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## Foreign Trade Policy 2015-2020

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# Foreign Trade Policy 2015-2020

The Union Minister of Commerce & Industry has unveiled the much awaited Foreign Trade Policy 2015-2020 and Handbook of Procedures which will be effective from 1st April, 2015. The important changes are summarised below:

## **Rationalisation of Export Reward Schemes**

- Merchandise Exports from India Scheme (MEIS) introduced to subsume five existing schemes (Focus Product Scheme, Market Linked Focus Product Scheme, Focus Market Scheme, Agri. Infrastructure Incentive Scrip, Vishesh Krishi and Gram Udyog Yojana). Exports of notified goods to notified markets to be rewarded on the basis of realised FOB value of exports in free foreign exchange or on FOB value of exports given in shipping bills, whichever is less. Higher level of rewards under MEIS for export items with high domestic content and value addition.
- Served from India Scheme (SFIS) replaced by Service Exports from India Scheme (SEIS). Service providers located in India, providing notified services and having minimum net free foreign exchange earnings of US\$ 15,000 in preceding year, to be eligible for duty scrip under SEIS. Previous requirement of "Indian Service Providers" replaced with 'service providers located in India'. Duty credit scrip no longer with actual user condition and are freely transferable.
- Duty scrip to be granted as reward under MEIS and SEIS, which can be used towards payment of customs duties, excise duties, service tax, customs duties payable on account of export obligation defaults or any applicable fee payable under FTP. Benefit of MEIS and SEIS also extended to SEZ.
- Transitional provisions introduced for goods / services exported up to 31 March, 2015 where the scrip is applied / issued on or after 1 April, 2015.

## **Export Promotion Capital Goods Scheme (EPCG)**

- Export obligation, in case of indigenous sourcing of capital goods, to be 25% less than the export obligation stipulated.

## **Other Schemes**

- Export Oriented Unit (EOU), Electronic Hardware Technology Park (EHTP), Software Technology Park (STP) allowed to share infrastructural facilities among themselves, enabling them to utilize their infrastructural facilities in an optimum way.
- Inter unit transfer of goods and services allowed among EOUs, EHTPs, STPs and Bio - Technology Parks with an objective to reduce transportation cost and logistic costs.
- EOUs allowed facility to set up warehouses near the port of export.
- STP units, EHTP units, software EOUs allowed the facility to use all duty free equipment / goods for training purposes.
- Condition of Positive Net Foreign Exchange Earning in a period of 5 years extendable by one year.
- 100% EOUs allowed facility of supply of spares / components up to 2% of the value of the manufactured articles to a buyer in domestic market for the purpose of after sale services.

## **General Provisions**

- New optional system of self-certification being introduced for status holders to replace the existing Certificates of Origin required under various Preferential Trade Agreements [PTA], Free Trade Agreements [FTAs], Comprehensive Economic Cooperation Agreements [CECA] and Comprehensive Economic Partnerships Agreements [CEPA] previously issued by designated agencies.
- Manufacturers who are also Status Holders (basis their export performance) now eligible for Approved Exporter Scheme wherein approved exporters to be entitled to self-certify their manufactured goods as originating from India. Scheme to be notified in due course.
- Violation of any condition by an authorisation holder or failure to fulfill export obligation to result in the firm being placed under Denied Entity List (DEL), by the concerned RA, disentitling such authorisation holders from grant/ renewal of license and other fiscal benefits.

## **Other changes for Trade facilitation**

- DGFT to implement the Niryat Bandhu Scheme ('NBS') for mentoring new and potential exporter on the intricacies of foreign trade through counselling, training and outreach programmes.

- Landing documents of export consignment as proofs for notified market to be digitally uploaded.
- Requirement of submitting basic documents (IEC, manufacturing licence, RCMC, PAN etc.) repeatedly with each application done away with.
- Online uploading of annexures digitally signed by CA/ CS/ CWA allowed.
- Online filing of application for refund of Terminal Excise Duty (TED) being introduced.
- Simplified procedure to be provided for fast track de-bonding / exit of the STP/ EHTP units.
- EOUs having physical export turnover of Rs. 10 crore and above allowed the facility of fast track clearances of import and domestic procurement on the basis of pre authenticated procurement certificate.

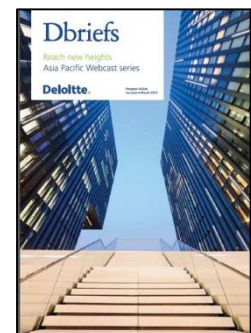
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