

PRESS RELEASE

Release of the Mid Term Review of Foreign Trade Policy 2015-2020 – Annual Incentives Increased by 2 % amounting to over Rs 8,000 cr for Labour Intensive/MSME Sectors

The Minister of Commerce & Industry, Shri Suresh Prabhu released the much awaited Mid-term Review of the Foreign Trade Policy 2015-20 today in New Delhi.

The review was released in the presence of the Minister of State for Commerce & Industry, Shri CR Chaudhary, Finance Secretary, Shri Hasmukh Adhia, Commerce Secretary, Smt. Rita Teatota, Secretary Department of Industrial Policy & Promotion, Shri Ramesh Abhishek and the Director General of Foreign Trade, Shri Alok Chaturvedi.

Shri Prabhu in his keynote address, said that the FTP will leverage the long term advantages of the historic reform of the GST in terms of reduced compliance and logistics costs. The FTP will focus on exports from the labour intensive and MSME sectors by way of increased incentives in order to increase employment opportunities. Emphasis will be given on 'Ease of Trading' across borders. Information based policy interventions will be ensured through a State-of-the-Art Trade Analytics Division. While share in traditional products and markets will be maintained, focus will be on new products and new markets. The Commerce Minister focussed on transparency and trust with the industry and maintenance of Quality Standards to succeed in international market.

Shri Chaudhary stated that the revised FTP will

help in making Indian exports more competitive. Under the dynamic and visionary leadership of the PM the government has made schemes for boosting manufacturing and exports. The issue of working capital blockage due to GST has also been resolved. The Minister of State stressed on the need to diversify the export basket. The Export of Agricultural Products will be encouraged for increasing farmers' incomes.

Shri Adhia emphasized that the Government has been very sensitive towards the exporters. Export Package was approved by the GST Council resolving the problem of blockage of working capital. He further stated that ITC and IGST refunds for exporters are being expedited and explained in detail the process and procedure for refund of IGST claims for exporters. He reiterated that GST will be very beneficial for exporters in the long run. The Ministry of Finance will continue to work in collaboration with the Department of Commerce and exporters to address their operational issues.

The Commerce Secretary, Smt. Rita Teatota stated that FTP will continue with 'Whole of Government' approach involving all Ministries and State Governments. Over the last 10 years, exports have grown at a CAGR of 8% which is fairly creditable. The government recognizes that the Medium and Small scale industries require handholding and thus rates for MEIS for such sectors have been enhanced. An important consideration in framing this Policy has been the need to ensure that FTP is aligned with both India's interests in the trade negotiations, as well as its obligations and commitments under various WTO Agreements. The biggest challenge, however, is to address constraints within the country such as infrastructure bottlenecks, high transaction costs, complex

procedures, constraints in manufacturing and inadequate diversification in our services. Towards this end, she stated, the Department of Commerce has set up a new Division to promote integrated and streamlined logistics development in the country. For addressing gap in infrastructure sector, the Trade Infrastructure for Exports Scheme has been launched

Highlights of Mid Term Review of FTP

While restoring the benefits under the export promotion schemes of duty free imports under Advanced Authorisation, Export Promotion Capital Goods and 100% Export Oriented Units and thus **resolving the problem of blocked working capital for exporters** following the roll out of GST, the FTP review has focused **on increasing the incentives for labour intensive MSME sectors**. Export incentives under Merchandise Exports from India (MEIS) have been **increased by 2% across the board for labour intensive MSME sectors leading to additional annual incentive of Rs 4,567 cr**. This is in addition to already announced increase in MEIS incentives from 2% to 4% for **Ready-made Garments and Made Ups in the labour intensive Textiles Sector with an additional annual incentive of Rs 2,743 cr**. Further, **incentives under Services Exports from India Scheme (SEIS) have also been increased by 2% leading to additional annual incentive of Rs 1,140 cr**.

Thus, incentives under the two schemes have been increased by **33.8% (Rs 8,450 cr)** from the existing incentives of Rs 25,000 cr leading to boost in exports from the labour intensive sectors and increased employment opportunities. Some of the major sector benefited are as under :

- Rs 2,743 cr for Ready-made Garments and Made Ups in Textiles Sector
- Rs 749 Cr for Leather and Footwear Articles,
- Rs 921 Cr for handmade carpets of silk, handloom and coir and Jute products
- Rs 1354 Cr for Agriculture and related products,
- Rs 1140 cr for Services including Hotel & Restaurant, Hospital, Educational services etc.
- Rs 759 Cr for for Marine products
- Rs 369 Cr for for Telecom and Electronics Components
- Rs 193 Cr for for Medical and Surgical Equipment.

Further, the **validity period** of Duty Credit Scrips has been increased from 18 to 24 months and GST rates on transfer/sale of scrips has been reduced to zero. Issue of Gold availability for exporters has been resolved by allowing Specified Nominated Agencies to import Gold without payment of IGST. **Support to Export Credit Guarantee Corporation** is also being enhanced to increase insurance cover to exporters particularly MSME's exploring new or difficult markets.

A **new scheme of Self-Assessment based duty free procurement of inputs required for exports** has been introduced. There will be no need of Standard Input Output Norms in such cases and will eliminate delays. It is based on trust. Exporters will self-certify the requirement of duty free raw materials/ inputs. The scheme would initially be available to the Authorized Economic Operators (AEOs) and will get expanded as more exporters join the AEO program. The scheme will improve ease of doing business.

Contact@DGFT service has been launched on the DGFT website (www.dgft.gov.in) as a single window contact point for exporters and importers for resolving all foreign trade related issues and also to give suggestions. Exporters/Importers can track status of their queries through the assigned reference number. Feedback mechanism has also been provided. High level monitoring of disposal is being ensured

A **State-of-the-Art Trade Analytics** division has been set up in DGFT for data based policy actions. The initiative envisages processing trade information from DGCIS and other national and international databases related to India's key export markets and identify specific policy interventions.

A new **Logistics Division** has been created in the Department of Commerce to develop and coordinate integrated development of the logistics sector, by way of policy changes, improvement in existing procedures, identification of bottlenecks and gaps, and introduction of technology based interventions in this sector. These steps would improve India's ranking in the Logistics Performance Index (LPI) and promote exports and enhanced growth.

Focus will be given to **Ease of Trading** across borders. A professional team to handhold, assist and support exporters in their export related problems, accessing export markets, meeting regulatory requirements. The team will also examine the procedures and processes in clearances related to trading across borders for their simplification and rationalization and track progress. Dwell time at ICDs, ports and airports is being closely monitored in coordination with Customs,

and infrastructure Ministries.

The Foreign Trade Policy will continue to be reviewed and evaluated regularly for addressing concerns of the exporters, simplification of procedures and for promotion of exports.
