Beneficial w.e.f. 01-04-2015

Served from India Scheme ('SFIS') has been replaced with Service Exports from India Scheme ('SEIS'). In the new scheme, all Service providers located in India and earning foreign exchange, regardless of the constitution or profile of the service provider, who is exporting notified services, would be eligible for the reward benefit at the rate of 3% or 5% of Net foreign exchange earnings.The Duty Credit Scrips issued as reward under this scheme will be freely transferable and usable for all types of goods/services for payment of customs duty, excise duty and service tax.

Incentive Schemes Extended to SEZ

Incentives for export of goods and services under MEIS & SEIS schemes would now be available to exports made by the units located in Special Economic Zones ('SEZs').

Criteria for status holders modified

In the new scheme, the status holders would be designated from one to five star exporters depending on their previous two years and current year turnover. The eligibility is now defined in US $ as against Rupees to neutralize the effect of currency movement. Double weightage for ISO/BIS manufacturing related turnover has been retained. The status holder certificate will be valid for 5 years.In addition to the usual benefit like submission of LUT to customs against duty exemption scheme imports, now Status holders shall be eligible to self certify their goods as originating from India under Rules of origin(Non-Preferential).

Modification in EPCG scheme to boost make in India drive and to facilitate trade

In order to give a boost to Make in India drive, the FTP has modified the norms of EPCG scheme to the effect that, in case capital goods are procured from indigenous manufacturers, the related export obligation under the EPCG license will get reduced from existing 90% (6 times at the duty saved amount) to 75%. Also, Import under EPCG scheme shall not be eligible for exemption from anti-dumping duty and safeguard duty. This will promote domestic capital goods manufacturing industry.Under EPCG scheme requirement of obtaining chartered engineer's certificate confirming use of spares, tools, refractory and catalysts imported for final redemption of EPCG done away with. Also records are now required to be maintained for 2 years instead of 3 years as was the position till date.

Trade Facilitation & Ease of Doing Business

The Policy has provided for permanent creation of exporter-importer profile with all the related documents like PAN, IEC etc. digitally uploaded so that these documents need not be submitted to the department repeatedly with each application. Further, in most of the cases, the documents like CA certificates, which were required to be physically submitted, can now be submitted online with digital signatures. Also landing documents of export consignment as proofs for notified market can be digitally uploaded such as scan copy of B/E. System of online inter-ministerial consultation and inter-departmental exchange of information has been introduced to connect DGFT, CBDT and MCA so that the exporter/importer related information can be exchanged without asking to the respective persons.

Liberalisation of norms for EOU, EHTP and STP Units

EOUs, EHTPs, STPs have been allowed to share infrastructural facilities among themselves which will help them to avoid duplication of efforts and cost to create separate infrastructural facilities in different units. Moreover Inter unit transfer of goods and services have been allowed among EOUs, EHTPs, STPs, and BTPs. This will facilitate group of those units which source inputs centrally in order to obtain bulk discount. Further EOUs have been allowed facility to set up Warehouses near the port of export. This will help in reducing lead time for delivery of goods and will also address the issue of un-predictability of supply orders etc.

EOUs can now transfer spare/components upto 2% to domestic market for after sale services. The time period for making positing net forex earnings can now be extended by 1 year after 5 year period. Time period for validity of letter of permission (LOP) can also be extended. Simplified procedure has been provided for fast track de-bonding/exit of STP/EHTP units.

Export of dual use items (SCOMET) facilitated

The Validity of the SCOMET authorization has been extended from the present 12 months to 24 months. The verification of End User Certificate (EUC) is being simplified if SCOMET item is being exported under Defense Export Offset Policy.

Specified goods can be exported through foreign post offices and Airports

Goods falling in the category of handloom products, books / periodicals, leather footwear, toys and customized fashion garments, having FOB value up to Rs. 25000 per consignment can be exported in manual mode through Foreign Post Offices at New Delhi, Mumbai and Chennai. Export of such goods under Courier Regulations shall be allowed manually on pilot basis through Airports at Delhi, Mumbai and Chennai as per appropriate amendments in regulations to be made by Department of Revenue. Department of Revenue shall fast track the implementation of EDI mode at courier terminals

Modification in Advance Authorization Norms

The broad parameter of Advance Authorization (AA) scheme is as were there in the existing policies, except for type of duty exempted.In addition to the basic duty, CVD, Anti dumping duty and safeguard duty, now transition product specific safeguard duty is also exempted for imports under AA. Further, for exports product falling in the category of Defense, Aerospace and Nuclear energy, the export obligation period is 24 months or the contract period whichever is more, as against 18 months for all other exports.

Additional Ports allowed for Export and import

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

Quality complaints and Trade Disputes

In an endeavour to resolve quality complaints and trade disputes, between exporters and importers, a new chapter, namely, Chapter on Quality Complaints and Trade Disputes has been incorporated in the Foreign Trade Policy.

For resolving such disputes at a faster pace, a Committee on Quality Complaints and Trade Disputes (CQCTD) is being constituted in 22 offices and would have members from EPCs/FIEOs/APEDA/EICs.

Corporate India Advisors LLP

MUMBAI
Suresh Rohira
suresh@cia-llp.com

Phone: 022- 26830349

PUNE
Kumar Iyer
kumar@cia-llp.com

Phone: 020-26438202

DELHI
RohiniAggarawal
rohini@cia-llp.com

Pankaj Goel
pankaj@cia-llp.com

Phone: 011-45002880

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