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R J COLLEGE OF ARTS & SCIENCE AND COMMERCE

GHATKOPAR (W), MUMBAI- 40086.

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Department of Commerce

Organises

ONE DAY NATIONAL CONFERENCE

ON

"NEW FOREIGN TRADE POLICY 2015-2020: A BOOST TO MAKE IN INDIA"

PROCEDDINGSS OF THE SEMINAR

Published By:
Department of Commerce, Ramniranjan Jhunjhunwala College

SATURDAY, 8TH AUGUST, 2015

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WORDS FROM MANAGEMENT

It is a moment of great pride that our Commerce Department is hosting a National Conference on, "New Foreign Trade Policy 2015-20: A Boost to Make in India" on 8th August 2015.

The theme of the conference is of great relevance from academic, industry and economic point of view. It offers an opportunity for the educationist, corporate, professionals & government to share a common platform and deliberate on the policy matters which would shape India's future. The 5 year foreign trade policy seems to be a road map for boosting our global trade.

On behalf of the HVPS, I wish the organizers- the faculty of Commerce Department a great success.

Dr. Rajendra Singh
Hon. Secretary,
Hindi Vidya Prachar Samiti

WORD FROM THE PRINCIPAL

India represents a robust emerging economy based on the set of guidelines under the aegis of RBI. The Foreign Trade Policy would strengthen the existing pillars of economy by taking a forward leap in terms of attracting investors and manufacturers to establish a strong industrial base in our country.

Digitalization would ease the formalities required for start ups and will bring transparency with minimum interface. It will ensure single window solution within the given time frame.

The 'Make in India' policy would not only generate employment but would fulfil the needs of foreign markets by ensuring quality of products. The Generation Y can look forward to a plethora of opportunities, not only in terms of employment but also in terms of providing employment for others as entrepreneurs.

The conference has been well thought off in the current scenario and as the Head of the Institution I wish all the success and a very fruitful academic deliberation in the conference.

Dr. Usha Mukundan
Principal,
R.J.College, Ghatkopar, Mumbai- 86

WORDS FROM EDITOR

Editors Words:

India is a stable democracy and it is one of the largest markets in the world. It has the potential to be a significant force in the global trade in services and merchandise but for a long time its economy has been operating far below its inherent potential. Apparently, barring a few instances, the political will to be resolute has been missed out by successive governments. The government of Prime Minister Shri Narendra Modi however has right from the inception earnestly initiated steps to weed out the maladies of red- tapism, corruption and lack of accountability, to which the government machinery as well as the industry was accustomed, and in a way tolerant to. The government under him has initiated steps to achieve synergic and cohesive interaction between the private and public sector and also ith the foreign powers and the global industry; to make Indian industry a global force by making it efficient, technologically able, and accountable; and is determined not to let the industry walk with the crutches of subsidies, concessions and irrelevant incentives. The government has recited “Make in India” mantra. In order to achieve this, streamlining of the taxation system and the foreign trade policy was first step towards the paradigm changes and welfare measures envisaged. In the light of this scenario, the New Foreign Trade Policy 2015-20 was declared on 1st April 2015.

With a view to understand the purport, salient features and the practical impact of this policy, it’s a vigorous interaction between government and industry representatives, professionals, taxation experts, academicians, and economists is considered necessary. Hence, this National Conference was conceptualized.

Resource erudite inputs from the Jt. Director of DGFT, Region Head of FIEO; Representatives of - GSW Steel, the Pharma Industry, Global Trade Facilitation and the learned paper presenters would definitely be of great value for the delegates and students. The day long deliberations and interaction would be academically as well as practically rewarding. The published papers / articles would serve as advantageous inputs for academic studies and government policy decisions. Our students would definitely be the beneficiaries of this conference.

Wishing all the participants and delegates a great learning experience and success in all their endeavours!

Dr. Vilasini G. Patkar
Conference Convener

Mr. Subodh Barve
Conference Co-convenor

ACKNOWLEDGEMENTS

We take this opportunity to thank the Management members of HVPS for being highly supportive and for providing us with excellent infrastructure facilities enabling us to organize such a prestigious event.

We thank our Honorable Secretary Dr. Rajendra Singh for his continuous involvement, Co-operation and encouragement.

We profusely thank our Principal Dr. Usha Mukundan whose constant inspiration and enthusiasm motivates us to organize activities of such dimension.

We are thankful to all the Resource Persons and Experts for their willingness to spend their valuable time and knowledge; and for sharing their thoughts and experiences which helped in making the conference a success.

We also thank the chairpersons of the Technical Sessions, the authors of Research papers, Paper presenters and Delegates for participating and deliberating actively on the theme of the conference and making it meaningful.

We wish to thank and put on record, the assistance rendered by the teaching and supporting staff of our college and the student volunteers who extended their whole hearted cooperation, to make this conference a grand success.

We finally thank the Printer for publishing the proceedings of the conference & our Photographer for making the conference memorable.

Dr. Vilasini Patkar

Convener

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"FTP 2015-20: SPECIAL FOCUS ON SMES ESSENTIAL TO BOOST EXPORTS"

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Abstract

The New FTP 2015-20 is futuristic, pragmatic and contemporary in its outlook, and aims at an export target of USD 910 billion by 2020 in merchandise and services exports. The paper discusses the considerations of New FTP, the current exports scenario; the glitches of Indian Exports; and suggests strategies to boost exports.

The author discusses positive aspects and measures adopted in the New FTP which are expected to help in pushing India's exports. However, a Special Focus on SMEs is required to give a true boost to exports and achieve the target. The New FTP is significant to carve out a niche for India in the global commercial world.

Key Words: New FTP, India's Exports, Competitiveness, SMEs.

Paper

The world has watched with appreciation the achievements of our country specially after 1990's. India is galloping to carve out a niche in the commercial world. We are passing through a swift transition which shall result in India becoming a global economic superpower by 2020, India which would have eradicated its chronic problems like poverty, unequal distribution of wealth, corruption, deceases un-employment, illiteracy, lack of rural development, excessive dependence on agriculture, lack of infrastructure, etc.

To reach this goal the policy initiatives in the direction of improving our balance of payment position through increased exports is essential, for which enhanced industrial productivity, internationally acceptable quality of products and services, competitive low pricing, etc., is to be ensured.

The New FTP 2015-20 is futuristic, pragmatic and contemporary in its outlook, and aims at an export target of USD 910 billion by 2020in merchandise and services exports; which contemplates that the exports of goods and services must grow at CAGR of over 15 % in the next five years to double from its current levels of $ 450 billion.

The New FTP is guided by the following considerations:

- The strategy to boost overall growth of India's foreign trade by enhancing trade competitiveness;
- Keeping tabs on how much money goes out on account of export incentives given the fiscal constraints;
- WTO obligations to phase out the export subsidies;
- Linking the FTP to the 'Make in India' Initiative;
- Improving FTAs utilization in trade;
- Creation of employment in both manufacturing and services sectors;
- 'Zero-defect' products with a focus on quality and standards;
- A stable agriculture trade policy;
- The focus on higher value-addition and technology infusion;
- Investment in agriculture overseas to produce raw material for Indian industry;
- Lower tariffs on inputs and raw materials;
- Development of trade infrastructure and provision of production and export incentives through e-filing of documents.

Status of India's Exports:

Since 1947, India has experienced tremendous ups and downs in international trade from a global share of 2.4 %which dropped to a mere 0.7 %in 1991; thus resulting in the balance of payment crisis. With a drastic change in economic policy and a focus on both merchandise and services exports the share in global merchandise trade increased from 0.7 % in 1991 to 1.7 % in 2013-14 and services exports increased from 1.2 % to 3 % during the same tenure. This implies that even after almost 25 years of trade liberalization India has not done enough to realise her true potential. For the period April 2014 to February 2015, exports stand at $286.58 billion, compared with $314.40 billion for 2013-14. India's exports are exposed to a variety of the challenges. Exports have contracted since Dec. 2014, over the last successive seven months. The reduction was mainly on account of persistent slowdown in some markets and weak global demand, volatility of the rupee against a basket of currencies, lack of competitiveness due to a

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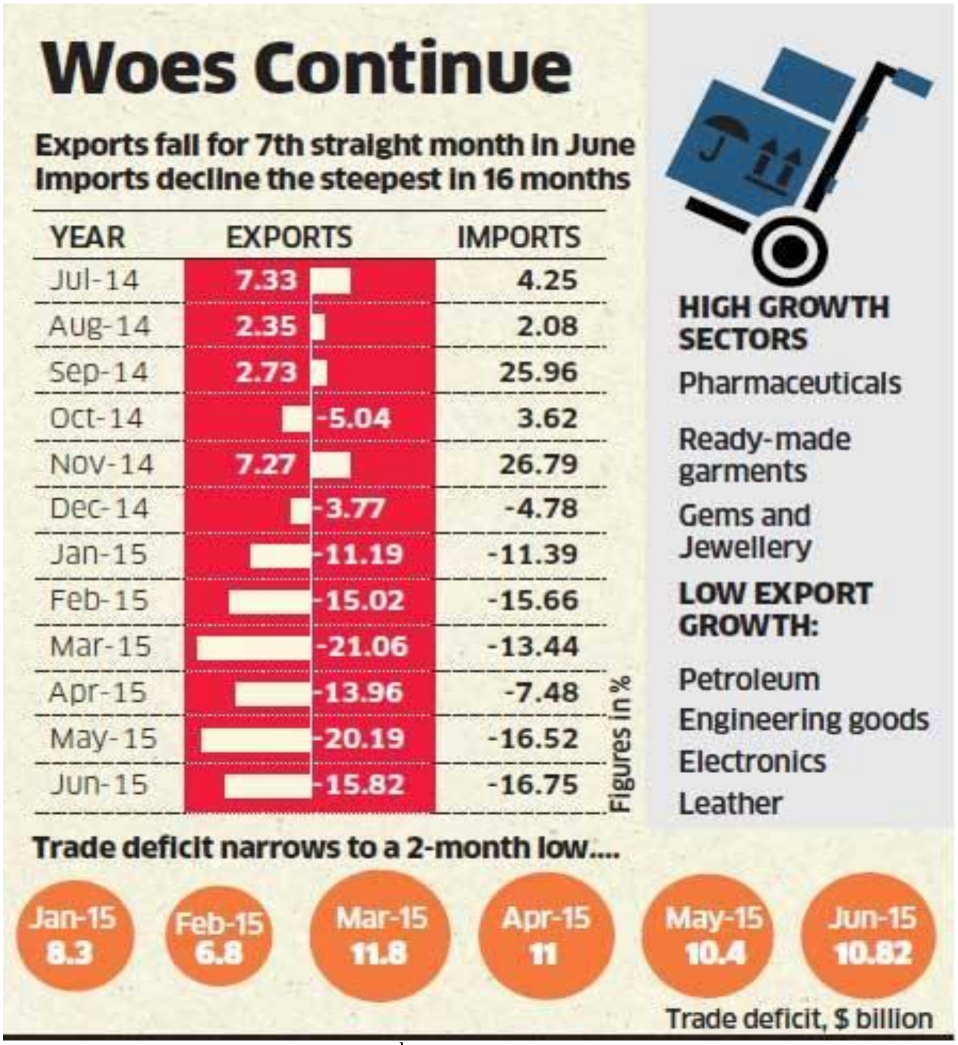
strong rupee, etc. Imports fell at the fastest pace in 16 months owing to decline in gold imports and lower valuation of crude imports, which helped contain trade deficit despite the slump in exports. For a pragmatic FTP, it is important to have a stable exchange rate, which will insulate the trade from avoidable risks.

Key export sectors such as engineering, electronics, leather and petroleum posted negative growth, contributing to lower domestic production as well. Industrial production growth slowed in the consecutive months. Moreover, the problem lies in the fact that, there is a recent strengthening of the rupee against the US dollar and other key currencies which has also impacted export orders because of loss of competitiveness to rivals.



Woes Continue

Exports fall for 7th straight month in June
Imports decline the steepest in 16 months

YEAR	EXPORTS	IMPORTS
Jul-14	7.33	4.25
Aug-14	2.35	2.08
Sep-14	2.73	25.96
Oct-14	-5.04	3.62
Nov-14	7.27	26.79
Dec-14	-3.77	-4.78
Jan-15	-11.19	-11.39
Feb-15	-15.02	-15.66
Mar-15	-21.06	-13.44
Apr-15	-13.96	-7.48
May-15	-20.19	-16.52
Jun-15	-15.82	-16.75

Figures in %

HIGH GROWTH SECTORS
Pharmaceuticals
Ready-made garments
Gems and Jewellery

LOW EXPORT GROWTH:
Petroleum
Engineering goods
Electronics
Leather

Trade deficit narrows to a 2-month low....

Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
8.3	6.8	11.8	11	10.4	10.82

Trade deficit, $ billion

Courtesy: Economic Times Bureau 16th July, 2015.

Therefore, with a straight seven month fall in our exports in June to USD 22.29 billion, which was 15.82 percent lower than the USD 26.48 billion worth shipped in the like month of last year, it is necessary for the government to take certain urgent steps to prevent this downfall. Apart from measures to improve our export competitiveness, the transaction and logistics costs have to be brought down. The government has rightly thought of reintroducing the 3% interest subvention scheme in certain sectors. Moreover, an immediate relief package for the SME sector should be announced along with urgent and timely relief of export benefits. A strategy to boost exports of various product categories is needed.

Glitches of India's Exports:

- Our biggest challenge is to address constraints not so much externally but internally such as infrastructure bottlenecks, high transaction costs, complex procedures and constraints in manufacturing.
- The volatility in exchange rates impacts trade badly. Indian exporters always feel that more than appreciating or depreciating currency, volatility in exchange rates poses greater danger to trade.
- Lower global oil prices hit the oil exporting economies like West Asia and this contributed to slowing down of exports from India, West Asia being one of the major importers of Indian goods and services.
- Lack of competitiveness of India's exports. Often Indian prices are higher than any competing country as our exporters use processes that are sub-standard, un-competitive and outdated. This also impacts productivity and quality standards.
- Red tapism and lengthy procedures / regulations further add to the transaction and logistics costs. The paperwork is much more in India than elsewhere in the world.
- Lack of commitment to delivery schedules, high raw material costs, taxes, shipping and transport bottlenecks, lack of good warehousing facilities and heavy electricity charges along with shortages / irregularities in power supply, also impact exports adversely.

Strategies to Boost Exports:

For increasing exports, professional and competitive approach is necessary in marketing. Tax sops can surely help to step up Exports. Tax benefits across all sectors especially MSME Units, can make exports competitive. Registration with Authorities must be made compulsory to avail the benefits; imparting appropriate training to make products competitive and qualitative; improved packaging, labeling, innovation and branding of products for the overseas market is necessary. The tax incentive can be gradually reduced once the units become sustainable. Ensuring adequate availability of raw-material inputs regularly and at reasonable prices to the SME export units is to be ensured. Moreover, providing the required amount of power supply at reasonable cost to ensure timely production and maintaining delivery schedules should be emphasized

The New Foreign Trade Policy announced by the Minister of State for Commerce and Industry

Smt. Nirmala Sitharaman on 1stApril, 2015 attempts to fix some of the problems. Indian manufacturing sector is geared to move fast under the dynamic leadership of the Prime Minister of India with remarkable initiatives like 'Make in India", "Digital India", "Skill India" and "Ease of doing Business" which is in tune with the FTP. It is expected to provide unique opportunities to achieve larger share of manufacturing in the country's Gross Domestic Product from 16% to 25% by 2022 and could touch US$ 1 trillion by 2025. The total two-way trade is expected to double from the present USD 1 trillion to USD 2 trillion in the next five years. This is a gigantic task given the fact that global economy is still struggling to gain momentum. The country is expected to rank amongst the world's top three growth economies and amongst the top three manufacturing destinations.

Positive Measures in the new FTP:

- The government announced higher level of rewards under Merchandise Exports from India Scheme (MEIS) and Services Exports from India Scheme (SEIS) for export items with high domestic content and value addition.
- The tax incentives under MEIS and SEIS which are in the form of fully transferable duty credit scrips with reward rate ranging between 2 per cent and 5 per cent. These scrips can be used by exporters to offset service tax, excise duty or customs duty.
- Agricultural and village industry products would be supported across the globe at the rates of 3 percent and 5 percent.
- Focus on defence, pharma, environment-friendly products and value-added exports.
- Reduction of export obligation by 25 per cent under the EPCG (Export Promotion Capital Goods) Scheme is expected to boost indigenous production of capital goods.
- The introduction of online filing of documents would reduce trade transaction cost and help manufacturing exporters by increasing their cost competitiveness.
- Merchandise falling under the categories of handloom products, books/periodicals, leather footwear, toys and customized fashion garments, with FOB values of up to ₹25,000/consignment and their sale finalized through e-commerce, would get the benefit of FTP.
- The exports from SEZs suffering from high MAT would now be eligible for incentives.

These measures are expected to help in pushing India's exports.

Why a Special Focus on SMEs is required?

Small and Medium Enterprises play a vital role in the growth of Indian economy by contributing

45% of the industrial output, 40% of exports, 42 million in employment (create one million jobs every year) and produce more than 8000 quality products for the Indian and International markets. As such, MSMEs are today exposed to greater opportunities for expansion and diversification across the sectors. The Indian market is growing rapidly and Indian industry is making remarkable progress in various Industries like Manufacturing, Precision Engineering, Food Processing, Pharmaceuticals, Textile & Garments, Retail, IT, Agro and Service sectors. SMEs are finding increasing opportunities to enhance their business activities in core sectors.

SMEs also play a significant role in nation development through high contribution to Domestic Production, Significant Export Earnings, Low Investment Requirements, Operational Flexibility, Location Wise Mobility, Low Intensive Imports, Capacities to Develop Appropriate Indigenous Technology, Import Substitution, Contribution towards Defence Production, Technology Oriented Industries, Competitiveness in Domestic and Export Markets, and generating new entrepreneurs by providing knowledge and training.

Despite their high enthusiasm and inherent capabilities to grow, SMEs in India are also facing a number of problems like sub-optimal scale of operation, technological obsolescence, supply chain inefficiencies, increasing domestic & global competition, working capital shortages, not getting trade receivables from large and multinational companies on time, insufficient skilled manpower, change in manufacturing strategies and turbulent and uncertain market scenario. To survive with such issues and compete with large and global enterprises, SMEs need to adopt innovative approaches in their operations. SMEs that are innovative, inventive, international in their business outlook, have a strong technological base, competitive spirit and a willingness to restructure themselves can withstand the present challenges and come out successfully contributing 22% to GDP. Indian SMEs are always ready to accept and acquire new technologies, new business ideas and automation in industrial and allied sectors.

Definition of MSMEs in India:

Manufacturing Enterprises – Investment in Plant & Machinery		
Description	**INR**	**USD($)**
Micro Enterprises	up to Rs. 25Lakh	up to $ 62,500
Small Enterprises	above Rs. 25 Lakh & up to Rs. 5 Crore	above $ 62,500 & up to $ 1.25 million
Medium Enterprises	above Rs. 5 Crore & up to Rs. 10 Crore	above $ 1.25 million & up to $ 2.5 million

Service Enterprises – Investment in Equipments		
Description	**INR**	**USD($)**
Micro Enterprises	up to Rs. 10Lakh	up to $ 25,000
Small Enterprises	above Rs. 10 Lakh & up to Rs. 2 Crore	above $ 25,000 &upto $ 0.5 million
Medium Enterprises	above Rs. 2 Crore & up to Rs. 5 Crore	above $ 0.5 million & up to $ 1.5 million

Under the New FTP there will be a mid-term review after two and a half years, except for exigencies. In an attempt to achieve greater policy coherence and mainstreaming of all export incentive schemes, the Commerce Department has directed the state governments to prepare their own export strategies based on the new FTP.

Significance of New FTP:

Indian businesses would realise that the days of export subsidies are numbered because of WTO obligations. To deal with slowing demand and rising cost on a long-term basis, businesses must develop suitable global strategies for sourcing, production and trade. Efforts are in the direction of attracting more FDI, providing boost to manufacturing sector and creating an opportunity to develop service sector, emphasis on infrastructure development, employment generation, new entrepreneurship, technology development and such other developmental activities. These measures would enhance our exports and enable our business units to expand their activities. Reformed labour laws, ease of doing business in India, eradication of corruption would provide a better support to SME Sector to grow through good business practices. The new Foreign Trade Policy has put the focus on States for contributing to export promotion by developing an export strategy. States are expected to set up institutional support of Export Commissioners and formation of the Council for Trade Promotion and Development, as all factors of production are within the ambit of States. Such concentrated and partnership-based efforts of governments, both Central and State along with business organizations would certainly bring about a rise in India's share of world exports from the present level of 2 percent to 3.5 percent by 2019-20.

Under the aspect of simplification in procedures -the number of mandatory documents required for exports and imports are reduced to three, which is comparable with international benchmarks. A facility has been created now for uploading documents in exporter or importer profile and the exporters will not be required to submit documents repeatedly. Simplification of various "Aayat Niryat" (Import Export) forms, clarification of different provisions, removal of ambiguities and focuses on electronic governance will fasten procedures.

Government's ambitious programme in the power sector (2.66 lakh Mw of additional power including 100,000 mw of solar power) is expected to ease the problem of inadequate and erratic power supply; thus helping exporters to maintain delivery schedules and reduce adverse impact of the cost rise due to forced use of diesel generators or thermal power for power back-up. The new FTP lays down measures required for trade promotion, infrastructure development and overall enhancement of trade eco system, according to the Commerce Minister. Measures have also been taken to give boost to defense and hi-tech exports. Robots are increasingly replacing some of the mundane and hazardous jobs done by workers.

Because of India's FTAs and other trade deals such as Information Technology Agreement (ITA), India's manufacturing sector had to suffer from inverted duty structure of raw materials and intermediary goods, i.e., high import duties on inputs/ raw materials and lower duties on finished goods. This is being addressed by the new electronics policy, and the finance minister Shri. Arun Jaitley has given cognisance in the last two budgets and foreign trade policy promises to do more. Overall, the new foreign trade policy is in the right direction to boost India's trade by resolving some of the major issues of exporters. Global economic situation should favour our efforts for achieving the target.

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THE NEW FOREIGN TRADE POLICY2015-2020 A BOOST TO MAKE IN INDIA WITH REFERENCE TO GEMS AND JEWELLARY

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Introduction

The foreign trade of India is guided by the Export – Import (EXIM) policy of the Government of India and is regulated by the Foreign trade (Development and Regulation) Act, 1992.EXIM policy contains various policy decisions taken by the government in the sphere of foreign trade, i.e. with respect to imports and exports from the country and more especially export promotion measures, policies and procedures related thereto. It is prepared and announced by the Central Government (Ministry of Commerce). India's EXIM policy, in general, aims at developing export potential, improving export performance, encouraging foreign trade and creating favorable balance of payments position. Prior to 1985, the Government of India used to announce the EXIM policy annually. However With a view to have uniformity and stability in EXIM policy, it was decided to give the policy a validity of three years and the first three-year EXIM policy was announced in 1985(for the Period 1985-88) Since 1985, there was a moderate trend towards trade liberalization, which finally took shape in 1991. The EXIM policy 1992-97 supported the liberalization trend by lowering the tariff walls. The devaluation of the rupee in July 1991, the partial convertibility and the subsequent full convertibility of the Rupee on trade account have all been part of the reform and liberalization of the trade regime.

Starting an import business is a goal of more than thousands of merchants and businessmen. Like an export business, import business is also very profitable business, However, the long term success and profitability of an import business greatly depends on the importer's knowledge and understanding about the international market and foreign market analysis.

Today, importing goods from abroad has become a booming business, especially due to liberalization of imports and changing consumer profile in most of the developing countries. The rising middle income groups of consumers in India and their increasing levels on expenditure on various products have resulted in a faster rising demand of the Indian import business. Major imports of India include cereals, edible oils, machineries, fertilizers and petroleum products. India is also a bulk importer of edible oil, sugar, pulp and paper, newsprint, crude rubber and iron and steel. In India, all the activities related to import are handled by the Directorate General of Foreign Trade (DGFT), a government body that also controls the export business in India

General Objectives of Export-Import Policy;

The principal objectives of the EXIM policy of India are as under:

1. To establish and regulate the framework for globalization of India's trade.
2. To enhance the export capabilities.
3. To encourage the attainment of high and internationally accepted standard of quality and thereby enhance the image of India's products abroad.
4. To augment India's exports by facilitating access to raw materials, intermediates, components, consumables and capital goods from the international markets.
5. To promote effective and efficient and internationally competitive import substitution and self – reliance under a deregulated framework for foreign trade.
6. To promote the productivity, modernization and competitiveness of Indian industry and thereby to enhance its export capabilities.
7. To have a forward look for growth and diversification of the economy

The Govt. of India has renamed now, EXIM Policy as Foreign Trade Policy.

- General objectives of Foreign Trade Policy;
- to strength the base for export production.
- to create favorable environment for export promotion.
- to have main focus on exports so as to generally high net foreign exchange.
- to simplify and streamline import export procedures especially import licensing and export promotion.
- to provide technological up gradation so as to make Indian products globally competitive.
- to promote import substitution and self-reliance.
- to provide liberal imports

NEW FOREIGN TRADE POLICY (2015 – 2020) ANNOUNCED ON

1ST APRIL, 2015-(IN NUTSHELL) New foreign Trade Policy for the period 2015 to 2020 was announced on 1st April, 2015 and highlights of the policy be made based on the highlights.

Objectives of the FTP 2015-2020

- ❖ The Minister has put a target of US $ 900 billion export of goods and services by the year 2020.
- ❖ It provides a framework for exports of goods and services as well as generation of employment opportunities
- ❖ The focus of the government is to support both manufacturing and service sectors with a concept of "ease of doing business"
- ❖ massive employment generation

Rapid growth of service sector and strengthening competitiveness of Indian
To create stable and favorable environment for large scale export growth.
The main points of highlights can be summerised as:

1. Focus Product Scheme
2. Focus Market Scheme (FMS)
3. Agriculture Sector
4. Tea Sector
5. Leather Sector
6. Technological Upgradation
7. In this policy more emphasis is given for export of automobile sector.
8. Marine Sector
9. Export Promotion of Capital Goods Scheme (EPCG)
10. Gems and Jewellery Sector
11. Duty Entitlement Pass Book Scheme (DEPB Scheme)

SCHEMES FOR EXPORTERS OF GEMS AND JEWELLERY

1. Import of Input: Exporters of gems and Jewellery can import / procure duty free input for manufacture of export product.

2. Items of Export : Following items, if exported, would be eligible

(i) Gold Jewellery, including partly processed Jewellery and articles including medallions and coins (excluding legal tender coins), whether plain or studded, containing gold of 8 carats and above;

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(ii) Silver Jewellery including partly processed Jewellery, silverware, silver strips and articles including medallions and coins (excluding legal tender coins and any engineering goods) containing more than 50% silver by weight;

(iii) Platinum Jewellery including partly processed Jewellery and articles including medallions and coins (excluding legal tender coins and any engineering goods) containing more than 50% platinum by weight. 88

3. Schemes

The schemes are as follows:

a. Advance Procurement / Replenishment of Precious Metals from Nominated Agencies;
b. Replenishment Authorization for Gems;
c. Replenishment Authorization for Consumables;
d. Advance Authorization for Precious Metals

4. Advance Procurement/ Replenishment of Precious Metals from Nominated Agencies:

i. Exporter of gold / silver / platinum Jewellery and articles thereof including mountings and findings may obtain gold / silver / platinum as an input for export product from Nominated Agency, in advance or as replenishment after export in accordance with the procedure specified in this behalf.

ii. The export would be subject to wastage norms and minimum value addition as prescribed in paragraph 4.60 and 4.61 respectively in the Handbook of Procedures.

5. Replenishment Authorization for Gems :

i. Exporter may obtain Replenishment Authorization for Gems from Regional Authority in accordance with procedure specified in Handbook of Procedures.

ii. Replenishment Authorization for Gems may be issued against export including that made against supply by Nominated Agency (paragraph 4.41 of FTP) and against supply by foreign buyer (paragraph 4.45 of FTP). 8

iii. In case of plain or studded gold / silver / platinum Jewellery and articles, value of such Authorization shall be determined with reference to realization in excess of prescribed minimum value addition. Replenishment Authorization for Gems shall be freely transferable.

6. Replenishment Authorization for Consumables

i. Replenishment authorization for duty free import of Consumables, Tools and other items namely, Tags and labels, Security censor on card, Staple wire, Poly bag (as notified by Customs) for Jewellery made out of precious metals (other than Gold & Platinum) equal to 2% and for Cut and Polished Diamonds and Jewellery made out of Gold and Platinum equal to 1% of FOB value of exports of the preceding year, may be issued on production of Chartered Accountant Certificate indicating the export performance. However, in case of Rhodium finished Silver Jewellery, entitlement will be 3% of FOB value of exports of such Jewellery. This Authorization shall be non-transferable and subject to actual user condition.

ii. Application for import of consumables as given above shall be filed online to the concerned Regional Authority.

7. Advance Authorization for Precious Metals.

a. Advance Authorization shall be granted on pre-import basis with 'Actual User' condition for duty free import of: 90

   i. Gold of fineness not less than 0.995 and mountings, sockets, frames and findings of 8 carats and above;

   ii. Silver of fineness not less than 0.995 and mountings, sockets, frames and findings containing more than 50% silver by weight;

   iii. Platinum of fineness not less than 0.900 and mountings, sockets, frames and findings containing more than 50% platinum by weight.

b. Advance Authorization shall carry an export obligation which shall be fulfilled as per procedure indicated in Chapter 4 of Handbook of Procedures.

8. Value Addition

Minimum Value Addition norms for gems and jewellery sector would be calculated as under: A - B

VA = ----------- x 100, where A = FOB value of the export realised / FOR value of supply received.

B = Value of inputs (including domestically procured) such as gold / silver / platinum content in export product plus admissible wastage along with value of other items such as gemstone etc.

Wherever gold has been obtained on loan 91 basis, value shall also include interest paid in free foreign exchange to foreign supplier.

9. Wastage Norms: Wastage or manufacturing loss for gold / silver / platinum jewellery shall be admissible as per paragraph 4.60 of Handbook of Procedures.

10. DFIA not available: DutyFree Import Authorization scheme shall not be available for Gems and Jewellery sector.

11. Nominated Agencies

a. Exporters may obtain gold / silver / platinum from Nominated Agency. Exporter in EOU and units in SEZ would be governed by the respective provisions of Chapter-6 of FTP / SEZ Rules, respectively.

b. Nominated Agencies are MMTC Ltd, The Handicraft and Handlooms Exports Corporation of India Ltd, The State Trading Corporation of India Ltd, PEC Ltd, STCL Ltd, MSTC Ltd, and Diamond India Limited

c. Four Star Export House from Gems & Jewellery sector and Five Star Export House from any sector may be recognized as Nominated Agency by Regional Authority.

d. Reserve Bank of India can authorize any bank as Nominated Agency.

Procedure for import of precious metal by Nominated Agency (other than those authorized by Reserve Bank 92 basis, value shall also include interest paid in free foreign exchange to foreign supplier.

12. Import of Diamonds for Certification / Grading & Re- export

Following agencies are permitted to import diamonds to their laboratories without any import duty, for the purpose of certification / grading reports, with a condition that the same should be re-exported with the certification/grading reports, as per the procedure laid down in Hand Book of Procedures:

(1) Gemological Institute of America (GIA), Mumbai, Maharashtra.

(2) Indian Diamond Institute, Surat, Gujarat, India.

(3) International Institute of Diamond Grading & Research India Pvt Ltd., Surat, Gujarat, India.

13. Export of Cut & Polished Diamonds for Certification/ Grading & Re-import

List of authorized laboratories for certification / grading of diamonds of 0.25 carat and above are laid down as per standards.

14. Export of Cut & Polished Diamonds with Re-import Facility at Zero Duty

An exporter (with annual export turnover of Rs 5 crores for each of the last three years) may export cut & polished diamonds (each of 0.25 carat or above) to any of the agencies/laboratories mentioned under paragraph 4.74 of Handbook of Procedures with re-import facility at zero duty within 3 months from the date of export. Such facility of re-import at zero duty will be subject to guidelines issued by Central Board of Customs & Excise, Department of Revenue.

15. Export against Supply by Foreign Buyer

a. Where export orders are placed on nominated agencies / status holder / exporters of three years standing having an annual average turnover of Rupees five crores during preceding three financial years, foreign buyer may supply in advance and free of charge, gold / silver / platinum, alloys, findings and mountings of gold / silver / platinum for manufacture and export.
b. Such supplies can also be in advance and may involve semi-finished jewellery including findings / mountings / components for repairs / re-make and export subject to minimum value addition as prescribed under paragraph 4.61 of Handbook of Procedures. In such cases of export, wastage norms as per paragraph 4.60 of Handbook of Procedures shall apply.
c. Exports may be made by nominated agencies directly or through their associates or by status holder / exporter. Import and Export of findings shall be on net to net basis.

16. Export Promotion Tours/ Export of Branded Jewellery:

a. Nominated Agencies and their associates, with approval of Department of Commerce and with 94 approval of Gem & Jewellery Export Promotion Council (GJEPC), may export gold / silver / platinum jewellery and articles thereof for exhibitions abroad.

b. Personal carriage of gold / silver / platinum jewellery, precious, semi-precious stones, beads and articles and export of branded jewellery is also permitted, subject to conditions as in Handbook of Procedures.

17. Personal Carriage of Export / Import Parcels :

Personal carriage of gems and jewellery export parcels by foreign bound passengers and import parcels by an Indian importer/foreign national may be permitted as per the Handbook of Procedures.

18. Export by Post :

Export of jewellery through Foreign Post Office including via Speed Post is allowed. The jewellery parcel shall not exceed 20 kgs by weight.

19. Private / Public Bonded Warehouse

Private / Public Bonded Warehouses may be set up in SEZ/DTA for import and re-export of cut and polished diamonds, cut and polished colored gemstones, uncut & unset precious & semi-precious stones, subject to achievement of minimum value addition of 5% by DTA units.

20. Diamond & Jewellery Dollar Accounts :

a. Firms and companies dealing in purchase / sale of rough or cut and polished diamonds / precious metal jewellery plain, minakari and / or studded with / without diamond and / or other stones with a track record of at least two years in import or export of 95 diamonds / colored gemstones / diamond and colored gemstones studded jewellery / plain gold jewellery and having an average annual turnover of Rs.3 crore or above during preceding three licensing years may also carry out their business through designated Diamond Dollar Accounts (DDA).

b. Dollars in such accounts available from bank finance and / or export proceeds shall be used only for:
   i. Import / purchase of rough diamonds from overseas/ local sources;
   ii. Purchase of cut and polished diamonds, colored gemstones and plain gold jewellery from local sources;
   iii. Import / purchase of gold from overseas / nominated agencies and repayment of dollar loans from the bank; and
   iv. Transfer to Rupee Account of exporter. Details of this DDA Scheme are given in Handbook of Procedures.

c. A non DDA holder is also permitted to supply cut and polished diamonds to DDA holder, receive payment in dollars and convert the same into Rupees within 7 days. Cut and polished diamonds and colored gemstones so supplied by non-DDA holder will also be counted towards discharge of his export obligation and/ or entitle him to replenishment Authorization..

21. Export of cut & polished precious and semi-precious stones for treatment and re-import :

Gems and Jewellery exporters shall be allowed to export cut and polished precious and semi-precious stones for the treatment and re-import as per customs rules and regulations. In case of re-export, the exporter shall be entitled for duty drawback as per rules.

22. Re-import of rejected Jewellery:

Gems & Jewellery exporters shall be allowed to re-import rejected precious metal jewellery as per standards.

23. Export and import on consignment basis :

Gems & Jewellery exporters shall be allowed to export and import diamond, gemstones & jewellery on consignment basis as per Handbook of Procedures and Customs Rules and Regulations.

Findings/Observations:

1. Within licence and prior permissions gems and jewellary exports can be flourished
2. The exports of gems and jewellary during the year 2013-14 decreased due to US $41,100.13 million from US $43,344.85 million in 2012-13 showing negative growth of 5.18%
3. The reasons for above negative growth are-
   - World recession
   - Decrement in the value of US $
   - Problems of Euro Zone

Apart from the above observations the initiative taken by govt under 'Make in India" for gems and jewellary are as under.

- Export obligation under EPCG Scheme was 6 times of the duty saved amount.
- Under FTP 2009-14 it was planned to make India diamond international hub on consignment basis. Import of cut and polished diamonds is introduced for participation in overseas trade fairs and exhibitions.
- value limit of personal carriage of gems and jewellery has been increased from $2 billion to$5 billion

- ❖ In order to neutralize duty incidence of exports of gems and jewellery: Duty Drawback scheme is allowed.
- ❖ These measures may give lift to the exporters of gems and jewellery products

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MERCHANDISE EXPORTS FROM INDIA SCHEME (MEIS) UNDER FOREIGN TRADE POLICY (2015 – 2020) : A BOOSTER FOR MAKE IN INDIA VISION

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Introduction:

India's Foreign Trade Policy (2015-2020) was announced by Commerce and Industry minister, Government of India. New FTP provides a framework for increasing exports of goods and services as well as generation of employment in the country in keeping with "Make in India "vision of Prime Minister of India. The focus of new policy is to support both manufacturing and service sector, with a special emphasis on improving the quality of doing business. Government aims to increase India's exports from USD 465.9 billion in 2013-14 to USD 900 billion by 2019-20 and to raise India's share in world export from present 2 % to 3.5 % approximately.

FTP plays a significant role in India's economy. It describes the product market and product strategy and the measures required for trade promotion, infrastructure development and overall enhancement of the trade eco system. It seeks to enable India to respond to the challenges of external environment, keeping in step with the rapidly evolving international trading architecture and make trade a major contributor to the country's economic growth and development.

Under FTP, two new schemes are introduced – Merchandise Exports from India Scheme (MEIS) and Services Export from India Scheme (SEIS). These schemes aim at generating employment and provide value addition to the nation with "Make in India "initiative.

Objectives of the Study:

- To take overview of salient features of new Foreign Trade Policy (2015-2020)
- To explore the canvas of "Merchandise Exports from India Scheme (MEIS) introduced in new FTP
- To critically study the role and implications of MEIS in the growth of India's exports

SALIENT FEATURES OF FTP – 2015 – 2020

- **Simplification and merger of reward scheme**

1. Two new schemes introduced – Merchandise Exports from India Scheme (MEIS) and Service Exports from India Scheme (SEIS)
2. Incentives of MEIS/SEIS to be available to SEZ
3. Duty Credit Scrip to be freely transferable and usable for payment for custom duty, excise duty and service tax

- **Status Holders**

1. Nomenclature of status holders – Export House, Trading House, Star Trading House, and Premier Trading house changed
2. The criterion for recognition changed from earning in Rupees to US Dollar
3. Self certification by status holders

- **Boost to make in India**

1. Reduced export obligation for export procurement under EPCG scheme
2. Higher level of awards under MEIS for export items with high domestic content and value addition

- **Trade facilitation and ease of doing business**

1. Online filling of documents/applications and paperless trade in 24*7 environment
2. Digital uploading of documents
3. Online inter ministerial consultations to remove procedural bottlenecks
4. Simplification of procedure
5. Digitization and E- Governance initiatives
6. Forthcoming E-Governance Initiatives undertaken by DGFT.

- **Other new initiatives**

1. New initiatives for EOU/EHTP/STP
2. Facilitating and encouraging export of dual use items
3. Facilitating and encouraging export of defence items
4. Encouragement to select E- Commerce products
5. Additional ports allowed for export and imports
6. Extension of duty free tariff preference scheme to 33 least developed countries
7. Speedy redressal of quality complaints and trade disputes
8. Vishakhapatnam and Bhimavaram added as Towns of Export Excellence

MERCHANDISE EXPORTS FROM INDIA SCHEME (MEIS)

MEIS Scheme has replaced five different schemes under former FTP, namely, Focus product scheme, Market linked focus product scheme, Focus market scheme, Agri infra incentive scrip, Vishesh Krishi and Gram Udyog Yojna scheme.

Main objectives of the scheme is to offset infrastructural inefficiencies and associated costs involved in the export of goods which are produced in India which enhances India's export competitiveness, export intensity and employment potential. The rewards under the scheme are admissible for notified goods exported to notified goods exported to notified markets on or after 1-4-2015.

MERCHANDISE EXPORTS FROM INDIA SCHEME (MEIS) AT A GLANCE:

- Grant rewards in the form of Duty Credit Scrip to the exporter on export of notified goods, made in India
- Rewards to be paid as a percentage of realized FOB value
- Export of specified goods of FOB value up to Rs. 25,000/- per consignment, entitled for reward under the scheme
- Freely transferable duty credit scrip
- Eligibility of SEZ/EOU/STP/BTP/ EHTP for availing the benefits
- List of categories of exporters ineligible for the benefit under MEIS notified
- Scrip can be used for the payment of custom duty, excise duty, service tax on imports of goods
- Different rates of rewards for different countries and different commodities
- Export commodities categorized in different product groups for reward- High reward group, first time support group, Global support group etc
- Notified country groups under MEIS – Category A - Traditional markets (30), Category B – Emerging and Focus markets (139), Category C- Other markets (70)
- Special areas have been identified for support under the scheme such as 352 defense related products, 283 pharmaceutical products, 96 lines of environment related goods, machinery and equipments, 49 lines where mandatory standards by BIS have been prescribed etc
- Commodities exported by post/courier through E – Commerce eligible for rewards.
- Appendix 3B also lists the rates of rewards on various notified products. The basis of calculation is realized FOB value of exports

Rewards under MEIS:

1. Higher rewards have been granted for following category of products-
   - Agriculture and village industry products
   - Value added and packaged goods
   - Eco friendly and Green products
   - Labour intensive products with large employment potential
   - Products with large number of manufacturers/ exporters
   - Industrial products with potential winning sector
   - High tech products with high export earning [potential
2. Global support has been granted for certain categories of products such as fruits, flowers, vegetables, handlooms etc (more than 20 products)
3. Women centric sectors identified for rewards under MEIS
   - 203 lines of agro products identified where women employment is significant (52 percent)
   - 28 footwear and leather manufacturing lines with more women laborers
   - 369 lines of garments where aggregate 69 percent women employment is concentrated
   - 483 lines of consumer electronics goods where there is more than 25 percent of women employment

Nature of Reward:

Duty credit scrip shall be granted as rewards under MEIS. Notified goods exported to notified markets will be rewarded on realized FOB value of exports. The duty credit scrip can be used for

- Payment of custom duty for import of inputs or goods except items listed in Appendix 3A
- Payment of excise duty on domestic procurement of goods
- Payment of service tax on procurement of goods

Duty Credit Scrip (DCS) under MEIS shall be issued with a single port of registration which shall be a port of export. It needs to be registered at the [port of export prior to allowing the usage of duty credit. Once registered at the EDI port, it can be automatically used at any EDI port for import and at any other manual port under Telegraphic Release Advice (TRA) procedure.

Validity of the Reward:

- Valid for 18 months from the date of the issue
- Revalidation of duty credit scrip not permitted
- Multiple split duty credit scrip can be issued on demand

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Procedural Aspects of the Scheme:

- Online filling of application form in specified format using digital signature (ANF 3A) http://dgft. gov.in with regional authority or DGFT website
- Separate application for each port of export
- Application to be filed within 12 months of Let Export Order or three months from the date of uploading of EDI shipping bill onto DGFT server by the customs or release of shipping bill for non EDI ports whichever is later
- Relevant documents to be scanned and attached to the application. The documents of proof can be digitally uploaded
- Regional Authority (RA) shall process all electronically acknowledged files and scrip shall be issued after due scrutiny of electronic documents
- Recognition of reward under the MEIS- grant of scrip
- Duty credit scrip under MEIS to be registered at the port of export prior to the usage of the facility
- Freely transferable rewards by the exporter
- Declaration of intent by the exporter for claiming rewards on the shipping bill under MEIS (all categories)
- The documents that can be submitted for claiming the rewards are as under - A self attested copy of import bill of entry filed by the importer in specified market/ Delivery order issued by the port authorities/Tracking report by goods carrier/Any other document that may satisfactorily prove to Regional Authority concerned that goods have landed in notified market

Risk Management System under MEIS:

Every month, the computer at DGFT headquarters, on random basis shall select 10 percent of the cases where reward is issued under the scheme. Regional authority may call for all original documents in all select cases for examination in detail. In case of discrepancy or over claim, rectification shall be done which may involve refund or surrender of the scrip. All original documents must be preserved by the exporter for a period of at least three years from the date of issue of the scrip.

Critical Analyses of MEIS:

Main objective of MEIS is to provide rewards to exporters for offsetting infrastructural inefficiencies and associated costs involved in the export of goods which are manufactured in India. In depth study of the scheme unfolds following unique aspects:

- **Integration of erstwhile schemes under one umbrella for claiming rewards**

  Earlier, there were five different schemes under FTP 2009-14, for rewarding merchandise exports with different kinds of duty scrip.

  Different scrips offered to different sectors as well as different markets have been realigned into a single comprehensive list of specified goods/ products to be exported to specified markets now. Elaborate details of various groups of products and country groups benefitted under the scheme are provided.

- **Digitization of procedures**

  Scrips to be issued with single port registration. Online filling of applications into 24*7 environment and faster processing with high speed internet network. No manual application required for exports made through EDI ports. Submitting hard copies of online applications along with necessary documents is done away with. Proof of landing of export consignment can be digitally uploaded. Consignment shall not be withheld in case of doubt. Authorities may ask for undertaking from exporter and release the consignment. Single window for clearance of all documents related to MEIS. All these procedural transformations shall certainly help the exporter to do the business with ease.

- **Utilization of Duty Credit Scrip**

  No condition attached for the use of DCS. Previous benefits were with various conditions-either sector specific or were available for actual user only

  The scrip can be used for payment of wide array of duties such as custom duty for import of inputs/goods, payment of excise duty on domestic procurements or payment of service tax. Thus, the utility horizon of the reward is widened.

- **Easing out of conditionalities**

  Applicant has now been given an option to change the jurisdictional Regional Authority for claiming the benefits. This is a departure from existing policy provisions where no facilitation for changing the jurisdictional RA was available to the exporter. This gives an edge to the applicant to choose RA in order to expedite the process of obtaining the scrip.

- **Promotion to domestic capital goods manufacturing industry**

  MEIS aims at promotion of export of different categories of products. Rewards under MEIS have been extended to EPCG scheme too. It will certainly help the exporters to develop their productive capacities for local as well as international consumption. It shall also contribute to the employment scenario of the country. In case of indigenous procurement of capital goods, the export obligation (EO) has been reduced to 75% from 90% of the prescribed EO.

- **Benefits to SEZ/ Status holders**

  Incentives available under the scheme have now been extended to units located in the abovementioned category. Fast track clearance facility, Facilities such as sharing of infrastructural facilities, intra unit transfer of goods and services, permission to set up warehouses close to the port of export will certainly augment the productivity of exporters. It will also give much needed boost to these privileged exporters.

- **Risk management measures**

  Risk management measures have been introduced to monitor the discrepancies and/or excess claims granted on random basis. This measure is likely to reduce [procedural hassles in as much as presently each and every document is seen and vouched by concerned Regional Authority before issuing DCS.

- **Boost to women empowerment**

  Sectors with high intensity women employment have been identified for special benefit under the scheme. This is a welcome gesture and will give further fillip to the growth and liberation of women from the economic bondage. Since the ratio of employment of women ion the export is very much negligible, this measure is a significant step in the right direction.

- **Boost to make in India vision**

  All incentives under the scheme shall be applicable only to those manufacturers who manufacture in India. Since the vision of present government is to make India a Global Manufacturing Hub, the scheme is intended to act as a much awaited solution for Indian manufacturers and exporters to scale up their performance.

Conclusion:

A new Foreign Trade Policy gives a boost to make in India vision of the government. It aims at improving India's exports by providing ample working space to the exporters, through easing norms, doing away with redundant policies and reducing red tapism. The unveiling of trade facilitation measures, simplified procedures, reduced interface between the authorities and industry shall motivate the exporter to do the business with more vigor, in a more transparent environment. The new policy also encourages exploration of new markets and product diversification and is designed to complement the long term vision of the government of prioritizing the importance of trade for growth of Indian economy.

One of the reformative steps is the introduction of MEIS which replaces the earlier five schemes, with different kinds of duty scrips issued with various conditions attached to it. The unconditional utilization of these scrips will ensure hassle free exports of merchandise from India, thus giving boost to flagship initiative of the government "MAKE IN INDIA" drive.

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FLORICULTURE A SUNRISE EXPORT IN INDIA: FUTURE POTENTIAL AND GOVERNMENT INITIATIVES

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Abstract

In last decade, floriculture emerged as one of the most important export oriented sector of India. The high productive performance and increased market demand in both domestic and international market leads a competitive environment for Indian floriculture sector. Floriculture has become an important commercial activity in agriculture. It has evolved as a viable and profitable alternative, with a potential to generate remunerative self-employment among small and medium farmers, and earn much needed foreign exchange in the developing countries like India. India's total export of floriculture was Rs. 460.75 crores in 2014-15. The major importing countries were United States, Netherlands, Germany, United Kingdom, United Arab Emirates, Japan and Canada.

According to a study titled, 'Indian Floriculture Industry: The Way Ahead' released by the apex industry body ASSOCHAM, India's floriculture industry is growing at a compounded annual growth rate of about 30%, and is likely to cross Rs. 8,000 crore mark by 2015. Currently, the floriculture industry in India is poised at about Rs 3,700 crore with a share of a meager 0.61% in the global floriculture industry which is likely to reach 0.89% by 2015.

KEY WORDS: FLORICULTURE, CAGR, Remunerative Self-Employment.

Introduction:

Flowers have been an integral part of social life all around the world. Man has traditionally used flowers for exhibiting his innermost feelings to God and deities or presenting to the beloved ones or complimenting any one or versifying any conceivable emotion. Flowers are being cultivated in India from time immemorial. Since ancient times ornamental plants have been an integral part of life with gardens, flowers, and ornamental horticulture being noted in most of our historical references. Backyard growing of flowers dates back to ancient times like the Ramayana and Mahabharata. Flowers were cultivated for aesthetic purposes as also for their fragrance, perfumes and medicines. Changing life style of people has led to the commercialization of flower cultivation. The huge demand for flowers coinciding with various occasions has led to growth of market for flowers.

Definition

"Floriculture is a discipline of horticulture concerned with the cultivation of flowering and ornamental plants for gardens and for floristry compromising the floral industry. The development of plant breeding of new varieties is a major occupation of floriculturists."

Indian Floriculture Industry

Indian Floriculture industry compromises the florist trade, nursery plants, potted plants, bulb and seed production, micro propagation material and extraction of essentials oils from flowers. Floriculture is taking strong roots in India, which is emerging as a reliable floriculture supplier to the world. Keeping in view the paramount importance of promotion of floriculture development in the country and recognizing the importance of the sector's contribution to national agricultural economy, the Government of India has introduced many developmental programmes mainly through the schemes of Ministry of Agriculture (National Horticulture Board, National Horticulture Mission, Horticulture Mission for North East & Himalayan States etc.) and Ministry of Commerce (APEDA).

Varieties:

Floriculture products mainly consist of cut flowers, pot plants, cut foliage, seeds bulbs, tubers, rooted cuttings and dried flowers or leaves. The important floricultural crops in the international cut flower trade are rose, carnation, chrysanthemum, gargera, gladiolus, gypsophila, liastris, nerine, orchids, archilea, anthuriu, tulip, and lilies. Floriculture crops like gerberas, carnation, etc. are grown in green houses. The open field crops are chrysanthemum, roses, gaillardia, lily marigold, aster, tuberose etc.

Rose is the principal cut flower grown all over the country. Other important cut flower crops in the country are Gladiolus, Tuberose, Asters, Gerbera, Carnation, Athurium, Lilium and Orchid.

Areas of Cultivation:

According to statistics indicated in the Handbook on Horticulture Statistics 2014, the total area under flower crops in 2012-13 was 232.70 thousand hectares. Total area under floriculture in India is **second largest in the world** and only next to China. Production of flowers was estimated to be 1729.2 MT of loose flowers and 76731.9 million (numbers) of cut flowers in 2012-13. Fresh and Dried cut flowers dominate floriculture exports from India.

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Among states, Karnataka is the leader in floriculture with about 29,700 hectares under floriculture cultivation. Other major flower growing states are Tamil Nadu and Andhra Pradesh in the South, West Bengal in the East, Maharashtra in the West and Rajasthan, Delhi and Haryana in the North.

The expert committee set up by Govt. of India for promotion of export oriented floriculture units has identified Bangalore, Pune, New Delhi and Hyderabad as the major areas suitable for such activity especially for cut flowers. Of the four zones identified as potential centres for flower production namely Bangalore, Hyderabad, Pune and New Delhi, the area around Bangalore and Pune have got the advantage of ideal climatic conditions where the temperature ranges between 15 to 30ºC. In view of this, the units established in these locations do not require either cooling or heating system. As a result maximum number of units has been established in these locations. There are more than 300 export oriented units in India. APEDA (Agricultural and Processed Food Products Export Development Authority) is the registering authority for such units

Floriculture export from India:

Government of India has identified floriculture as a sunrise industry and accorded it 100% export oriented status. Indian floriculture industry has been shifting from traditional flowers to cut flowers for export purposes .The country has exported 22,947.23 MT of floriculture products to the world for the worth of Rs. 460.75 crores in 2014-15.

Sr. No.	Country	Quantity in Million Tonnes	Value in Rs. Crore
1.	USA	5490.00	98.14
2.	UK	2557.24	59.48
3.	Germany	2240.04	55.47
4.	Netherland	2060.74	51.25
5.	UAE	1582.65	22.04
6.	Canada	856.16	15.38
7.	Japan	608.91	14.67
8.	Australia	474.72	14.59
9.	Italy	561.65	12.08
10.	Singapore	916.94	10.68

Source: DGCSI Annual Report.

Government Initiatives: Various incentives are being offered by the Government of India, which has enabled the setting up of a number of floriculture units for producing and exporting flowers. Most of these are located near Mumbai, Bangalore and Delhi.

Some of the Govt. Initiatives are-

- Income tax holiday and exemption from certain import duties.
- Reduction in duties for import of flower seeds and tissue cultured plants.
- Financial support for setting up of pre-cooling and cold storage units.
- Financial support for improvement in packing materials.
- 100% foreign direct investment, encouraging joint ventures, a steady flow of capital and the establishment of state-of-the-art technologies for its cultivation, storage and transportation.

New Foreign Trade Policy 2015-2020:

❖ Duty credit scrip's of 5% on FOB value of exports in foreign exchange is granted under scheme for exporters. However, if an exporter also avail other benefits like drawback, DEPB, AAS, etc., the rate of duty credit scrip's are reduced to 3% as specified in Foreign Trade Policy

❖ EOUs engaged in the manufacture of perishable items like floriculture can avail the facility of simultaneous sale in DTA of such perishable items on quarterly basis, while earning DTA entitlement on exports made during the said quarter. Such permission can be granted in advance by the DC concerned subject to the condition that the unit has achieved positive NFE cumulatively up to the previous quarter.

❖ An EOU engaged in floriculture is permitted to remove specified goods in connection with its activities for use outside bonded area.

❖ AGRI EXPORT ZONE (AEZ) declared in New Foreign Trade Policy:

Sr. No.	Products	State	District Covered
1	Cut flowers	Tamil Nadu	Dharmapuri, Nilgiri and Krishnagiri
2	Flowers	Maharashtra	Pune, Nasik, Kolhapur and Sangli
3	Flowers (Orchids)	Sikkim	East Sikkim
4	Flowers	Karnataka	Bangalore, Kolar, Tumkur, Kodagu and Belgaum
4	Flowers	Uttaranchal	Dehradun, Pantnagar, Udhamsingh Nagar, Nainital and Uttarakashi

Export Constraints:

In spite of an abundant and varied production base, India's export of floricultural product is not encouraging. The low performance is attributed to many constraints like

- Non-availability of air space in major airlines.
- High import tariff
- Low availability of perishable carriers
- Higher freight rates and inadequate refrigerated and transport facilities.
- Availability of basic inputs including quality seeds and planting materials, efficient irrigation system and skilled manpower.

In order to overcome these problems, steps must be taken to reduce import duty on planting material and equipment, reduce airfreight to a reasonable level, provide sufficient cargo space in major airlines and to establish model nurseries for supplying genuine planting material. Training centers should be established for training the personnel in floriculture and allied areas. Exporters should plan and monitor effective quality control measures right from production to post harvesting, storage, and transportation.

Research on Floriculture:

Research work on floriculture is being carried out at several research institutions under the Indian Council of Agricultural Research and Council of Scientific and Industrial Research, in the horticulture/floriculture departments of State Agricultural Universities and under the All India Coordinated Floriculture Improvement Project with a network of about twenty (20) centers. The key focus areas are crop improvement, standardization of agro-techniques including improved propagation methods, plant protection and post-harvest management. In recent years, however, technologies for protected cultivation and tissue culture for mass propagation have also received attention. A large number of promising varieties of cut flowers have been developed.

Conclusions:

Opportunities for the floriculture industry in India is immense, certain measures to increase the reach and appeal of Indian flowers need to be taken. These measures include – improvement in the infrastructure for storage and transportation of flowers for the export market, conducting workshops to impart training on floriculture skills and new cultivation techniques, and entering into a strategic alliance with other industries – such as tourism, to promote floriculture products. This huge potential of the floriculture industry in India has attracted several big corporates such as Reliance, ITC, Tata Group, Thapar Group, etc. Their foray into this industry is driven by the growing demand

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by overseas retailers such as K-mart, Wal-Mart, Sears, Sansbury, etc. As a result, it has become obvious that the floriculture industry in India is becoming a lucrative opportunity for potential investors

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"A STUDY OF SEZ POLICY WITH RESPECT TO INCENTIVES PROVIDED TO SEZ UNITS"

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Abstract:-

Special Economic Zone (SEZ) is a specially delineated duty free enclave and shall be deemed to be foreign territory for the purpose of trade operations and duties and tariffs. With a view to overcome shortcomings experienced in attracting investments, increasing exports and accelerating economic growth the Special Economic Zones (SEZs)Policy was announced in April 2000.This act was further modified in 2006.India is one of the first in Asia to recognize the effectiveness of the Export Processing Zone (EPZ)model in promoting exports , with Asia' s first SEZ set up in Kandla in 1965.

Introduction:

Meaning of Special Economic Zone

Special Economic Zone (SEZ) is a specially delineated duty free enclave and shall be deemed to be foreign territory for the purpose of trade operations and duties and tariffs. A special economic zone is a geographical region that has economic laws which are more liberal than the country's prevailing economic laws in order to attract investments. They are devised as conclaves meant for attracting capital both domestic and foreign by providing benefits, which are exclusive of those operating within these zones.SEZ are nucleus for new investment jobs and more exports. SEZs covers a broad range of more specific zones type including Free Trade Zone (FTZ), Export Processing Zone(EPZ), Free Zones(FZ), Industrial Estates(ID), free ports and others. One of the earliest special economic zones was founded by Government of the People's Republic of China under Deng Xiaoping in the early 1980's.The most successful special economic zone in China is Shenzhen. In fact the total value from the Shenzhen SEZ alone exceeds India's total exports. At present there are 64 SEZ along with new technological zones in 2006 in China. In China, the central

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government gives SEZ special policies and flexible measures allowing SEZs to utilize a special economic management system.

It was realized that foreign (and even domestic)investments in India were much lesser than in much smaller South East Asian countries due to multiplicity of controls and clearances, absence of world class infrastructure. There was some limited experience with SEZ (called EPZ) at Kandla ,established in 1965 and Santacruz in 1973.However EPZ experienced showed that the government policies were deficient in several factors like limited power of zones authorities, absence of single window facility within the zone, rigid custom procedure for bonding and bank guarantees, restrictive FDI policy, procedural constraints and severe infrastructural deficiencies.With a view to overcome shortcomings experienced in attracting investments, increasing exports and accelerating economic growth the Special Economic Zones (SEZs)Policy was announced in April 2000.This act was further modified in 2006.The Special Economic Zones Act 2005 was passed by parliament in May 2005 which received Presidential assent on 23 rd. June 2005. After extensive consultations the SEZ Act 2005, supported by SEZ Rules came into effect on 10 th February 2006 providing for drastic simplification of procedures and for single window clearance on matters relating to central as well as state governments.

India is one of the first in Asia to recognize the effectiveness of the Export Processing Zone (EPZ)model in promoting exports , with Asia' s first SEZ set up in Kandla in 1965.

Objectives of SEZ :- The main objectives of the SEZ are-

1. To provide an internationally competitive environment for exports.
2. Generation of additional economic activity.
3. Promotion of exports of goods and services.
4. Promotion of investment from domestic and foreign sources.
5. Creation of employment opportunities.
6. Development of infrastructure facilities.

Objectives of the Study:-

1. To identify the present status of SEZ in India.
2. To study the incentives to SEZ units under new policy.

Observations of SEZ working in India;-

1. According to the statistical Abstract (2002) of the Central Statistical Organisation, India has 18 million hectares (44.5 million acres) of cultivable land and 25 million hectares (61.7 million

acres)of fallow land. Taken together, they account for 43 million (106 million acres) of cultivable waste and fallow lands. Obviously there is enough waste and fallow land available for industrialisation. Instead of setting up SEZ on multi cropped land, it is advisable to use waste and fallow lands for this purpose. This will reduce the cost of land acquisition, which can be used to develop infrastructure. The state can also subsidize the development of infrastructure in the forms of roads, electric energy, water supply etc.

2. The policy of granting massive tax concessions in the form of excise, custom duties ,service tax and corporate tax should be abandoned. This according to a finance ministry estimate is expected to result in a revenue loss of Rs. 1,60,000 crores .This amount should be used to build infrastructure so as to facilitate the process of industrialisation.
3. SEZ should not be declared foreign territory exempt from application of all labour laws. Exemption from labour laws is likely to create inhuman conditions of employment. This cannot be the policy of welfare state, which is not tired of talking about improving the life of common man.
4. The state have now sent the ball back to the court of the Central Government to frame a socially balanced policy on SEZs. It is no use to follow China in our SEZ policy. Unlike China, in a democratic country like India, it is not possible to ruthlessly muzzle the voice of displaced people, in favour of generating profits for the industrial and business classes and developers.
5. The government should not be seen as middlemen in the land acquisition process. Instead of compensating only land owners, the government should take care of the interest of displaced land owners, sharecroppers and agricultural labourers .Instead of treating the farmers as enemies of industrialisation, more harmonious relationship needs to be developed between farmers and industrial houses by including them in industrial process. The displacement and rehabilitation package should be properly implemented.

Benefits of SEZ:-

Benefits derived from SEZ are evident from the investment, employment, exports and infrastructural developments which are additionally generated. The benefit derived from the multiplier effect of the investment s and additional economic activity in the SEZs and the employment generated thus will far outweigh the tax exemptions and losses on account of land acquisition. Stability in fiscal concession is absolutely essential to ensure credibility of government decisions.

SEZ under new policy:-

Unveiling the much awaited five year FTP (2015-2020), Commerce minister, Nirmala Sitaraman said that the policy is being aligned with the government's key programmes like ;Make in India ' and 'Digital India" to boost manufacturing, job creation and improve ease of doing business. The government is also contemplating tariff rationalisation to raise India's share in the global trade from 2% to 3.5% .The government aims to increase India's export of merchandise and services from $465..9 billion in 2013-14 to about $ 9000 billion in 2019-2020. New FTP will incorporate various incentives schemes like MIES and SEIS to boost outward shipments. The sops include reduction of export obligations under EPCG scheme and extension of al benefits to units within the SEZ. Citing the Chinese mode, the Atal Bihari Vajpayee government had originally proposed to exempt SEZ and units in these zones from country's labour laws arguing that technically they are outside Indian jurisdiction. In other words SEZ were treated as foreign territory for the purpose of taxes and laws. However, at the time of enactment of the SEZ law, the UPA government succumbed under the pressure from labour ministry and SEZ were merely treated as zones to be outside India for customs purpose.

With the change of government at the centre, the commerce department is sensing a new opportunity of pushing through a new labour regime for SEZ. The policy was under review by finance minister Arun Jetley and commerce minister Nirmala Sitaram. The other issues under review are doing away with minimum alternate tax and dividend distribution tax.

The commerce department sees SEZ as one of the key elements of the government's manufacturing strategy to boost exports and also increase the sectors share in overall economic activity. Besides the labour laws the commerce department is also working on simplifying the policy on development of units and allotment of land in addition to the exit policy.

Incentives:-

Of course the objective is to make life simpler in SEZ and lies within government's overall push on ease of doing business The area of discussions were whether services export treated for DTA (Domestic Tariff Area)Today SEZ Act says that services export will be treated as eligible export only if they earn foreign exchange .According to industry chambers, the new policy will improve the ease of doing business, reduce transaction cost and provide breathing space to SEZs.

The privileges that accrue to the SEZ developer and the units therein from income tax holidays and fiscal exemptions to the free imports of capital goods, services and the provision of world class infrastructure were meant to facilitate exports and bring foreign exchange. The first few SEZs –that of Nokia in Tamil Nadu, for instance, were tailored to fit this definition of SEZs as export hubs. But as applications poured in, the original purpose was soon forgotten in the general enthusiasm generated by the overwhelming response. The commerce ministry saw in SEZ a means of investment and employment generation, the critics detected in them an excuse for land grab. In February this year, the Finance Ministry introduced the idea of export obligation for the SEZ at an official meeting discussing the flak over SEZs. It was shot down by then IT minister, Mr. Dayanidhi Maran and diplomatically by the commerce ministry, which felt that the introduction of such obligation for those 63 applications already approved would appear rather injudicious. Some argue, regardless of the export obligation, at the end of SEZs, can become township, thus taking the pressure off present urban centers. The commerce ministry tacitly takes the view in this endorsement of SEZs as hub of economic activity and employment.

1. The act offers a highly attractive fiscal incentive package, which ensures
2. Exemption from custom duties, central excise duties, service tax, central sales tax and securities transaction tax to both the developers and the units.
3. Export units in SEZ gets 100 % tax holidays for years, 50% of tax breaks for five more years and a further tax holiday for five years on production, based on reinvested export profits.
4. 100 % income tax exemption for 10 years in the block of 15 years for SEZ developers. The government should reconsider the benefits or concessions due to which there has been a mad rush for setting up SEZs.
5. Under the two new schemes – MEIS and SEIS – exporters will be allowed rewards for export of goods given as a percentage of realized free-on-board (FOB) value. The rate of these rewards, given in the form of duty scrip, will be 2-5 per cent.Duty Credit Scrips shall be granted as rewards under MEIS. The Duty Credit Scrips and goods imported / domestically procured against them shall be freely transferable. The Duty Credit Scrips can be used for the following requirements:
   a) Payment of Customs Duties for import of inputs or goods, except items listed in Appendix 3A.
   b) Payment of excise duties on domestic procurement of inputs or goods, including capital goods as per DoR notification.
   c) Payment of service tax on procurement of services as per DoR notification.
   d) Payment of Customs Duty and fee as per paragraph 3.18 of this Policy.

6. Similarly, under the Served From India Scheme (SFIS), the rate of rewards will be 3-5 per cent. These sops or duty scrip were not given to SEZ units earlier.The rate of SEIS scheme under Foreign Trade Policy 2015-20 is based on net foreign exchange earned on services. The reward

issued as duty credit scrip, would no longer be with actual user condition and will no longer be restricted to usage for specified types of goods but be freely transferable and usable for all types of goods and services tax 3 debits on procurement of services / goods. Debits would be eligible for CENVAT credit or drawback. The present rates of reward are 3% and 5%. The list of services and the rates of rewards would be reviewed after 30.9.2015.

Free Foreign Exchange earned through international credit cards and other instruments, as permitted by RBI shall also be taken into account for computation of value of exports under SEIS.As per Foreign Trade Policy 2015-20, SEIS is eligible to units of SEZs, Special Economic Zones.

Infrastructure-

Provisions have been made for the establishment of the free trade and warehousing zones to create world class trade related infrastructure to facilitate import and export of goods aimed at making India a global trading hub.2.The setting up of offshore banking units in an international financial service centre in SEZs.3.The public private participation in infrastructure development.4.The setting up of a SEZ authority for developing new infrastructure and strengthening the existing one.

Conclusion:-

The Foreign Trade Policy 2015-2020, unveiled on April 1, gave a breather to ailing SEZ units by bringing them under the newly introduced MEIS and SEIS incentive programmes. However, according to experts, this will mean an additional revenue impact on the government, which is already reeling under resource constraints, over and above the existing quantum of revenue foregone. Currently, there are 199 operational SEZs having 3,937 units located in them. The total exports achieved by these units stood at Rs 3,48,584crore during April-December 2014-2015, according to latest data from the Ministry of Commerce and Industry.

As a result of benefits given under both the schemes (MEIS and SEIS), the revenue forgone will be in the range of Rs 500-2,500 crore in a financial year. The actual revenue forgone by the government on account of tax incentives for export profits of SEZ units in the financial year 2013-2014 stood at Rs 17,036 crore, higher than the projected revenue impact of Rs 14,992 crore. According to Amit Kumar Sarkar, partner, Grant Thornton India LLP, the revenue foregone might exceed Rs. 2,000 crore to Rs 2,500 crore if subsidies are calculated based on 5 per cent of duty scrips.

“The tax burden is going to be substantial. It is going to be more for goods exports compared to services,” said P C Nambiar, chairman, Export Promotion Council for EOUs and SEZs (EPCES).

Minister of state (independent charge) for commerce and industry Nirmala Sitharaman has said the proposal to remove minimum alternate tax (MAT) and dividend distribution tax (DDT) on SEZ developers and units is still lying with the finance ministry.

"It is suggested that the rate of MAT should be reduced to its original rate of 7.5 per cent, which can be done through a notification, so that the government gets revenue in time and the SEZs are able to set off the advance tax MAT paid within the stipulated period. Reduction or removal of MAT will help in growth of SEZs. For reduction of tax rate, no approval of Parliament is required," Nambiar said.

According to Sarkar, the incentives given to SEZ units under the new FTP are not lucrative enough for investors to stay invested in SEZs despite the fact that SEZs are entitled to duty-free imports and income tax benefits. Although the government has maintained that both MEIS and SEIS benefits will be given to SEZ units, the policy fine print states that these are eligible for SEIS incentives, according to the ineligible categories under section 3.09 II (e).Hence, if only the MEIS incentives are taken into account then the total export subsidy burden of the government is expected to be benign.

"The MEIS burden will not be much as the petroleum sector, which contributes to sizeable exports of SEZs, besides IT and ITES, will be outside the purview of MEIS. By a rough estimate, the burden on the exchequer on account of MEIS benefits to SEZs is expected to be between Rs 500 crore and Rs 600 crore," said Ajay Sahai, CEO and director general, Federation of Indian Export Organisations.

However, the contribution of SEZ to Indian exports is not debatable.SEZs contribute almost 25 per cent of the country's total exports. Total exports from SEZs stood at Rs 3,48,584crore during April-December 2014-15, declining 7.61 per cent from the corresponding period in 2013-14. In 2013-14, exports from SEZs stood at Rs 4,94,077crore. After cancelling almost 67 SEZs, the SEZs that have received formal approvals so far are 436, of which 347 are notified and will be operational.

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THE MEGA REGIONAL AGREEMENTS: IMPACT ON INDIA

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Abstract:

Realm of world trade is in a phase of transformation. The process through which goods and services are produced, traded and consumed is shifting rapidly. Global supply/value chains and strategic alliances between countries, characterize the world trade today. To gain competitive advantages, countries all over the world are busy crafting bilateral and regional trade negotiations with other countries that suit their competencies. But the scene of the global trade is set to change in the never before way. Trans-Pacific Partnership (TPP) and The Trans-Atlantic Trade and Investment Partnership (TTIP), the two mega agreements are in their different stages of finalisation. These agreements are believed to have an enormous influence on the world trade because of their comprehensive scope. The TPP includes twelve of the Pacific Rim countries including the US, whereas TTIP is between the US and the European Union. Respectively, they represent around 39 per cent and 60 per cent of the world GDP[1].

But the concern is, though these agreements encompass a large number of countries, they exclude an even larger group. About 160 nations, home to over 80 per cent of the world's population, are sitting on the side-lines while these discussions take place.[2] The agreements have the potential to adversely affect excluded countries such as India by diverting trade and investment away from them and weakening their positions in global value chains. Meanwhile the third partnership RCEP is underway consisting of 16 members made of 10 members of ASEAN and six other countries including India. So Asian countries can unleash significant economic growth through their alliance.

While there is a lot of uncertainty regarding the future and impact of these, if at all they are finalised they are certain to pose new challenges for the countries that are part as well as for those countries that are not part of this regime. As India introduces its new Foreign Trade Policy (FTP) 2015-2020, it cannot afford to ignore the impact of these agreements on its foreign trade. India's policy aiming to make India a significant participant in world trade by the year 2020 and to enable the country to assume a position of leadership in the

[1] Business Standard, '*Why free trade agreements are ever more vital for India',* Chatterjee B. and Ravindran V., 22nd March 2014

[2] Gonzalez, Anabel, '*Mega-regional Trade Agreements Game-Changers or Costly Distractions for the World Trading System?,'* July 2014

international trade discourse can only be achieved if it can assess the situation and react to it with precision and speed.

Introduction to the proposed Agreements:

Trans-Pacific Partnership (TPP)

TPP is an agreement negotiated by 12 Asia Pacific countries: Australia, Brunei Darussalam, Chile, Japan, Malaysia, Peru, Singapore, the United States, Vietnam, Mexico, Canada and New Zealand. It originated in the year 2006 of a regional integration between Brunei, Chile, New Zealand and Singapore created for promoting economic growth and trade known as Pacific 4 (P4) or Trans-Pacific Strategic Economic Partnership (TPSEP). Since 2008 the participating countries have increased taking the total tally to twelve. Emerging economies such as South Korea, China and India are not part of TPP, though there are indications that South Korea and thereafter China may also join the TPP in next few years (the Quint). TPP aims to create a regional free trade to deepen economic ties between its diverse members by opening up trade in goods and services, boosting investment flows, and promoting closer links across a range of economic policy and regulatory issues.

The Transatlantic Trade and Investment Partnership (TTIP)

TTIP is comprehensive and high-standard trade and investment agreement being negotiated between the United States and the European Union (EU) that comprises of 28 member countries. As a bi-lateral trade agreement, TTIP is about reducing the regulatory barriers to trade in areas such as food safety law, environmental legislation, banking regulations and the sovereign powers of individual nations. The members of TTIP - U.S. and EU economies share common characteristics in terms of commitment to high standards of products and consumer protection. These economies are considered to be modern in their outlook and share common views on health, safety, and environmental protection. If TTIP agreement is sealed and accepted it is likely to strengthen the bond between these two key players of the world trade. TTIP is assumed to lead to economic growth in these regions with introduction of compatibility and transparency in their mutual trade and investment regulations.

Regional Comprehensive Economic Partnership (RCEP) of Asia and the Pacific

RCEP is a proposed mega-regional trade arrangement. It is a sixteen-member bloc comprising of ten Association of South East Asian Nations (ASEAN) members and their six free trade agreement partners namely India, China, Japan, Korea, Australia and New Zealand. RCEP is under negotiations and covers range of aspects of world trade such as trade in goods, services, investment, competition, intellectual property rights and other areas of economic and technical cooperation. It aims to achieve a modern, comprehensive, high-quality and mutually beneficial economic partnership agreement.

Impact of TPP and TTIP on India:

The two agreements TPP and TTIP, together involve countries that account for more than 50 per cent of world trade.[3] Emergence of these agreements will significantly impact the world trade. Especially, the countries that are not the members of either of these two agreements such as India are likely to be affected. Also seven out sixteen members in RCEP to which India is a member, are negotiating TPP, further enhancing the scope and impact of TPP. The probable impact on Indian trade of all these agreements is discussed below:

A study estimates, by 2025, if fully realized, the TPP could mean a 0.53% increase in global GDP[4]. But countries left out of the arrangement would have to bear losses. Preference erosion and trade diversion, the likely side effects of TPP deal could lead to losses of US$46.8 billion for China, and roughly $4 billion for India, Indonesia, and Thailand. Another study reveals, Argentina, Russia, and India could see welfare losses of around 2 per cent or higher as TTIP comes to effect[5].

As per a study it is estimated that TPP and/or TTIP will have a considerable impact on number of products India is exporting[6]. Some of the member countries are expected to enhance their internal supply potential which can further shrink the existing export markets that India enjoys with them. The agreements will adversely affect the agriculture and manufacturing sectors, which constitute the bulk of Indian exports.

Many multi-national firms of member states may prefer to invest in countries that are part of the agreement to gain the most from free trade agreements and lower tariffs for goods and services moving within the trading bloc. When TPP and/or TTIP come into force they could attract potential investment among its members, some of which may otherwise possibly come to India. This means that India's hope of integrating into and moving up the global value chains will be hampered[7].

The countries that are members of such agreements may propose numerous WTO as well as additional policies with regards to enhanced intellectual property protection, harmonisation of process and product standards, regulation of e-commerce, competition rules, liberalisation and protection of investments, regulation of trade-related aspects of state-owned enterprises, provisions on small and medium-sized enterprises, rules of international supply chains. The Indian economy however may find it difficult to adhere to such high standards and still be competitive[8].

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[3] Edwin Tina, '*Looking Beijing, Talking Tokyo: India's Act East Imperative*'

[4] Petri Peter and Plummer Michael, '*The Trans-Pacific Partnership and Asia-Pacific Integration: Policy Implications*', June 2012

[5] '*Dimensions and effects of a Transatlantic Free Trade Agreement between the EU and US'*, January 2013, Study commissioned by German Federal Ministry of Economics and Technology

[6] Report *'Mega Regional Trade Agreements and their Impacts on the Indian Economy'* Wednesday, 22 April 2015

[7] Business Standard, '*Why free trade agreements are ever more vital for India',* Chatterjee B. and Ravindran V., 22nd March 2014

[8] *ibid.*

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The high standards set by the member nations will act as a non-tariff barrier and thus shut market access for Indian goods. Further India's export faces problems with standards in some countries, not only due to low quality of its goods but also due to the duplicity of standards applied to Indian exports. Many countries arbitrarily apply higher than commonly applied standards to block access to India's agriculture and industrial products. It is feared that these standards may become more stringent when TPP comes into force. Further there is likelihood that RCEP, that has some members of the TPP may adopt these standards.[9]

Road ahead for India

India will have to take up these challenges and transform them into opportunities. Perhaps the foremost challenge for India is to develop high-value products with the assistance of domestic reforms and comprehensive trade agreements. The implementation of the National Foreign Trade Policy of India, 2015-20, has to be complemented with national policies on standards (with a particular emphasis on adopting mandatory standards), intellectual property rights (balancing India's development needs and market access opportunities) and trade facilitation (easing cross-border movements of goods)[10].

Further RCEP, to which India is a member offers ample opportunity as it complements India's existing free trade agreements with the Association of South East Asian Nations and some of its member countries. It will also help achieve its goal of greater economic integration with countries East and South East of India through better access to a vast regional market ranging from Japan to Australia.

Also India enjoys a comparative advantage in service areas such as information and communication technology, healthcare and education. It can facilitate foreign direct investment in such areas. India is well placed to contribute its expertise in services to other countries in RCEP as well as other areas and transforming itself into the world's hub for services.

As these agreements threaten to deny the market access, India can explore new and alternative markets in Latin America, Central and West Asia, Africa and Eastern Europe that have been under-utilised.

Conclusion

The direction of global trade is set to change as mega agreements like the Trans-Pacific Partnership (TPP) and Trans-Atlantic Trade and Investment Partnership (TTIP) come into force. These agreements are bound to pose challenges for developing countries such as India. But if addressed proactively India can convert them into opportunities. India needs to respond to these trade agreements with a combination of: mitigation of tariff reduction impacts on its market access to TPP and TTIP countries, adaptation of higher standards, intellectual property rights and trade facilitation norms through domestic reforms and exploration of new

[9] Edwin Tina, '*Looking Beijing, Talking Tokyo: India's Act East Imperative*'
[10] Report *'Mega Regional Trade Agreements and their Impacts on the Indian Economy'* Wednesday, 22 April 2015

markets[11]. These reforms will certainly help India face challenges thrown upon it by ever-changing global environment and achieve a respectable position in world trade.

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"MERCHANDISE EXPORT FROM INDIA SCHEME : BOON TO EXPORTERS"

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Abstract

The main aim of this paper is to highlight the objective of introducing scheme of Merchandise Export from India. The Ministry of Commerce has announced new Foreign Trade Policy 2015-2020 on 1st of April 2015 which shall be valid for exports/imports done from 1st of April 2015 onwards. This paper attempt to focus on initiative by Government of India to place a lot of emphasis on promoting brand of both Goods manufactured in India and services provided from India exported outside India to markets which are very particular about quality. Various infrastructural inefficiencies are faced by exporter within the boundaries of India. To offset this disadvantage and make Indian exports competitive in the world market, Ministry of Commerce has proposed this reward scheme.

Keywords: Merchandise, Ministry of Commerce, Government.

Introduction

To rationalize the incentives under the former scheme, for removing various kind of restrictions and significantly extending the scope of earlier scheme, Government of India announced Merchandise Exports from India Scheme (MEIS) under foreign trade Policy 2015-2020. Like earlier scheme, this scheme is also applicable to export.

Schemes replaced are as under:-

a) Focus Product Scheme (FPS)
b) Market-Linked Focus Product Scheme (MLFPS)
c) Agri-Infrastructure Incentive Scrip
d) Vishesh Krishi Gram Udyog Yojana (VKGUY)
e) Focus market Scheme (FMS)

Objective of the study

a) **Purpose of introducing** Merchandise Exports from India Scheme.
b) Nature of reward under the scheme.
c) Product supported under MEIS.
d) **Ineligible categories under MEIS as per Import Export Policy 2015-2020.**
e) **Special provision and common provision of MEIS.**
f) **Benefits of the scheme.**

Purpose

As per Indian Foreign Trade Policy 2015-20 (FTP 2015-20) purpose of introducing this scheme is to balance infrastructural inefficiencies and associated costs involved in export of goods or products, which are being produced or manufactured in India, especially those having high export intensity, employment potential and thereby enhancing India's export competitiveness.

Nature of Rewards

Duty Credit Scrips are granted as rewards under MEIS. The Duty Credit Scrips and goods imported / domestically procured against them shall be freely transferable. The Duty Credit scrips can be used for the following requirements:

a) Payment of Customs Duties for import of inputs or goods, except items listed in Appendix 3A.
b) Payment of excise duties on domestic procurement of inputs or goods, including capital goods as per Department of Revenue notification.
c) Payment of service tax on procurement of services as per Department of Revenue notification.
d) Payment of Customs Duty and fee as per paragraph 3.18 of this Policy.

Product supported under Merchandise Export from India

Higher rewards have been granted to following categories :

a) Agricultural and Village industry products, presently covered under VKGUY.
b) Value added and packaged products.
c) Eco friendly and green products that create wealth out of waste from agricultural and other waste products that generate additional income for the farmers, while improving the environment.
d) Labour intensive Products with large employment potential and Products with large number of producers and /or exporters.
e) Industrial Products from potential winning sectors.

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f) Hi tech products with high export earning potential

Ineligible categories under MEIS as per Import Export Policy 2015-2020 (FTP 2015-20)

Some of the exports categories /sectors shall be ineligible for Duty Credit Scrip entitlement under MEIS, EXIM Policy 2015-20 (FTP 2015-20) which are as follows :-

1. Export of imported goods covered under paragraph 2.46 of FTP;
2. Supplies made from DTA units to SEZ units
3. EOUs / EHTPs / BTPs/ STPs who are availing direct tax benefits / exemption.
4. Exports through trans-shipment, meaning thereby exports that are originating in third country but trans-shipped through India;
5. Deemed Exports;
6. SEZ/EOU/EHTP/BPT/FTWZ products exported through DTA units;
7. Items, which are restricted or prohibited for export under Schedule-2 of Export Policy in ITC (HS), unless specifically notified in Appendix 3B.
8. Service Export.
9. Red sanders and beach sand.
10. Export products which are subject to Minimum export price or export duty.
11. Diamond Gold, Silver, Platinum, other precious metal in any form including plain and studded jewellery and other precious and semi-precious stones.
12. Ores and concentrates of all types and in all formations.
13. Cereals of all types.
14. Sugar of all types and all forms.
15. Crude / petroleum oil and crude / primary and base products of all types and all formulations.
16. Export of milk and milk products.
17. Export of Meat and Meat Products.
18. Products wherein precious metal/diamond are used or Articles which are studded with precious stones.
19. Exports made by units in FTWZ.

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Special Provisions under Foreign Trade Policy (FTP 2015-20)

a) Government reserves the right in public interest, to specify export products or services or markets, which shall not be eligible for computation of entitlement of duty credit scrip.
b) Government reserves the right to impose restriction / change the rate/ceiling on Duty Credit Scrip under this chapter.
c) Government may also notify goods in Appendix 3A which shall not be allowed for debiting through Duty Credit Scrips in case of import.
d) Government may prescribe value cap of any kind for a product(s) or limit total reward per IEC holder under this chapter at any time.

Common Provisions for MEIS as per Foreign Trade Policy 2015-20

*(i)*Transitional Arrangement

For the goods exported or services rendered up to the date of notification of this Policy, which were otherwise eligible for issuance of scrip's under Chapter 3 of the earlier Foreign Trade Policy and scrip is applied or issued on or after notification of this Policy against such exported goods or services rendered, the then existing policy and procedure regarding eligibility, right , transferability, usage of scrip and any other condition in force at the time of export of goods or rendering of the services, shall be applicable to such scrip's.

(ii) CENVAT/ Drawback

Additional Customs duty/excise duty/Service Tax paid in cash or through debit under Duty Credit scrip shall be adjusted as CENVAT Credit or Duty Drawback as per Department of Revenue rules or notifications. Basic Custom duty paid in cash or through debit under Duty Credit scrip shall be adjusted for Duty Drawback as per Department of Revenue rules.

(iii) Import under lease financing

Utilization of Duty Credit Scrip shall be permitted for payment of duty in case of import of capital goods under lease financing in terms of provision as per paragraph 2.34 of Foreign Trade Policy.

(iv) Transfer of export performance as per EXIM Policy of India 2015-20 (FTP 2015-20)

(a) Transfer of export performance from one IEC holder to another IEC holder shall not be permitted. Thus, a shipping bill containing name of applicant shall be counted in export performance / turnover of applicant only if export proceeds from overseas are realized in applicant's bank account and this shall be evidenced from e - BRC / FIRC.

(b) However, MEIS, rewards can be claimed either by the supporting manufacturer (along with disclaimer from the company / firm who has realized the foreign exchange directly from overseas) or by the company/ firm who has realized the foreign exchange directly from overseas.

(v) **<u>Facility of payment of custom duties in case of E.O. defaults and fee through duty credit scrip's</u>**

(a) Duty Credit Scrip can be utilized / debited for payment of Custom Duties in case of EO defaults for Authorizations issued under Chapters 4 and 5 of this Policy. Such utilization /usage shall be in respect of those goods which are permitted to be imported under the respective reward schemes. However, penalty / interest shall be required to be paid in cash.

(b) Duty credit scrip's can also be used for payment of composition fee under FTP, for payment of application fee under FTP, if any and for payment of value shortfall in EO

<u>Benefits</u>

This policy supports both the manufacturing and services sectors, with a special emphasis on improving the 'ease of doing business'.

Measures have been adopted to nudge procurement of capital goods from indigenous manufacturers under the EPCG scheme by reducing specific export obligation to 75% of the normal export obligation. This will promote the domestic capital goods manufacturing industry. Such flexibilities will help exporters to develop their productive capacities for both local and global consumption.

Along with this some other areas of beneficiaries are:-

E-Commerce exports of handloom products, Books/periodicals, Leather footwear, toys and customized fashion garments through courier or foreign post office would also be able to get benefit of MEIS (for values up to 25,000 INR). These measures would not only capitalize on India's strength in these areas and increase exports but also provide employment.

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THE FOREIGN TRADE POLICY 2015-20: AN OVERVIEW

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1.1 Introduction:

International trade is a trade between two different parts of world. A single economy does not possess sufficient resources to satisfy all of its needs. Thus there is a need to have trade transactions between the two different countries. A trading mechanism termed as Foreign trade consists of inward and outward movement of goods and services, which results into outflow and inflow of foreign exchange from one country to another country. It also facilitates spreading of technical acquaintance, exchange of ideas, and import of technical know-how/skills, managerial talents and entrepreneurship. It promotes movement of foreign capital. The foreign trade can have a profound impact on the growth of an economy in terms of production, employment, and technology and resource utilization. In the current era of globalization foreign trade is an imperative element with the help of which there is a boost in the economic growth of a country. It also generates immense employment opportunities which ultimately help in eradication of poverty prevailing in the country.

Indian foreign trade under colonial rule was controlled by the British for their own interest. During the post independence, the Government of India incorporated Import Export Control Act, 1947 of which the core objective was to control import and exports. The import substitution and protection of domestic industry became the main plunge during the period from 1950-51 to 1990-91. In July 1991 the Government of India came out with a new trade policy focusing on Liberalisation, Globalisation and Privatization. The economic policy thereafter adopted by the country was popularly called as economic reforms. The first ever integrated foreign trade policy of India was announced for the period 2004-09 with an objective to facilitate sustained growth in exports so as to attain share of at least 1.5% of global merchandise trade. After reviewing the achievements of the implementation of 2004-09 policy, 2009-14 policy was introduced with the basic objective of doubling the India exports of goods and services by 2014 and to double India's share in Global merchandise. Recently the new foreign trade policy of 2015-20 was announced by the Honorable Commerce and Industry Minister, Mrs. Nirmala Sitharaman on 1st April 2015 with main focus on providing stable and sustainable environment for export of goods and services. In this back drop it becomes essential for one to know in detail the objectives and structural reforms initiated by the Government under this new policy. An attempt in this paper is made to give an overview of the new foreign trade policy 2015-20.

2.1 Foreign Trade Policy 2015-20:

The main focus of the new Foreign Trade Policy 2015- 2020 is to promote exports of value-added and labour intensive manufacturing as well as services. It provides a framework for increasing exports of goods and services as well as generation of employment and increasing value addition in the country, in keeping with the "Make in India" vision of our Honorable Prime Minister. The focus of the new policy is to support both the manufacturing and services sectors, with a special emphasis on improving the 'ease of doing businesses.

2. Key features Foreign Trade Policy (FTP) 2015-2020:-

1 The norms of the policy are product wise and location wise.

2 An attempt under the new policy is to maximize the foreign trade from the country.

3 The Policy is framed by considering long term and medium term strategy to increase overall growth of India's foreign trade by enhancing trade competitiveness.

4 More focus on doubling the India's share in world trade from the present level of 3% by the year 2020.

5 The Commerce Minister announced two new schemes in Foreign Trade Policy 2015-2020 namely Merchandise Exports from India Scheme (MEIS) and Services Exports from India Scheme (SEIS).

6 It insists on the need to ensure local products & services are globally competitive.

7 The aim is on improving ease of doing business in new foreign trade policy.

The succeeding part of the paper attempt to give an overview in a more detailed manner about the important aspects of the New Foreign Trade Policy.

3.1 Exports from India Scheme:

The objective of this scheme is to provide rewards to exporters to offset infrastructural inefficiencies and associated costs involved in exports of goods and services .The rewards available under the recent past Foreign Trade Policy is divided into two schemes:

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3.1.1 Merchandise Exports from India Scheme (MEIS):

The Focus Product Scheme, Market Linked Focus Product Scheme, Focus market shceme, Agri Infrastructure Incentive Scrip and VKGUY, for rewarding the exporters of merchandise with different types of duty credit scrips have now merged into a single scheme namely MEIS. The scrips issued under the MEIS would be condition free.

Exports of notified goods/products as listed in Appendix 3B, exported on and after 1ST April 2015 to notified markets/ countries shall be rewarded ranging from 2% to 5% of FOB value of exports or FOB realized whichever less under MEIS is. To name a few, the products like dairy products, vegetables, confectionary, pharmaceutical products, capital goods etc. are eligible for these rewards. The countries are divided into three Categories. The Category A includes traditional markets, European Union, USA and Canada. The Category B includes Emerging and Focus Markets, Africa, Latin America and Mexico, CIS countries, Turkey and West Asian Countries, ASEAN Countries, Japan, South Korea, China, and Taiwan. The Category C includes other markets.

The exporters exporting goods as notified in Appendix 3C using e-commerce having a FOB value up to Rs. 25,000 per consignment shall also be entitled for rewards under the MEIS. If the value goods exported are more than Rs. 25,000 per consignment, the MEIS rewards would be limited to FOB value of Rs. 25,000 only.

The duty credit scrip issued under MEIS can be *inter alia* used for payment of customs duty, excise duty and service tax. The debit towards basic customs duty and additional duty of customs/excise duty / service tax would also be allowed adjustment as duty drawback/ Cenvat Credit as per Department of Revenue Rules.

The duty credit scrip entitlement under MEIS is not available to certain export categories /sectors. To name a few are Export Oriented Units (EOU), Eletronic Hardware Technology Park (EHTP), Bio technology Park (BTP) and Software Technology Parks availing direct tax benefits/ exemptions. The supplies of goods made from Domestic Tariff Area Units to SEZ units , the exports of goods originating in third country but transshipment through India, The Goods manufactured by EOUs, EHTPs, BPTs or Free Trade-Warehousing Zone (FTWZ.) and exported through Domestic Tariff Area Units are not entitled for the rewards under MEIS..The Deemed Exports, Service Exports and exports of Diamond Gold, Silver, Platinum, other precious metal in any form are also not entitled. The products like Ores and concentrates of all types and in all formations, Cereals and Sugar of all types, Crude / petroleum oil and crude / primary and base products of all types and all formulations, Export

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of milk and milk products, Meat and Meat Products and Exports made by units in FTWZ are also covered under the Non-eligible zone.

3.1.2 Service Exports From India Scheme (SEIS): The basic objective of the scheme is motivate export of notified services from India. The scheme has replaced the old scheme Served from India Schem e (SFIS).

Service providers of notified services including airport operation and ground handling services, who are located in India, shall be rewarded under the SEIS. The service providers located in India covers exporters who are providing services from India regardless of constitution or profile. They should have minimum net free foreign exchange earnings of US$15,000 in preceding financial year to be eligible for Duty Credit Scrip. For Individual Service Providers and sole proprietorship, such minimum net free foreign exchange earnings criteria would be US$10,000 in preceding financial year.

Net Foreign exchange earnings are equal to Gross Earnings of Foreign Exchange minus Total expenses / payment / remittances of Foreign Exchange by the Importer Exporter Code (IEC) holder, relating to service sector in the financial year. If the IEC holder is manufacturer and service provider than calculation of net foreign exchange earnings shall be based on service sector only.

Under the SEIS the notified services would be rewarded at the rates ranging 3% and 5% based on Foreign exchange earnings.

The reward issued as duty credit scrip is transferable and usable for all types of goods and service tax debits on purchase of services/goods. As in the case of MEIS, under SEIS also the debit would be allowed as adjustment against Cenvat Credit or drawback.

With an objective to give a boost to the exports, the benefits of both the above schemes are proposed to be extended to SEZ Units also.

3.2 Business leader now termed as “Status Holders”

The business leaders who have been involved in the international trade shall now be known as “Status Holders”. They are been entrusted to self certify their manufactured goods as originating in India. This self certification will enable them to qualify for the preferential treatment under the different agreements which are in operation at present. To name a few are Free Trade Agreements, Comprehensive Economic Partnership Agreements and Comprehensive Economic Partnership Agreements. This a move towards easing of trade.

3.2 Export Promotion Capital Goods Scheme (EPCG)

The focus of the Scheme is to make easy the import of capital goods for manufacturing quality goods and services to enhance India’s export competitiveness. Under the scheme,

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import of capital goods is allowed at zero custom duty. Import includes capital goods for project imports under this scheme. In case of import of capital goods under EPCG scheme, export obligation of six times of duty saved is required to be met. Reduced export obligation in case of local sourcing of capital goods has now been prescribed. The export obligation in case of capital goods procured from indigenous manufacturers has been reduced from 90% to 75% of the normal export obligation with an intention of promoting domestic capital goods manufacturing industry.

3.3 Export Oriented Unit (EOU) / Electronic Hardware Technology Park (EHTP)/Software Technology Parks (STP).

Under the New Foreign Trade Policy, New initiatives are undertaken for EOUs, EHTPs and STPs. Some of the most important and significant are listed as follows:

- EOUs, EHTPs, STPs can share infrastructural facilities among themselves so as to make optimum utilization of their infrastructural facilities and reduce their capital cost which otherwise would have been spent.
- Transfer of goods and services is permitted amongst EOUs, EHTPs, STPs, and BTPs in order to obtain bulk discount. This will reduce cost of transportation, other logistic costs and result in maintaining effective supply chain.
- EOUs can set up Warehouses near the port of export so as to reducing lead time for delivery of goods and will also take care with regards to unpredictability of supply orders.
- All of the above can make use of duty free equipment/ goods for training purposes. This will help these units in developing skills of their employees.
- All the EOU units have been allowed facility of supplying spares/ components up to 2% of the value of the manufactured articles to a buyer in domestic market as after sale services.
- In adverse market condition, for achieving positive net foreign exchange earings the present period of 5 years can be extended by one year.
- Time period for validity of Letter of Permission (LOP) for EOUs/EHTP/ STPI/BTP Units has been revised for faster implementation and monitoring of projects. Now, LOP will have an initial validity of 2 years to enable the unit to construct the plant and install the machinery this change is suggested with an intention of faster implementation and monitoring of projects. Further extension can be granted by the Development Commissioner up to one year. Extension beyond 3 years of the validity

of LOPS, can be granted, in case unit has completed 2/3rd of activities, including the construction activities.

- A simplified procedure is proposed to fast track the exit of the STP/ EHTP units. This will save time reduce the transaction cost.
- EOUs having physical export turnover of Rs.10 crore and above, will be allowed fast track clearances of goods, for export production, on the basis of pre authenticated procurement certificate, issued by customs / central excise authorities. They have not to seek procurement permission for every import consignment.

3.4 Export of dual use items in case of Special Chemicals, Organisms, Materials, Equipment and Technology (SCOMET):

The validity of SCOMET export authorization has been extended from the present 12 months to 24 months. This will help industry to plan their activity in an orderly manner and prevent the need to seek revalidation or relaxation from DGFT.

3.5 Export of Defence Exports:

Export obligation period for export items falling in the category of defence, military store, aerospace and nuclear energy shall be 24 months from the date of issue of authorization or co-terminus with contracted duration of the export order, whichever is later which in normal case is 18 months. This provision will help export of defence items and other high technology items.

3.6 E-Commerce Exports:

Goods pertaining to handloom products, books / periodicals, leather footwear, toys and customized fashion garments, having FOB value up to Rs.25000 per consignment shall be eligible for benefits under FTP. Such goods 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

3.7 Exemption from Duty:

Imports against Advance Authorization shall also be eligible for exemption from Transitional Product Specific Safeguard Duty. In order to encourage manufacturing of capital goods in India, import under EPCG Authorization Scheme shall not be eligible for exemption from payment of anti-dumping duty, safeguard duty and transitional product specific safeguard duty.

3.8 Duty Free Tariff Preference (DFTP) Scheme:

India has extended duty free tariff preference to 33 Least Developed Countries (LDCs) across the globe. This is being notified under FTP.

3.9 Complaints of Inferior Quality and Trade conflicts

As an initiative to resolve complaints with reference to quality and also related to conflicts and disputes among the exporters and importers, the New Foreign Trade Policy has inserted chapter on Quality Complaints and Trade Disputes. For resolving such disputes at a faster pace, a Committee on Quality Complaints and 18 Trade Disputes (CQCTD) is being constituted in 22 offices and would have members from Export Promotion Council , Federation of Indian Export Organization, Agricultural & Processed Food Products Export Development Authority and Export Inspection Council.

3.10 Miscellaneous:

- The new policy provides facility of online filing of various applications by exporters and importers leading to a paperless trade.
- Under the new policy it is proposed to have online inter-ministerial consultations for approval of exports, norms fixations, and import authorization thus replacing the old system of submitting hard copies of documents and reducing the approval time.
- The new policy also provides for the e-governance initiatives for issuance of various certificates, Online payment of application fee, mobile applications etc.

4.0 Conclusion:

The progress of the nation in the era of globalization depends on the growth it achieves in commerce and business. The growth in commerce and business leads to prosperity of the people residing in the nation. For the fast and stable development of the country, the commercial relations of the country with the other countries all over the world are very important. This is possible when a country allows imports as well as exports of goods and services. The trade transactions are to be monitored for which framing of the foreign trade policies is very much essential. This policy works as regulator and keeps an eye on all the activities undertaken by the commercial houses at international level. The policy framed should neither be too liberal nor be too stringent. It has to be such that it helps country to grow and that the country becomes more independent. The people within the country also become wealthier with generation of employment opportunities. India's New Foreign Trade Policy 2015-20 is unveiled with the objective of bringing stability and ease of doing business. The various new initiatives undertaken is the move towards promoting exports, promoting use of technology, promoting manual compliances and reduction in the transaction cost. Introduction of the new schemes such MIES and SEIS substituting the old ones shall provide ease in trade and procedures. The New trade Policy 2015-20 is a move to achieve the Government's mission of "Make In India" and shall help to double the percentage share of global merchandise trade within the next five years.

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RELEVANCE OF 3 D PRINTING TECHNOLOGY TO MANUFACTURING PROCESS

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Abstract

3D printing has been acknowledged as one of the cost effective and easier means for any kind of product manufacturing. As 'Make in India' gains ground, with its emphasis on indigenous products manufacturing, 3 D printing undoubtedly comes across as a boon to the local manufacturers. The article talks about the relevance of 3 D printing for manufacturers in the country who might want to develop cost effective means to make and market their products abroad. The paper also gives recommendation about how 3 D printing can become an integral part of policy making on manufacturing

Keywords:- 3 D Printing, History, types of 3 D printing, Make in India, Manufacturing sector, Recommendations

Introduction

3 D Printing, also called additive printing, today is really bringing in a new time. Once it did sound very futuristic- how can a product be created through a printer? The question was asked too many times. Well, technology evolves as quickly as imagination and today 3 D printers have become an integral part of manufacturing process. I remember as a student at NIFT, Gandhinagar, India's 3rd 3 D printer, at a very huge cost, had arrived. The year was 2002- a very important moment for the Institution and the students. Well, today, every major city in India has a couple of vendors who have 3 D printers at their disposal. It is predicted that the amount of printers shipped worldwide will double in 2015, and again in 2018[i]. However, the awareness about 3 D printers is not much there. Through this paper, I wish to emphasize that if manufacturers have that adequate amount of awareness about the technique and availability, they might be able to use it effectively in order to save time, energy and money.

It was in 1984, when the first 3D printer was designed and realized by Charles W. Hull from 3D Systems Corp. Today, the technology has a wide range of applications in various fields of human activity: research, engineering, medical industry, military, construction, architecture, fashion, education, computer industry and many others.

So, how does 3 D printing work? Based on the principle of stereo lithography and completed across three phases - the modeling, the printing and the finishing of the product, it involves the making of the 3 D object with the use of 3 D software, that splits the design into layers and then these layers are successively printed on top of each other. It might be important to know here that the technology can be used in plastic, ceramics and in metals very easily, though the processes might differ. Also, while printing, multiple materials or multiple colors can be used to manufacturing different parts of the same object.

There was a time when 3 D printers were very expensive, but today, their prices have gone down drastically. It has ceased being an industrial product. Today one can buy it and keep it one's office and might use it for as simple as, say, replacing a broken part of the coffee machine. We would rather replace that broken part ourselves than wait for the company representative to come and change it for us. Today, many models, cheaper and smaller, have entered the market. All 3D printers do not use the same technology- their differences lie in the way layers are build to create the final object. There are many online communities who discuss the possibilities of 3 D printing and help printing through 3 D.

The technology can be used across a wide range of products- Medically doctors have been able to print kidneys, hearts, lungs, valves, nerves and prosthetic limbs, et al. All kinds of products, both industrially made and nature grown- can be grown on the 3 D Printer- From food to wood to house to prehistoric fossils to moon surface to bags, cups and saucers- name it and it can be printed on a 3 D Printer. Other niche applications like arts and crafts, interior decoration, fashion accessories, footwear designs, jewelry designs, animation &gaming, customized footwear designs, furniture and modeling have potential as well.

3D printing is also getting used increasingly by students. As students undertake real world learning experiences and get better prepared for the industry, the technology helps nurture creativity, satisfy intellectual curiosity and inspires students to invent, create, design and engineer. It encourages new ideas, help them bring it to life, and create objects with high accuracy, fine detail and moving parts.

Relevance to Manufacturing

As 3 D printing technology constantly evolves and becomes more accessible, one of the biggest benefiter is the manufacturing sector. India's manufacturing sector must and is taking up 3 D printing as one of the serious options for prototyping and manufacturing. Below are the reasons why the manufacturing sector should take up 3 D printing as an integral part of their processes:

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Faster Prototyping

Any business idea finds its tangible application in a prototype. We are aware that getting a prototype made is one of the biggest setbacks to any start-up, in terms of time and cost, as third party manufacturers can take a lot of time to create that prototype and might still not do it the way it is meant to be and also ask for a lot of money. A readily available 3D printer will shorten the amount of required time needed to push a product from design to tangible object. As the specifications can be changed as per required, it is still doable immediately, not to mention the hugely reduced costs. A 3 D printer can offer a more immediate result when bringing an initial idea to a physical, tangible life.

Large Scale Production

Well, 3 D printers are not just for prototyping. They can be used for large scale production across materials. For a large scale manufacturer, 3 D printing allows him to skip the outsourcing of manufacturing, thereby saving on time, logistics and money. For those who make customized products, 3 D printers allow for an amazing range of tailor-made products. This forges a renewed and trustworthy relationship with customers.

Own a manufacturing facility

3 D printers allow for another exciting business opportunity- an entrepreneur can just open up printing facilities for other businesses. It can become a means of revenue generation- though with an investment.

Recommendations for policy makers and institutions

The following recommendations might aid in the inclusion of 3 D printing technology at various levels:

- As 3D printing technology evolves and spreads across, it will result in creating new professions, jobs and industries related to the production of the 3D printers, supplies and materials. engineering and design and the software industry. It might be useful if several vocational training institutes such as the ITIs introduce vocational courses on 3 D printing-process, operating, repairing etc.
- We know that the Ministry of Micro Small and Medium Enterprises (MSME) and other government institutions encourage manufacturing entrepreneurs through training and financial aid. In this context, it could conduct orientation and training sessions and workshops on 3 D printing, and tie up with 3 D printing manufacturers, to provide these printers at an affordable rate.

- All engineering, medical and design teaching institutions must be encouraged to install 3 D printers in their laboratories and workshops, so that the students can create and experiment with their ideas to the last level.
- Like the government provides subsidies on various agricultural and other equipments, there can be subsidies on the raw materials and equipment related to this technology.
- There are many vendors who work in this area. But they are not very organized. The government could set up an online database of printable 3 D files of basic tools and products that are available for free download and print. For example, if a manufacturer wants to make a plier, he can download the file from the relevant website, make amends as required and begin to manufacture it on his own, without any kind of specialized technician/ engineer.

In a context where India has about 30% of the designed products in the world[ii], it lacks the same kind of monopoly in terms of manufacturing (China leads in production, remember). With 'Make in India' in great progress and Prime Minister Shri Narendra Modi's emphasis on digital technologies, 3 D printing technology has the potential to lead India to become one of the bigger manufacturing giants of the world.

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COMPARATIVE ANALYSIS OF FTP 2009-2014 WITH FTP 2015-2020

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Abstract:-

India’s Foreign Trade Policy (FTP) has, conventionally, been formulated for five years at a time and reviewed annually. The focus of the FTP has been to provide a framework of rules and procedures for exports and imports and a set of incentives for promoting exports. Fifteen years ago India occupied a very small space on the global trade canvas. As various sectors of the Indian economy became more competitive globally, exports began to grow remarkably. India‟s merchandise exports recorded a Compound Annual Growth Rate (CAGR) of 15.9 percent over the period 2004-05 to 2013-14. Similarly, as the economic growth rate of the country picked up, so did imports, which grew at a CAGR of 16.8 percent over the same period. Today, foreign trade has begun to play a significant part in the Indian economy reflecting its increasing globalisation. At the same time, the growing merchandise trade deficit, resulting in a persistently high current account deficit, has set alarm bells ringing. This policy, therefore, aims at promoting exports along with making imports more focused and rational. The trade performance of a country is so closely and inextricably linked with its overall economic performance that trade policy cannot be treated as a simple matter of maneuvering the export or import of a product. Foreign trade policy has a direct connect with domestic economic policies. The main aim of this research paper is to compare the foreign trade policy 2009-2014 with the foreign trade policy 2015-2020 and the impact of new FTP on different sectors.

Key words: Foreign Trade Policy, Exports, Economic Growth.

Introduction

Trade propels economic growth and national development. The primary purpose is not the mere earning of foreign exchange, but the stimulation of greater economic activity. Foreign Trade Policy helps in increasing the *revenue of a nation* by improving on the exports, which in turn help in improving the Balance of Payment. The policy lays the guidelines to help the trader’s trade efficiently and make the maximum. The policy laid down by the government is in the interest of the stakeholders with the sole motive to provide them with an ideal platform for trade. The foreign trade policy of India is based on two major objectives, they are as follows:

i. To double the percentage share of global merchandise trade within the next five years.
ii. To act as an effective instrument of economic growth by giving a thrust to employment generation.

The main aim of this paper are to study and compare the 2009-14 FTP with 2015-2020 FTP and to study the implication of Foreign Trade Policy on export performance. Foreign trade policy not only enhance the economic activity but also increase employment opportunity.

Objective of Study

1) To bring awareness about the importance of foreign trade policy.
2) To compare FTP 2009-2014 POLICY with FTP 2015-2020 POLICY.
3) To study the implication of FTP on Export performance.

Literature Review

Pooja Srivastava stated that" In order to face the cross border competition challenges, a well functioning, national competition regime is insufficient and also there is problem with developing countries that they lack the resources or experience to tackle international competition challenges. Although there is provision of extra territorial jurisdiction in competition law but that also have a limited capability."

Nilanjana Kumari stated that "The first Foreign trade policy had achieved its specified objectives, with achievements exceeding the targets. In 2004the exports stood at US $ 63 billion and in 2007-08, it exceeded US $ 155 billion which was 2.5 times greater the exports at starting of the policy and the cumulative growth rate was 23%. The second objective of the policy was also achieved, as the total trade value of merchandise goods and services was almost 50% of the GDP. At the end of the policy tenure it was found that not only the exports had increased, but the employment also increased equally. It was seen that the value of rupee during this period appreciated between 10-12%, resulting in increased interest rates. However the policy lacked in some areas like which mainly included structural problem

Comparative Analysis

FTP 2009-2014	**FTP 2015-2020**
OBJECTIVES: • Achieving an annual export growth of 15%	OBJECTIVES

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with an annual export target of US$ 200 billion by March 2011. • The country should be able to come back on the high export growth path of around 25% per annum by 2014. • Double India's exports of goods and services by 2014. • To arrest and reverse declining trend of export.	• One of the major objective of new FTP is to move towards paperless working in 24x7 environment. • The Policy aims to enable India to respond to the challenges of the external environment. • FTP 2015-20 provides a framework for increasing exports of goods and services as well as generation of employment.
FEATURES • Incentives available under FMS raised from 2.5% to 3%. • Incentives available under FPS raised from 1.25% to 2%. • Higher allocation for Market Development Assistance(MDA) and Market Access Initiative(MAI). • To aid technological upgradation of export sector ,EPCG scheme at ZERO duty has been introduced.	FEATURES • FTP have now been consolidated into two new schemes for export of merchandise and services, viz. Merchandise Export from India Scheme ('MEIS') and Service Export from India Scheme ('SEIS'). • The benefit of MEIS and SEIS has been extended to units located in Special Economic Zones – This is a welcome step and is imperative to boost the SEZ sector. • The terminology of existing status holder categories modified to One, Two, Three, Four and Five Star Export

	House. • Export Obligation reduced from 90% to 75% for domestic procurement under EPCG scheme to boost the 'Make in India' initiative.
<u>FOCUS</u> • • Market Diversification • • Technological Upgradation • • Support to Status holders • • Green Products • • Export Products from North East	<u>FOCUS</u> • Export promotion measure • Export promotion capital goods scheme (EPCG) • Benefits for export oriented units • Trade facilitation and ease of doing business in India
<u>SCHEMES</u> • Focus Product Scheme • Market Linked Focus Product Scheme, • Focus Market Scheme, • Agri. Infrastructure Incentive Scrip, • VKGUY	<u>SCHEMES</u> • Merchandise Exports from India Scheme (MEIS) • Service Exports from India Scheme (SEIS)

EXEMPTIONS • Duty Entitlement Passbook (DEPB) Scheme • Advance Authorization Scheme • Gems & Jewellery • Exemption from Service tax on services linked to exports:	EXEMPTIONS • Imports against Advance Authorization shall also be eligible for exemption from Transitional Product Specific Safeguard Duty. • In order to encourage manufacturing of capital goods in India, import under EPCG Authorisation Scheme shall not be eligible for exemption from payment of anti-dumping duty, safeguard duty and transitional product specific safeguard duty
New initiatives • SEZ Policy: A Major Initiative in Public Private Partnership • National Export Insurance Account (NEIA) • Market Access Initiative (MAI) Scheme • . Marketing Development Assistance (MDA) Scheme • Initiatives in Plantation Sector: • (rubber, tea ,coffee)	New initiatives • EOUs, EHTPs, STPs have been allowed to share infrastructural facilities ***among themselves.*** • ***Inter unit transfer of goods and services*** have been allowed among EOUs, EHTPs, STPs, and BTPs • Facilitating & Encouraging Export of dual use items (SCOMET). • E-Commerce Exports

Conclusion

It is proposed to give higher level of rewards to products with high domestic content and value addition, as compared to products with high import content and less value addition. **This is a good policy and people will benefit the most, if it is implemented effectively'**

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FOREIGN TRADE POLICY (FTP) 2015-20 AND " SERVICES EXPORTS FROM INDIA SCHEME (SEIS)"

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Abstract

Foreign trade policy provides a framework for increasing exports of goods and services. The government expects significant increase in share of services in India's total goods and services exports in the next five years, the target for which has been set at USD 900 billion. FTP is to be aligned to 'Make in India', 'Digital India', 'Skills India' and 'ease of doing business' initiatives. This paper analysis India's new five year Foreign Trade Policy 2015-20 and helps in understanding its newly introduced two schemes namely "Merchandise Exports from India (MEIS)" and "Services Exports from India Scheme (SEIS)". This paper focuses on Service exports, the SEIS. Services sector has emerged as a prominent sector in India in terms of its contribution to national and state incomes, trade flows and FDI inflows. This paper will be informative to Indian corporate and academician to understand the FTP 2015-20 especially SEIS its objective, eligibility and usage.

Keywords: Foreign Trade, policy, merchandise, services, MEIS, SEIS.

Introduction:-

The Foreign Trade Policy (FTP) 2015-20 was announced by the Union Commerce and Industry Minister, Ms Nirmala Sitharaman, with main focus on doubling exports to $900 billion by 2019-20 and facilitating ease of doing business and digitisation. By implementing the new policy, India's share in world trade is expected to double from the present level of three percent by 2020. Foreign Trade Policy 2015-20 came into effect on 1.4.2015. The new five year Foreign Trade Policy provides a framework for increasing exports of goods and services as well as generation of employment and increasing value addition in the country, in keeping with the "Make in India" vision of our Hon'ble Prime Minister. The focus of the government is to support both the manufacturing and services sector, with a special emphasis on improving the 'ease of doing business'.

FTP 2015-20 introduces two new schemes namely "Merchandise Exports from India (MEIS)" for exports of specified goods to specified markets and "Services Exports from India Scheme (SEIS)" for increasing exports of notified services, in place of a plethora of schemes earlier, with different conditions for eligibility and usage. A number of steps have been taken in the FTP for encouraging manufacturing and exports under 100 per cent EOU/EHTP/STPI/BTP Schemes. These include fast track clearance facility for the units, permitting them to share infrastructure facilities, permitting inter-unit transfer of goods and services, permitting them to set up warehouses near the port of export, and use duty-free equipment for training purposes

Highlights of FTP 2015-20

- Increase exports to $ 900 billion by 2019-20, from $466 billion in 2013-14.
- Raise India's share in world exports from 2 per cent to 3.5 per cent.
- Merchandise Exports from India Scheme (MEIS) and Services Exports from India Scheme (SEIS) launched.
- Higher level of rewards under MEIS for export items with high domestic content and value addition.
- Export obligation under EPCG scheme reduced to 75 per cent to promote domestic capital goods manufacturing.
- FTP to be aligned to 'Make in India', 'Digital India' and 'Skills India' initiatives.
- Duty credit scrips made freely transferable and usable for payment of Customs duty, excise duty and service tax.
- Export promotion mission to take on board state governments.
- Higher level of support for export of defense, farm produce and eco-friendly products.
- Mainstreaming of state governments and various ministries in formulating FTP.
- Agricultural and village industry products would be supported across the globe at the rates of 3 percent and 5 percent.
- FTP will be reviewed after two-and-a-half years.

SERVICE EXPORTS

India has inherent competitiveness and export potential in many skill-based and labour-intensive services, including healthcare, education, professional, R&D, consultancy, printing and publishing and entertainment. Further, better services will improve the competitiveness of the manufacturing sector. There are mainly three distinguishing features of service exports: high retention of foreign exchange, exports from this sector benefits more people and it promotes skills which are tradeable both in India and abroad, providing gainful employment to many. List of services include: Business Services, Communication Services, Construction and Related Engineering Services, Educational Services, Environmental Services, Health-related and Social Services, Tourism and Travel Related Services, Recreational, Cultural and Sporting Services and Transport Services.

SERVICE EXPORTS FROM INDIA SCHEME (SEIS)

In the new Foreign Trade Policy 2015-2020, with effect from 1.4.2015, Service Exports from India Scheme (in short, also known as SEIS) has been announced by the Government. While the service sector contributes about 66% of India's GDP, its services exports are only about $145 billion as compared to merchandise exports of over $300 billion. This signifies that there is a vast untapped export potential in the Indian Services sector. Under the erstwhile FTP, while there were several schemes to encourage and support the export of goods, the Served from India Scheme was the only scheme for service sector. In FTP 2015-20, the Served from India Scheme ('SFIS') has now been recast into the Service Exports from India Scheme ('SEIS').

Under the SEIS, government would provide duty scrips to exporters. The scrip is a kind of certificate which can be used for payment of duties or taxes including customs, services and excise. Services sector has emerged as a prominent sector in India in terms of its contribution to national and state incomes, trade flows and FDI inflows. Its contribution to total trade is 25 per cent, around 35 per cent to exports and 20 per cent to imports. In 2013-14, India's services exports stood at USD 151.5 billion, while outbound shipments of goods aggregated at USD 314 billion. The government expects significant increase in share of services in India's total goods and services exports in the next five years.

Objective of SEIS

Objective of Service Exports from India Scheme (SEIS) is to encourage export of notified Services from India. Under this scheme the rewards are admissible on exports of notified services rendered on or after 1.4.2015. Service Providers of notified services will be entitled to Duty Credit Scrip at notified rates (3% and 5%) on the net foreign exchange earned. Minimum net free foreign exchange earnings in the preceding year to be eligible for Duty Credit Scrip - For Individual Service Providers and Sole Proprietorship - $ 10,000/- and Other Service Providers-$ 15,000/- Duty Credit Scrips shall be granted as rewards under MEIS and SEIS. The Duty Credit Scrips and goods imported / domestically procured against them shall be freely transferable.

SALIENT FEATURES OF THE SCHEME (SEIS)

a) It applies to 'Service Providers located in India' instead of 'Indian Service Providers'.
b) Provides for rewards to all Service providers of notified services, who are providing exporting services from India, regardless of the constitution or profile of the service provider

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c) Rate of reward under SEIS are based on net foreign exchange earned.

d) Reward issued as duty credit scrip is freely transferable and usable for all types of goods and service tax Debits on procurement of services / goods.

e) Debits are eligible for CENVAT credit or drawback.

f) Certain specified categories of services are not eligible for benefit under the Scheme.

g) Scrip can be used for payment of (i) Customs Duties for import of inputs or goods, except items listed in Appendix 3A; (ii) Payment of excise duties on domestic procurement of inputs or goods, including capital goods and (iii) Payment of service tax on procurement of services (iv) Payment of Customs Duty and fee as per paragraph 3.18 of this Policy.

h) The services and rates of rewards notified are applicable for services export made between 01.4.2015 to 30.09.2015 only. The list of services/rate is subject to review with effect from 01.10.2015.

Eligibility of SEIS

(a) Service Providers of notified services, located in India, shall be rewarded under SEIS, subject to conditions as may be notified. Only Services rendered in the manner as per Para 9.51(i) and Para 9.51(ii) of this policy shall be eligible. The notified services and rates of rewards are listed in Appendix 3D.

(b) Such service provider should have minimum net free foreign exchange earnings of US$15,000 in preceding financial year to be eligible for Duty Credit Scrip. For Individual Service Providers and sole proprietorship, such minimum net free foreign exchange earnings criteria would be US$10,000 in preceding financial year.

(c) Payment in Indian Rupees for service charges earned on specified services, shall be treated as receipt in deemed foreign exchange as per guidelines of Reserve Bank of India. The list of such services is indicated in Appendix 3E.

(d) Net Foreign exchange earnings for the scheme are defined as under:

Net Foreign Exchange = Gross Earnings of Foreign Exchange minus Total expenses / payment / remittances of Foreign Exchange by the IEC holder, relating to service sector in the Financial year.

(e) If the IEC holder is a manufacturer of goods as well as service provider, then the foreign exchange earnings and Total expenses / payment / remittances shall be taken into account for service sector only.

(f) In order to claim reward under the scheme, Service provider shall have to have an active IEC at the time of rendering such services for which rewards are claimed.

Observations

There are various changes in the FTP 2015-20 document, such as simplification and amalgamation of incentive schemes, focus on reduction of transaction cost, incentives to SEZs etc. CII in partnership with the Ministry of Commerce and Industry has pioneered a platform for promotion of services exports from the country. The FTP has also laid focus on tapping huge potential for exports in emerging sectors such as e-commerce, export of defense and pharmaceutical goods etc and extended incentive for EOUs, EHTPs and STPs. The policy is export-oriented and favourable to MSMEs.

Conclusion

The focus of the new policy is to support both the manufacturing and services sectors, with special emphasis on improving the 'ease of doing businesses'. SEIS not only replaces Served from India scheme (SFIS) available under the Foreign Trade Policy 2010-2014, but it rationalize the incentives under the erstwhile schemes, removes various kind of restrictions of use of scrip issued under the Scheme and significantly enlarges the scope of the earlier scheme. Unlike earlier Scheme, this scheme has been made applicable to exports by SEZ units. SEIS shall apply to 'Service Providers located in India' instead of 'Indian Service Providers'. The new trade policy will surely boost exports and create jobs while supporting "Make in India" and "Digital India". Thus this five year Foreign Trade Policy 2015-20 will enable India to respond to the challenges of the external trade environment and take India to the next level in international trade. FTP 2015-20 will surely be a boost to "Make In India" vision.

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Make In India Campaign –A Critical Analysis With reference to Huawei's Entry in India

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Abstract:

Government is keen in developing India as a manufacturing hub through FDI but the very concern of security and E-waste is ignored. The study could reveal the fact that Huawei's entry in India will foster the development of the country as manufacturing hub along with the challenges of security and environmental issue.

Introduction

India is the world's second-largest telecommunications market, with close to 970.97 million subscribers as of December 2014. The number of telephone subscribers in India increased from 957.61 million at the end of Sept-2014to 970.97 million at the end of Dec-2014. The overall Tele-density in India increased to 77.58% at the end of Dec-2014. (TRAI Report, May2015). With a new government, upcoming 700MHz and 800 MHz auctions and stiff competition, the telecom market is buzzing with activity. (Business Wire, 2014).

Make In India is a national program designed to transform India into a global manufacturing hub. It contains a raft of proposals designed to urge companies — local and foreign — to invest in India and make the country a manufacturing powerhouse.

Literature Review

Debashish and Poonam,(Jan-2015), have opined in their paper that the government's intention to boost domestic manufacturing and create new jobs, its proposal to introduce a new policy on micro, small and medium enterprises (MSMEs) deserves a closer look, while govt's invitation to international companies to make investments has been receiving a lot of attention; the government's close interaction with industry associations from different regions and sectors within India to discuss specific problems inhibiting domestic enterprises deserves equal consideration.

Bhat Viraja and Patil Y. B. (2012), in their paper have made an attempt to study and understand the behavior of 10 different brands of mobile users of Pune City with special reference to aspects such as the awareness about E-waste, E-waste Policy, and Extended Producers Responsibility, Mobile manufacturer recycling policy, E-waste disposal behavior and effects of E- waste. The statistics gives a broad picture that consumer awareness about e-waste is very good but when it comes to the mobile handset disposal they are not aware of Extended Producer Responsibility, recycling/collection centres in Pune city and face problem in carrying out their responsibility of a responsible consumer.

Murali Shanmugavelan (2010) , have opined that with regard to E-waste policy and regulatory mechanisms in developing countries, the situation is potentially similar by analogy to how governments handled ICT policies in the early days of ICT policy making: treating it as part of postal and telegrams policies. A recent study by UNEP analysing policy and legislation mechanisms to assess barriers for sustainable e waste in eleven countries (South Africa, Kenya, Uganda, Morocco, Senegal, Peru, Colombia, Mexico, Brazil, India and China) showed that no country – with the exception of China with a poor record of implementation – has dedicated policy and legislative mechanisms to deal with e waste. As a result, the legal scope and definition to recognise e waste is in danger of morphing with hazardous waste. Such policy generalisation makes e waste recycling unaffordable and potentially undermines the market opportunities involved in it.

Rationale

Government is keen in developing India as a manufacturing hub through FDI but the very concern of security and E-waste is ignored. Although the ministry of Commerce and Industry has cleared the lines of Huawei's entry in India in terms of security issues, the issue of e-Waste is a great concern. With this concern the researcher has made an attempt to critically examine the case of Huawei's entry in India

Objectives of the Study

1. To study the initiatives under Foreign Trade Policy 2015-20 as a boost to Make In India Campaign.
2. To study the Market opportunities for foreign manufacturers under Make In India Campaign.

3. To critically examine the entry of Chinese telecom giant Huawei Technologies Co. Ltd in India.

Methodology

The methodology adopted for the study is Case-Study method and critically examining the entry of Huawei Technologies Co. Ltd in India.

Data Collection

The present study is based on secondary data .The secondary data gets collected from sources such as relevant journals, press notes, newspapers, Foreign Trade Policy -2015-20, and electronic delivered information.

Make in India Campaign

Foreign Trade Policy 2015-20 is closely integrated with 'Make in India', 'Digital India' and 'Skills India' initiatives. Focus of the new policy is to support both the manufacturing and services sectors with a special emphasis on improving the 'ease of doing businesses. The Foreign Trade Policy supports 'Make in India' through measures to encourage procurement of capital goods from indigenous manufacturers under EPCG Scheme by reducing Export Obligation by 25%.

Global investors have been unsparing in their criticism about complex rules and bureaucratic red tape that delay investment decisions. India ranks 134 out of 189 countries in the World Bank's ease of doing business index in 2014. As part of Make In India initiative, foreign investment caps in construction will be eased to enable greater participation in the NDA government's 100 smart cities project and affordable housing. The initiative will also target top companies across sectors in identified countries.

Major highlights of the Make In India plans are as follows:

1. **Invest India cell**: An investor facilitation cell set up by the government will act as the first reference point for guiding foreign investors on all aspects of regulatory and policy issues and to assist them in obtaining regulatory clearances.
2. **Consolidated services and faster security clearances**: All central government services are being integrated with an e-Biz single window online portal while states have been advised to introduce self-certification.
3. **Dedicated portal for business queries**: A dedicated cell has been created to answer queries from business entities through a newly created web portal ([http://www.makeinindia.com).
4. **Interactions with the users/visitors**: A pro-active approach will be deployed to track visitors for their geographical location, interest and real time user behaviour.

5. **Easing policies and laws**: A vast number of defenses items have been de-licensed and the validity of industrial license has been extended to three years.
   (Your story , Mobile sparks, Bengalaru, September 26, 2014)

Make in India and FDI

The Prime Minister at the launch on 25th September 2014 redefined FDI:
"FDI" should be understood as "First Develop India" along with "Foreign Direct Investment."He urged investors not to look at India merely as a market, but instead see it as an opportunity.
The "Make in India" initiative will act as a first reference point for guiding foreign investors on all aspects of regulatory and policy issues and assist them in obtaining regulatory clearances. The Centre has already allowed 100% Foreign Direct Investment (FDI) under the automatic route in construction, operation and maintenance in rail infrastructure projects and increased FDI in defence from 26 to 49 per cent. (Pratik Mukane, DNA Web Desk, 25th September 2014)

Entry of Huawei in India

Huawei Technologies Co. Ltd is a Chinese MNC. The company manufactures networking equipments and equipments of telecommunication along with providing services in the same field. Internationalization was initiated by Huawei in the year 1996 in order to deliver designs that are customized for various portable services to telecom companies in Hong Kong. Decisions were made by the company for entering the markets internationally such as Russia and South America. The expansion of the company was at its peak in the year 2000 when the company opened its branches in South Asia, Middle East countries and African nation. (Tan, 2009). In West Europe as well the products of the company have been sold.
In India however, the company is planning to invest in order to set up its manufacturing facilities in the country.
A centre for research and development had been established by Huawei in the year 1999. The centre of R and D is present in the city of Bangalore. The purpose of this centre is with regard to developing high telecom software ranges. The plan of Huawei is for investing approximately 500 USD million for setting up the facility of manufacturing for telecom equipments in the state of Tamil Nadu (Buckley et al, 2008).
Chinese telecoms giant Huawei Technologies has won security clearance to manufacture telecoms equipment in India, paving the way for it to become the first major Chinese brand to supply locally made products for one of the world's biggest markets for mobile phones
The green light from the Ministry of Home Affairs comes 19 months after Huawei first applied for a manufacturing licence, amid wrangling over national security concerns. It also marks a significant

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boost for Prime Minister Narendra Modi's 'Make in India' campaign. Huawei's clearance to manufacture telecoms gear comes as a number of China's largest phone makers, including Huawei itself, have indicated they are keen to supply locally made products to India's fast-growing mobile market, which has more than 975 million mobile phone subscriptions.

Close to 150 million subscribers use Internet-friendly smart phones, a number that's forecast to grow about 26 percent annually until 2019, according to a recent HSBC report.

Apart from having testing safeguards, the government plans to include a clause in contracts with Chinese telecom companies, providing for termination of contract if they are found to be indulging in anti-India activities like espionage. (Economic times 16th July 2015)

Pros

The programme intends to make India a global manufacturing hub, to help create jobs and to boost economic growth. If Chinese companies are allowed to set up manufacturing facilities in India, it will not only translate into huge investments but also significantly bring down costs of telecom equipment. Indians will get an exposure to Hardware learning. As urged by the Prime Minister, it is important for the purchasing power of the common man to increase, as this would further boost demand, and hence spur development, in addition to benefiting investors. The faster people are pulled out of poverty and brought into the middle class, the more opportunity will there be for global business

Cons:

Security Concerns

The telecom/IT sector is seen as sensitive as any embedded chip or malware/spyware can compromise India's national security interests. The security establishment is wary, given Modi government's emphasis on 'Make in India' is keen to do away with country-specific barriers, especially with respect to Chinese telecom vendors that have been eyed with suspicion by the intelligence agencies over alleged links with PLA and fears of espionage through malicious spyware. In fact, these very concerns have led the US to block out Huawei. (Economic times 16th July 2015).

Environmental Concern

E-Waste is defined as 'Waste generated from used electronic devices and household appliances which are not fit for their originally intended use and are destined for recovery, recycling and disposal'.

India has close to over 100 recycling companies, but yet, it is the grey market route that most take. This is because there is no stringent punishment for non implementation or breaking of rules, says S

John Robert, CEO, Earth Sense Recycle Company, a Kerala-based recycling firm. He says that the grey market gets E-Waste for which the buyers are willing to pay a premium.

R Chandrasekhar, President, Nasscom says that only 1.23 percent of companies have an exclusive policy for managing E-Waste with defined Turn Around Time (TAT). The survey found that over half the number of companies that participated in the survey did not have an exclusive policy on E-Waste management and only 32 percent of the companies have their E-Waste management policy covered under the aegis of their Environment policy while 18 percent of the responders were not aware whether a policy existed.

A recent study by ASSOCHAM estimates that India produces 13 Lakhs MT of e waste per annum with a CAGR of 25 percent.The report further states that only two percent gets recycled through the organized sector. E-Waste also has serious environmental and health implications. WHO states that health risks may result from direct contact with harmful materials such as lead, cadmium, chromium, brominated flame retardants or poly-chlorinated biphenyls (PCBs), from inhalation of toxic fumes, as well as from accumulation of chemicals in soil, water and food?(Report by Sulekha Nair,Tech.Firstpost.com/News Analysis,9th July 2015)

Taking the cognizance of E-waste management issue, the Government of India passed a draft bill in 2008 and in 2011 introduced E-waste (Management & Handling) Rules 2011 which has been brought effectively into implementation from 2nd May 2012. The effective policy implementation depends on the consumer awareness with the other stakeholder's responsibilities which are mandatory. (Bhat Viraja and Patil Y. B., 2012).

The future scenario has, indeed, presented both challenges and opportunities in terms of minimizing wants, managing E-waste as well as developing cleaner and more sustainable products. It is, therefore, important that viable solutions are found to address the problem of the e-waste involving skilled manpower from the informal sector of the economy and the use of appropriate technology. (E -waste in India Research Unit, June, 2011)

Conclusion

The study could reveal the fact that Huawei's entry in India will foster the development of the country as manufacturing hub along with the challenges of security and environmental issue.

Besides, the urgent need for evolving sound policy and robust regulatory mechanism for safe and sustainable E-waste management can hardly be over emphasized. More importantly, the cardinal principles of accountability, transparency and sustainability need to be incorporated in any policy or regulation on e-waste to ensure its proper implementation.

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AN OVERVIEW OF FOREIGN TRADE POLICY WITH SPECIAL REFERENCE TO FTP 2004-2020

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Abstract

Indian exporters play a vital role in increasing exports of merchandise goods and services to foreign country. It is indeed that blessing of Pandit Jawarlal Nehru we are success in international trade. Pandit Nehru was the sole articulator, formulator and executor of Indian foreign policy, unchallenged and unmatched in his expertise and reading of international relations. . Prior to independence, India would participate in international affairs which set the precedent that influenced her relations with countries post independence. As the FTP 2009-14 introduced by government of India to achieve certain objectives ie to facilitate technological up gradation and modernization of export units and to simplify foreign trade procedures along with employment generation and facilitate economic growth by giving trust to export sector. The foreign trade policy is rooted in the year 2004-09 with same objectives and adopted strategies to achieve the objectives. The present study focused on the economic growth performance during the year 2004-09, 2009-14 and 2015-20. It is found that the FTP policy framed for the year 2004-09 and 2009-14 were similar objectives framed and shown no more differences in the achievement of the objectives. In both FTP policies the main objectives was to double India's percentage share of global merchandise trade and special focus initiatives has been identified for agriculture, handlooms, handicrafts, gems and jewellery and leather sectors.

Introduction

"Ultimately foreign policy is the outcome of economic policy, and till that time, when India has properly evolved her economic policy, her foreign policy will rather be vague, rather inchoate, and willÂ be groping." – Jawaharlal Nehru, in a speech to the Constituent Assembly in the December of 1947.

India's foreign policy was conducted under the guidance of Pt. Jawaharlal Nehru, the first Prime Minister of independent India. The shaping of India's foreign policy was largely influenced by the international development after the Second World War, the weakening of the forces of imperialism and growth of the forces of democracy and progress. When Pt. Nehru passed away in 1964 and his daughter Indira Gandhi became President of the party, India's foreign policy began to shift.

Export promotion councils, special economic zones, trade facilitation centres were set up. Transaction costs were reduced substantially and businesses started to grow at faster rates. India was one of the founding members of the World Trade Organization (WTO) and also became an important advocate of the rights to developing nations against unfair advantages/monopoly exercised by developed nations. Trade and bilateral economic cooperation opened doors for innovation. India no longer discriminated much between Russia, America, Israel, Iran or ASEAN countries. Shri. Kamal Nath, Hon. Minister for commerce and Industry, has announced on 31st August 2004, India's first Foreign Trade Policy. The foreign trade policy takes an integrated view of the overall development of India's foreign trade.

An overview of New Foreign Trade Policy 2015-20

Tremendous changes have been made in new foreign trade policy 2015-20 such as incentives schemes for services exports, focus on reduction of transaction cost, incentives to SEZs, eliminating bottlenecks for doing business, etc. Yet we should not lose sight of the challenges. Exports have contracted over the last three months. In February, contraction was a high 15%, mainly on account of persistent slowdown in some markets and volatility of the rupee against a basket of currencies. For a pragmatic FTP, it is important to have a stable exchange rate, which will insulate the trade from avoidable risks.

In order to give a boost to exports from SEZs, the government has extended benefits of both the reward schemes—Merchandise Exports from India Scheme (MEIS) and Services Exports from India Scheme (SEIS)—to units located in SEZs. Trade facilitation and enhancing the ease of doing business are the other major focus areas in this new FTP. Besides, a move towards paperless working 24×7 is an encouraging development.

Another feature of this policy is the importance it has assigned to services sector exports. Services have become an important component of our export basket—at $145 billion, they are half the merchandise exports of $300 billion.

Objectives of the study

a) To study the strategies implemented in the year 2004-09 and 2009-14 to increased export.
b) To study the performance of export and Import of 2004-2014.
c) To study the features of Foreign Trade Policy 2015-20.

Research Methodology

Secondary data collected through various web sites, articles published in Newspaper, Magazines, reference books etc for the study.

Strategies of Foreign Trade Policy 2004-09 and 2009-14.

2004-09

1. Simplifying procedures and brining down transactions costs.
2. Facilitating development of India as a global hub for manufacturing, trading and services.
3. Identifying and nurturing special focus areas which would generate additional employment opportunities, particularly in semi urban and rural areas and developing a series of 'Initiatives' for each of these.
4. Upgrading Infrastructural network, both physical an virtual, related to the entire Foreign Trade chain, to international standards.

2009-14

Strategies of Foreign Trade Policy 2009-14

1. Under the Market Diversification - Diversification of Indian Exports to other market due to declined demand of goods in develop countries.
2. Incentives increased fro 2.5% to 3% for under focus of market scheme.
3. Focus on technological upgradation for increased Indian exports
4. Additional credit scrip @1% to status holders after recognized their contribution in economic growth.
5. Under the scheme VKGUY special additional special duty scrip for variety agriculture products.
6. Special additional duty scrip to Marine sector, Leather and Footwear, Handlooms, Handicrafts provided by Government.

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Performance of Exports and Imports (2004-09)

Year	Export US$ billion dollar	% change over the previous year	Import US$ billion dollar	% change over the previous year
2004-05	83.54	30.8	111.52	42.7
2005-06	103.09	23.8	149.17	33.8
2006-07	126.41	22.6	185.74	24.5
2007-08	163.13	29.0	251.65	35.5
2008-09	185.30	13.6	303.70	20.7

Performance of Exports and Imports (2009-14)

Year	Export US billion dollar
2009-10	200.0
2010-11	251.1
2011-12	306.0
2012-13	300.3
2013-14	314.4

Key Highlights of Foreign Trade Policy 2015-20

The Foreign Trade Policy 2015-20 was announced on 1st April 2015. The main objective behind this policy is double India's export of goods and services to US $900 billion by 2020 under the theme of 'Make in India'. The important motivational factor to Indian exporter is that introduced incentives in the five year foreign trade policy**.**

1) India will become significant participants in world trade by 2020.

2) SEIS shall apply to 'Service Providers located in India' instead of 'Indian Service Providers'.

3) This policy would reduce export obligation by 25% and give boost to domestic Manufacturing.
4) Under the new scheme MEIS (Merchandise Exports from India Scheme) SEIS(Services Export from India scheme) incentives to be available for SEZ also E-commerce of handicrafts, Handlooms, Books etc eligible for benefits of MEIS.
5) Industrial products to be supported in major markets at rates ranging from 2% to 3%.

6) Agricultural and village industry products to be supported across the globe at rates of 3% and 5% under MEIS.
7) Debits against scrip would be eligible for CENVAT credit or drawback also.
8) The criteria for export performance for recognition of status holder have been changed from Rupees to US dollar earnings.
9) No need to repeatedly submit physical copes of documents available on Exporter Importer profile.
10) Online procedure to upload digitally signed document by Chartered Accountant/ Company Secretary / Cost Accountant to be developed.

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A STUDY ON SERVICE EXPORT PERFORMACNCE OF INDIA

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Abstracts: *The service sector has been a major contributor to India's GDP and to its growth. It is the second largest employer after agriculture. India's trade in services has increased overtime, and services account for the largest share in India's foreign direct investment (FDI) inflows and outflows. This paper is an attempt to throw light on the scenario of service sector in India in recent time. Various aspects of services like role of FDI, contribution to GDP and incentives offered by government for growth of service sector is discussed in the paper. Data is collected from secondary source like websites and publications.*

Keywords: *Service, Export*

1. Introduction

In developing countries like India, the service sector can lead to inclusive growth through backward and forward links, by ensuring equitable access to basic services at low prices, by creating employment opportunities, and by developing human capital. India is among the world's rapidly growing economies. In 2010, the gross domestic product (GDP) grew at 10.6% compared to an average growth rate of 7.5% in emerging and developing economies. Although the growth rate decreased to 7.2% in 2011, it was still higher than the average growth rate of emerging economies (6.2%). The growth of India's service sector has drawn global attention. Unlike other countries where economic growth has led to a shift from agriculture to industries, in India there has been a shift from agriculture to the service sector. In this respect, India has been considered as an outlier among South Asia and other emerging countries. It is pointed out that with the rise in per capita income, the share of services in GDP increases. India was a negative outlier in 1981 compared to other emerging markets as the share of services in value added and employment was below that of other countries. After the 1990s, the service sector grew, and in 2000 India became a positive outlier in terms of the share of services in value added but continued to be a negative outlier in terms of its share in employment. The growth in the service sector in India has been linked to the reforms of the 1990s. In the first 3 decades after independence in 1947, India was largely an agrarian economy. The service sector started to grow in the mid-1980s, but growth accelerated in the 1990s when India initiated a series of economic reforms after the country faced a severe balance of payments crisis. Reforms in the service sector were a part of the overall reform program which led to privatization, the removal of FDI restrictions, and streamlining of approval procedures among others.

Service sectors of India

As per WTO, ranked India as 8th largest exporter (3.3% of world exports) and 7th largest importer (3.1% of the world imports), in commercial services trade. Services sector is playing pivotal role in the growth of Indian economy and employment generation, and has become oiling wheel of the growth and prosperity of Indian masses which forms a backbone of social and economic development of India. Over the years, Services Exports has constantly been giving trade surplus for India

Role of FDI in India's Service Sector

The Service Sector has played a dominant role in the Indian Economy with a 57.3 per cent share in the GDP and a growth of 10.1 per cent in 2009 -10 (Economic Survey 2010-2011, RBI). Foreign Direct Investment (FDI) has been instrumental behind the growth of service sector in India. Since the opening up of the economy in 1991, FDI in India has grown in leaps and bound. From a mere 45.46 million dollars in 1970, FDI has grown into a mammoth 40418.39 million dollars in 2008. The FDI inflow between 1991 and 2008 had increased by a staggering 53791.2 million dollars. A substantial part of the FDI has gone into the service sector. In addition, FDI's contribution to this sector has only grown overtime. The flow of FDI in Indian service sector has boosted the growth of Indian economy; this sector has contributed a large share in the growth of India's GDP. The service sector has attracted a significant portion of total FDI in Indian economy which is visible especially in the second decade (2000 - 2011) of economic reforms in India.

Contribution to Gross Domestic Product

Table shows that over time, the share of services in GDP has increased while that of agriculture has declined. In the last decade, the share of services surpassed the combined share of agriculture and industry making it the most important contributor to the country's output. In fiscal year (FY) 2009, services accounted for 57.3% of India's GDP which was less than that of countries such as the United Kingdom (UK) at78.4% and the United States (US) at 78.2%, but higher than that of the People's Republic of China (PRC) at 41.8%.3

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Average by Decade of the Share of Sectors in India's Gross Domestic Product (%)

Sector	**1950s**	**1960s**	**1970s**	**1980s**	**1990s**	**2000s**
Agriculture	55.3	47.6	42.8	37.3	30.9	21.8
Industry	14.8	19.6	21.3	22.23	23.3	24.5
Services	29.8	32.8	35.9	40.3	45.7	53.7

Source: National Income Accounts

The growth of the service sector accelerated in the late 1980s, and in the late 1990s it surpassed the growth of industries to become the fastest growing sector of the Indian economy. In FY2009, the service sector grew at 9.96% compared to 8.81% growth in the industry sector and 1.57% in agriculture. The compound annual growth rates (CAGR) of services in the PRC and India from 2001 to 2010 were 11.3% and 9.4%, respectively. This implies that even though the present share of services in GDP for the PRC is lower than that of India, in future the share of services will be higher and can even surpass that of India since it is growing at a faster rate.

About SEPC

SEPC, an Export Promotion Council set by Ministry of Commerce & Industry, Government of India, is an apex trade body to facilitate service exporters of India and serving as a platform of interaction between service exporters and policy makers. SEPC has been instrumental in promoting the efforts of Indian service exporting community. The Council has Completed 6 years of its existence and got a strong membership base of more than 1800 members from its 14 service sectors which come under the purview of SEPC.

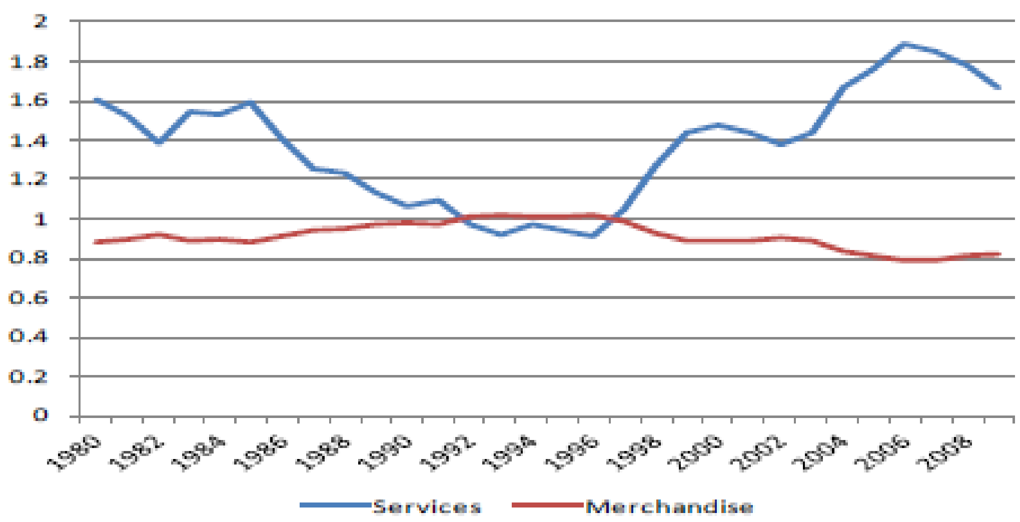
Membership status of SEPC

SEPC has membership base of more than 1800 professionals and professionally managed corporate spread across various service sectors throughout the country. Ministry of Commerce and Industry, Government of India, with a view to give proper direction, guidance and encouragement to the Services Sector, has set up an exclusive Export Promotion Council for Services in the name of Services Export Promotion Council (SEPC). SEPC was registered under the Societies Registration Act in November, 2006. DGFT, vide Gazette Notification dated 5/3/2007, included SEPC in the list of the recognised Export Promotion Councils. SEPC has been mandated to promote export of services in the following sectors:-

• Healthcare Services • Legal Services • Accounting and Auditing Services • Hotel and Tourism Related Services • Environmental Services • Entertainment Services • Maritime Transport Related	• Distribution Services • Architectural Services • Educational Services • Advertising Services • Consultancy Services • Marketing Services • Printing and Publishing Services

Service sector is the largest and fastest growing sector in the Indian economy making as high as 59% contribution in total GDP of India Services export is one of the key thrust areas of the Government of India. Services exports have recorded about seven fold increases in ten years from US$ 20.76 billion in 2002-2003 to US$ 142.325 billion in 2011-2012 and US$ 105.84 billion upto December, 2013.

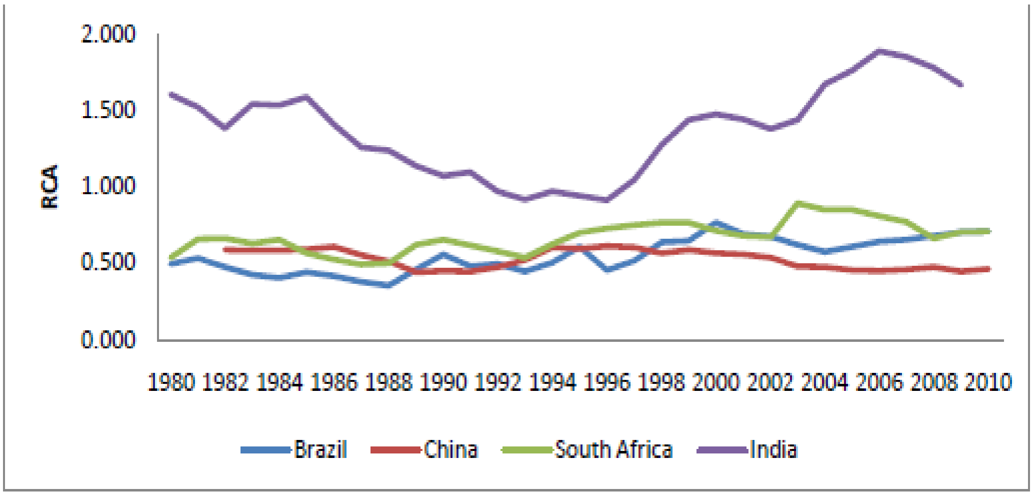
Figure 7: India- RCA in goods (merchandise) and services exports



Source: United Nations Conference on Trade and Development (UNCTAD)

India has a clear comparative advantage in services exports to the world and its competitiveness has improved since 1996. For services in particular, India's competitiveness remains higher than that of many other emerging markets

Figure 3: RCA- Services exports



Source: United Nations Conference on Trade and Development (UNCTAD)

2. <u>Literature Review</u>

(Mukherjee, 2012) This paper provides an overview of the Indian services sector. It shows that services is the fastest growing sector in India, contributing significantly to GDP, GDP growth, employment, trade and investment. The paper identifies a number of barriers faced by the services sectors and suggests policy measures, which, if implemented, will lead to inclusive growth, increased productivity, generate quality employment, increase trade and investment, and enhance India’s global competitiveness in services. The paper found that the services sector faces a number of barriers, which makes it difficult for the sector to reach its full potential and contribute to inclusive growth. Specifically, a lack of policy, which takes into account the heterogeneity of the sector and its evolution and integration, multiple governing bodies, and lack of coordination among them, lack of regulation in some sectors and over regulation in the others, are adversely affecting the growth of this sector. The paper highlights reform measures that will enable the services sector to not only to grow at a fast pace but also create quality employment and attract investment. It is important for a developing country like India with a large and young population to generate quality employment and move up the value chain.

(Illiyan, 2008) The paper is an attempt to discern and delineate the growth performance, challenges and opportunities of such a promising sector of Indian economy. It has been observed that software export has registered an annual compound growth rate of 45 per cent during the last decade and continues to show robust growth even today. Growing respect for Indian software industry in the international market, continued rise in the offshore services, quality services, timely delivery, entry into new markets, Y2K data conversion business, international linkages and also due to various steps taken by the Government to promote software export such as simplifying procedures, tax concessions, establishments of software technology parks, more liberal foreign investment policies, possessement of second largest pool of scientific and skilled manpower which is also English speaking, low cost of labour, locational time difference with the western world enabling round the clock development, proactive role by Nasscom (the software industry association), etc. are some of the factors that gave fillip to the faster growth of India's software export. Undoubtedly other developing countries can learn lessons from India's experience and can develop IT capabilities by mutual cooperation.

(Mukherjee, 2013) This paper talks about the service sector in India. The service sector is the largest and fastest growing sector in India and has the highest labor productivity, but employment has not kept pace with the share of the sector in gross domestic product and has not produced the number or quality of jobs needed. There is no policy leading to inclusive growth, and multiple, uncoordinated governing bodies adversely affect the growth of the sector. Many regulations are outdated, and there are restrictions and barriers on foreign direct investment. While India is among the top 10 World Trade Organization members in service exports and imports, the growth and export of services is less than that of the People's Republic of China, and exports are competitive in only a few services and are concentrated in a few markets. Most of the poor in India do not have access to basic services such as healthcare and education, and infrastructure is weak so the cost of service delivery is high. Although India wants to be a knowledge hub, there is no uniformity in the quality and standards of education, and formal education does not guarantee employability. Policy measures are suggested for inclusive growth that will also enhance India's global competitiveness in services.

(Saleena, 2013) This paper is examines empirically the role of FDI on services export using econometric tools. The researcher says that FDI has positively influenced the growth of services export in the Indian economy, after the liberalization period. During the post liberalization period the trade policies undertaken by the government (like the Foreign Trade Policy (2004-2009), the National Telecom Policy (NTP) etc.), the changing attitude of the government towards foreign direct investment has increased export opportunities has induced foreign investors to take advantage of India's comparative advantage in the Service Sector. Since services export is largely driven by information and communication technology, rapid advancement in information and communication technology (ICT) in India is likely to generate significant scope for export oriented services.

3. Objectives

The sole objective of this paper is to study the service export performance of India.

4. RESEARCH METHODLOGY

4.1 Source of Data:

The present study is based on secondary data.

4.2 Data Collection:

The secondary data is collected from websites and various published books and research papers.

5. LIMITATIONS

- Research is based on secondary data.
- Research includes only export of service sector.

6. FINDINGS OF STUDY

STATISTICS

India's Service Exports (US$ billion)

Sector	2013-14 (April-June) (P)	2012-13 (P)	2011-12 (P)	2010-11 (PR)	2009-10 (R)	2008-09 (R)	2007-08 (R)
Services Exports	36.52	145.67	142.32	132.88	96.04	105.96	90.34
Travel	3.82	17.99	18.46	15.27	11.85	10.89	11.34
Transportation	4.13	17.33	18.24	14.2	11.17	11.31	10.01
Insurance	0.50	2.22	2.63	1.94	1.59	1.42	1.63
G.N.I.E*	0.13	0.57	0.47	0.53	0.44	0.38	0.33
Miscellaneous (Total)	27.93	107.54	102.51	100.85	70.97	81.94	67.01
Software Services	16.48	65.86	62.21	55.46	49.70	46.30	40.30
Business Services	7.26	28.44	25.91	24.05	11.32	18.60	16.77
Financial Services	1.72	4.94	5.96	6.50	3.69	4.42	3.21
Communication Services	0.63	1.68	1.60	1.56	1.22	2.29	2.40

***Government Goods and Services Not Included Elsewhere (G.N.I.E) (P) –provisional PR-partially revised R- revised (Source- RBI balance of payment release on 30.09.2013)**

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Month-wise Services Export Data

Services export data 2012-13 (US$ million)		**Services export data 2013-14 (US$ million)**	
April, 2012	10,484	April, 2013	12,842
May, 2012	12,052	May, 2013	12,799
June, 2012	10,843	June, 2013	12,348
July, 2012	11,065	July, 2013	12,941
August, 2012	11,402	August, 2013	12,310
September, 2012	11,939	September, 2013	12,290
October, 2012	12,348	October, 2013	12,563
November, 2012	12,029	November, 2013	12,317
December, 2012	12,881		
January, 2013	13,899		
February, 2013	12,287		
March, 2013	12,253		
Total for FY 2012-13	**143,482**	**April-November, 2013-14**	**1,00,410**

(Source RBI press release: Monthly Data on India's International Trade in Services dated 15.01.2014)

Export, Import and Net Export Data for Standard Service Components										US $ Million					
	2009-10 R			**2010-11 PR**			**2011-12 P**			**2012-13(P)**			**2013-14(P)**		
	Export	Import	Net	Export	Import	Net	Export	Import	Net	Export	Import	Net	Export	Import	Net
Services Total	95759	60033	35726	131972	84308	47664	142325	78227	64098	145678	80763	64915	151475	78510	72965
Travel	11859	9342	2517	15275	11232	4043	18462	13762	4599	17999	11823	6176	17922	11810	6112
Transportation	11177	11934	-757	14277	13880	397	18241	16382	1859	17334	14806	2528	17380	14792	2588

Communication Services	Financial Services	Business Services	Software services	Miscellaneo us of which :	G.N.I.E, ***	Insurance
1229	3736	11368	49705	70680	440	1603
1355	4643	18049	1469	36945	526	1285
-126	-907	-6681	48236	83735	-86	317
1562	6808	24049	59001	99937	534	1949
1152	7489	27871	2195	56976	820	1400
410	-975	-3922	56806	42951	-280	549
1600	5967	25910	62212	102513	478	2632
1557	7984	25788	1256	45806	780	1497
43	-2018	-878	60957	56707	-302	1134
1686	4949	28447	65867	107544	574	2227
741	4633	30349	2363	51912	813	1409
945	316	-1902	63504	55632	-219	818
2410	6650	28482	69439	113564	488	2121
1063	5814	27189	2481	49814	979	1116
1347	835	1293	66958	63750	-490	1005

PR: Partially Revised, P: Preliminary, R: Revised , G.n.i.e: Government not included elsewhere
Source: RBI's Balance of Payments Statistics

Export, Import and Net Export Data for Standard Service components										US $ Million					
Item	**Apr-Jun 2014 PR**			**Jul-Sep 2014 PR**			**Oct-Dec 2014 PR**			**Jan-Mar 2015 P**			**Apr-Mar 2014-15 P**		
	Export	Import	Net	Export	Import	Net	Export	Import	Net	Export	Import	Net	Export	Import	Net
Services Total	37568	20499	17069	38358	19357	19001	39682	19383	20299	39841	20436	19406	155448	79765	75683

Communication Services	Financial Services	Business Services	Software services	v) Miscellaneous of which :	iv) G.N.I.E, ***	iii) Insurance	ii) Transportation	i) Travel
450	1581	7066	17533	28213	132	537	4452	4232
262	1415	6306	519	12178	248	304	3931	3838
188	166	761	17014	16035	–115	234	521	394
492	1363	7077	17645	28087	138	601	4540	4992
355	852	6780	728	10612	252	261	4109	4123
138	512	297	16917	17476	-115	340	430	869
537	1334	7207	18692	28840	158	565	4657	5461
222	736	7068	848	11044	224	314	4125	3676
315	598	139	17844	17,797	-66	251	532	1786
518	1383	7072	19238	29753	115	498	3827	5648
184	577	7,490	613	12,279	237	239	4011	3669
334	805	-419	18625	17475	-122	258	-184	1979
1997	5661	28422	73108	114894	543	2201	17476	20334
	3580	27644	2708	46203	961	1119	16177	15306
	2081	778	70400	68691	-418	1083	1299	5028

SEIS SCHEME UNDER FOREIGN TRADE POLICY OF INDIA 2015-2020

SEIS, Service Exports from India introduced as per Foreign Trade Policy of India 2015-2020 from 1st of April 2015 to 31st of March, 2020. SEIS, Services Exports from India Scheme under Foreign Trade Policy of India 2015-20 is a modification of SEIS, Served from India Scheme under Foreign Trade Policy 2009-14. The rate of SEIS scheme under Foreign Trade Policy 2015-20 is based on net foreign exchange earned on services. The reward issued as duty credit scrip, would no longer be with actual user condition and will no longer be restricted to usage for specified types of goods but be freely transferable and usable for all types of goods and services tax debits on procurement of services / goods. Debits would be eligible for CENVAT credit or drawback. The present rates of reward are 3% and 5%. The list of services and the rates of rewards would be reviewed after 30.9.2015. Free Foreign Exchange earned through international credit cards and other instruments, as permitted by RBI shall also be taken into account for computation of value of exports under SEIS.

As per Foreign Trade Policy 2015-20, SEIS is eligible to units of SEZs, Special Economic Zones. Reward in the form of duty credit shall be issued by the DGFT to service providers of notified services located in India under the Service Exports from India Scheme (SEIS).

Simplifications from earlier schemes include that both SEIS and MEIS reward duty credits are freely transferable and may be used to debit customs duty on import of any goods (except appendix 3A items), debit service tax on procurement of services or debit central excise duty on domestic procurement of excisable goods (without exception for appendix 3A items); the basic customs duty debited in SEIS/MEIS duty credit may also be allowed as drawback. The notification Nos. 24 & 25/2015-Customs, 20 & 21/2015-Central Excise and 10 & 11/2015- Service Tax all dated 08.04.2015 may be referred in this regard.

7. Conclusion

The service sector is the largest and fastest growing sector in India, it has the highest labour productivity, and it is projected to continue to grow at a fast pace. The share of services in India's total trade is higher than the global average, and India is among the top 10 WTO members in service exports and imports. But there are concerns that India does not have a policy that adversely affect the growth of the sector. Many regulations are outdated and do not suit the current scenario and FDI restrictions and regulatory barriers. There are wide variations in the growth of different types of services and great disparities in access to services poor are not able to have access to basic services such as healthcare and education. Infrastructure is weak, so the cost of service delivery is high. It is important for a developing country like India with a large, young population to generate quality employment and to move up the value chain. India needs private investments in key infrastructure services such as transport, energy, and telecommunications. It can attract FDI and private investment only with a stable, transparent, non-discriminatory, competitive policy environment. If this will be implemented, they will enhance the productivity and efficiency of the service sector and lead to inclusive growth.

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TRANSFORMATIONAL FOOTSTEPS IN FOREIGN TRADE POLICY OF INDIA

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Objectives of the Study

To study the F.T.P policy changes over decades upto recent past.

Methodology

Majorly Secondary source of data used

Foreign Trade 1950 onwards

Peculiarities

1. A progressive tightening up of import policy since1957.
2. The Open General License (except for poultry, fish, vegetables, etc., from Pakistan) discontinued
3. Limited quotas in respect of essential commodities were granted to importers on the basis of their actual imports during 1952-56.
4. No fresh licenses to be issued in this period to established importers 5. The conditions of issue of capital goods licenses on deferred payment basis made more stringent.
5. The licenses to be given keeping in view the austerity measures
6. Imports of consumer’s goods cut drastically and that of raw materials and intermediate products to be limited to the
7. Minimum necessary for the maintenance of production.
8. Capital goods licensing continued to be confined to the highest priority programmes.

Tranformation

As a result, the imports came down drastically.

1960 onwards

Peculiarities

1. There was an increase in exports and a reduction in imports.
2. The exports of hides and skins, cotton textiles, vegetable oils and manufactures such as bicycles, sewing machines and fans increased. 3.Export duties on a few products were reduced
3. There was drawbacks of import duties on raw materials used in the manufacture of exports were granted.

4. Special licenses for import of raw materials and components and spare parts were granted for a number of commodities on the basis of export performances
5. In a few cases this facility was extended to the imports of capital goods also.
6. The policy of removing quantitative restrictions on exports was continued and export quotas on items like certain oilseeds and oils were liberalized.
7. The search for new markets continued and agreement designed to raise the level of trade with several East European countries were concluded.

Transformation

The government imports witnessed a continuous upward trend, which included food imports. These foreign trade policies were an extension of more general economic policies under which the “commanding heights “of industrial economy were dominated by state enterprises, and the private sector was subject to extensive controls, which collectively came to be known as the “Licensing Raj” It may be characterized as “ transition from liberal to move towards inflexibility”.

1970s onwards

Peculiarities

1. India’s trade policy heavily relied on quotas rather than on tariffs
2. Imports were regulated through a licensing system without any policy prescriptions.
3. Import licenses allocated on two major criteria of ‘essentiality’, and the principle of ‘indigenous non-availability’.
4. Almost all imports were subject to discretionary import licensing or were ‘canalized’ by the government monopoly trading organizations. 4.The commodities listed in the Open General License (OGL) category could be imported without a license subject to
5. several conditions.
6. Capital goods were divided into restricted category and the OGL category.
7. Intermediate goods were also classified as falling into the banned,
8. restricted and limited permitted category
9. The import of consumer goods was banned (except those that were considered essential and could only be imported by the designated government canalizing agencies).

Transformation

Development of Complex Regime. In the late 1970s and early 1980s, the trade regime was based on a complex system of licensing.

The, exports grew relatively slower than imports. The import control stiffened the manufacturing sector. The necessity for economic reform emerged from this backdrop.

1980s onwards

Peculiarities

1. The government used the method of quantitative restrictions with varying levels of severity until the import-export policy announcement in 1985-88.
2. .The regime of import control was consolidated and strengthened in the subsequent years and more or less intact in the 1980s.
3. In this system tariffs lost most of their relevance for regulating the quantity of imports and for protecting local industries: their main function was to raise revenue and to transfer quota rents from or to the recipients of import licenses.
4. In order to offset the anti-export bias resulting from the increasingly over valued exchange rate, subsidies were provided to manufactured Exports
5. Allowing exporter to import duty free otherwise restricted raw materials, components and machines

Transformation

As a result of these subsidies and other export incentives for manufacturing, a fairly range of manufactured products begun to be exported for the first time. Significant acceleration in export growth rate was recorded in mid-1980s.The process of liberalization that began in mid-1980s was slow and fragmented. Many export incentives were introduced and imports were tied to exports. However, the growth of imports over exports kept a continuous pressure The foreign reserves were hardly enough to meet one month's import bill. The speed of trade reform quickened a shift from quantitative import controls to protective system based on tariffs was initiated by the Rajiv Gandhi Government in November 1985

1991 onwards (Episode of trade liberalization)

Peculiarities

1. The new trade policy reversed the direction followed for decades.
2. The tariff protection reduced, relaxed
3. Simplified restrictive import licensing regime.
4. Import licensing was totally abolished with respect to imports of most machinery, equipment and manufactured intermediate products. 5.Internal reforms included reduced control over locational restrictions and industrial licensing.
5. The policy focus was primarily on liberalization of capital goods and inputs for industry, to encourage domestic and export-oriented growth.
6. Imports of consumer goods remained regulated
7. There has been no change in the structure of export incentives and subsidies.

8. India's financial services are gradually being liberalized
9. Significant change in tariff rates with the peak rate reduced from 300 per cent to 150
10. The peak duty on capital goods cut to 80 per cent

Transformation

In some sectors controls were reduced on administrative prices. While significant headway was made in liberalizing telecommunications, other services such as shipping, roads, ports and airports are beginning to open up. India amended its copyright law in 1994 to comply with its obligations under the Trade Related Intellectual Property Rights (TRIPs) agreement. . The exchange rate was unified and made convertible on current account in 1993.

From a very complex customs tariff structure in 1991 with an incredible array of general, specific and user-end exemptions, the structure has been simplified.

In 1997, India presented a programme for the removal of remaining restrictions to its trading partners. The reforms in tariff and non-tariff barriers have not been accompanied by similar reforms on export subsidies and incentive programmes. However, since 1996-97, tariffs slowly increased. The removal of quantitative restrictions took place in 2000 and 2001, after India failed in its attempt to defend them on balance of payments grounds at the WTO.

India has also simplified its foreign investment regime and opened up a number of sectors to foreign direct investment. FDI policy has been further liberalized. Investment is allowed in greater number of sectors and made eligible for automatic investment procedures. However, FDI was not permitted in a few sensitive sectors.

2000 onwards

Peculiarities

1. Customs duties included only four rates (35 per cent, 25 per cent, 15 per cent and 5 per cent).
2. In general, bound tariffs are substantially higher than applied rates, particularly for agricultural products.
3. The import licenses continue to be the main non-tariff barriers.
4. The number of goods subject to import licensing reduced with an emphasis on industrial and capital goods rather than consumer products
5. FDI policy further liberalized.
6. FDI was not permitted in a few sensitive sectors.
7. Neutralizing incidence of all levies and duties on inputs used in export of products;
8. Nurturing special focus areas which will generate additional employment opportunities, especially in semi-urban and rural areas;
9. Simplifying the procedures and bringing down transaction costs;

10. Facilitating technological and infrastructure up gradation of all sectors.
11. Promotion of "Brand India" goods.

Transformation

The removal of quantitative restrictions took place in 2000 and 2001, after India failed in its attempt to defend them on balance of payments grounds at the WTO. India has also simplified its foreign investment regime and opened up a number of sectors to foreign direct investment.

India began to make use of all measures to protect the domestic economy under the WTO rules. This included the use of sanitary and phyto-sanitary (SPS) measures. The protective measures that came into vogue are in the form of tariff adjustments, levy of antidumping and countervailing duties, safeguard actions such as temporary imposition of QRs and SPS measures. The economic reform introduced in 1991 helped India to eliminate 'export pessimism' of 1950s and 1960s

It belied the argument that 'export pessimism' (such as protectionism in industrialized countries) or 'economic nationalism' (based on the belief that domestic protection for domestic consumption is economically superior to trade) is right course.

The foreign trade policy is built around two major objectives. These are:

- to double the percentage share of global merchandise trade within next five years,
- to act as an effective instrument of economic growth by giving a thrust to employment generation.

2010 onwards

Peculiarities

1. The Exim Policy 2001- 02 removed quantitative restrictions on the imports and exports to make Freer Imports and Export**s**
2. Acting on the recommendations of Chelliah Committee Rationalisation of Tariff Structure Viz. the peak import duty on non-agricultural goods is now only 12.5 per cent.
3. The policy decanalised imports of a number of items including newsprint, non-ferrous metals, natural rubber, intermediates and raw materials for fertilisers.
4. Only 8 items (petroleum products, fertilisers, edible oils, cereals, etc.) were to remain canalised.
5. The Exim Policy, 2001-02 put 6 items under special list — rice, wheat, maize, petrol, diesel and urea. Imports of these items were to be allowed only through State trading agencies.
6. Devaluation and Convertibility of Rupee on Current Account

7. Setting upTrading Houses with 51 per cent foreign equity for the purpose of promoting exports.
8. .A scheme for setting up Special Economic Zones (SEZs) to provide an internationally competitive and hassle-free environment for exports
9. The Export Oriented Units (EOUs) scheme introduced in complementary to the SEZ scheme. offering a wide option in locations with reference to factors like source of raw materials, ports of export, hinterland facilities, and availability of technological skills, existence of an industrial base and the need for a larger area of land for the project.
10. The Exim Policy 2001 introduced the concept of Agri- Export Zones (AEZs) to give primacy to promotion of agricultural exports and effect a reorganisation of our export efforts on the basis of specific products and specific geographical areas.
11. Market Access Initiative Scheme for undertaking marketing promotion efforts abroad and assist quality upgradation of products as per requirements of overseas markets, intensive publicity campaigns, etc.
12. Focus on Service Export as an engine of growth. for instance, import of consumables, office and professional equipment, spares and furniture upto 10 per cent of the average foreign exchange export earning has been allowed.
13. The advance licence system has been extended to the tourism sector.
14. Concessions and Exemptions for **instance** a number of tax benefits have also been announced for the three integral parts of the 'convergence revolution' the Information Technology sector, the Telecommunication sector, and the Entertainment industry. Raise India's share in world exports from 2 per cent to 3.5 per cent.
15. Merchandise Export from India Scheme (MEIS) and Service.
16. Exports from India Scheme (SEIS) launched.
17. FTP to be aligned to Make in India, Digital India and Skills India initiatives.
18. Higher level of support for export of defence, farm produce and eco-friendly products.

Transformation

By implementing Foreign Trade Policy FTP 2015-202 the India's share in world trade is expected to double from the present level of 3% by the year 2020. By taking measures for import substitution at one side, the forthcoming Foreign Trade Policy 2015-2020 (FTP 2015-20) focuses on increasing exports at the present scenario of increasing current account deficit CAD. The new Foreign Trade Policy 2015-2020 (FTP 2015-20) included necessary measures to boost productivity and earn exportable surplus at competitive rates in exports. The current trade policy reforms seem to have been guided mainly by the concerns over globalisation of the Indian economy, improving competitiveness of its industry, and adverse balance of payments situation.

Challenges

FTP to promote e-Commerce has to be focusing on job creation. Under the new five-year Foreign Trade Policy (FTP), the government will have provide incentives to e-Commerce companies exporting products from sectors that create jobs.

Suggestions

'India needs to gear up to face challenges of mega trade pacts'

1. Expressing concerns over two mega free trade agreements TPP and TTIP, the government today said the Indian industry needs to gear up to meet challenges that would emerge from these pacts.
2. While India is participating in the Regional Comprehensive Economic Partnership (RCEP) agreement, it is not part of Trans Pacific Partnership (TPP) and Trans-Atlantic Trade and Investment Partnership (TTIP).
3. Commerce Secretary Rajeev Kher said that these pacts would add a completely new dimension to the global trading system.
4. "The mega agreements are bound to challenge India's industry in many ways, for instance, by eroding existing preferences for Indian products in established traditional markets such as the US and EU and establishing a more stringent and demanding framework of rules.
5. "Indian industry needs to gear up to meet these challenges for which the government will have to create an enabling environment,
6. He said India's future bilateral and regional trade engagements will be with regions and countries that are not only promising markets, but also major suppliers of critical inputs and have complementarities with the Indian economy.
7. "The focus of India's future trade relationship with its traditional markets in the developed world would be on exporting products with a higher value addition, supplying high quality inputs for the manufacturing sector in these markets and optimising applied customs duties on inputs for India's manufacturing sector," he added.
8. The TPP is a proposed trade agreement under negotiation among 12 countries — Australia, Brunei, Chile, Canada, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the US and Vietnam. TTIP is between the European Union and the US.
9. Recognising that it is important to review whether the concessions under these agreements are being gainfully utilised and have resulted in meaningful market access gains, an 'Impact Analysis' of FTAs has been instituted,

10. There is a need to simplify and ease rules of origin criteria to position India effectively in global and regional value chains.
11. "The likelihood of duty inversions will continue to be closely monitored to ensure that industry is not put to any disadvantage. A system for capturing preferential data will be put in place at the earliest," he said.
12. Indian industry has raised concerns over these FTAs saying that it is benefiting more to the partner countries with which India has implemented such pacts.
13. The lack of information about India's FTAs was also a common complaint flagged by industry. To address this, an intensive FTA outreach programme has to be launched.

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A STUDY ON MERCHANDISE EXPORTS FROM INDIA SCHEME - MAKE IN INDIA INITIATIVE

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Abstract

This paper mainly focuses on the current Merchandise exports from India Scheme (MEIS). The study lays emphasis on the comparison of previous policy and the current policy given by the government related to export. The paper explains the various relaxation given to the exporters and the consequences on the trade in coming years. Numerous complicated Schemes have been complied and altered to match the steps with the global Market.

The foreign Trade Policy (FTP) 2015-2020 released by the Ministry of Industry and Commerce seeks to provide a stable and sustainable policy environment of goods and services. The policy has been formulated to promote "Make in India" and "Digital India" initiative of the Government of India.

Chapter 3 reward schemes have been simplified in the Foreign Trade Policy (2015-20). There were several reward schemes in chapter 3 and an attempt is being made to rationalise and consolidate them into MEIS and SEIS.

Introduction

MEIS has replaced following 5 different schemes of earlier Foreign Trade Policy:-

1) Focus Product Scheme (FPS)
2) Market-Linked Focus Product Scheme (MLFPS)
3) Agri-Infrastructure Incentive Scrip
4) Vishesh Krishi Gram Udyog Yojana (VKGUY)
5) Focus Market Scheme (FMS)

The above schemes has sector-specific or actual-user conditions attached to them. All 5 schemes have been merged into a single scheme, namely, Merchandise Exports From India Scheme (MEIS). Notified goods exported to notified markets would be rewarded on FOB value realised by the exporter. MEIS rewards can be achieved on the basis of FOB value of exports realised in free foreign exchange or on FOB value of exports as mentioned in the shipping bill, whichever is less unless otherwise specified.

Make in India. Digital India. Skill India, The list of slogans for the government's economic initiatives is ever expanding. This public relations effort remains critical for the government, which needs to reshape how foreign businesspeople perceive India to increase foreign investment. However, many local businesspeople are concerned that the government has not implemented more measures to support its bold sloganeering.The Modi administration's first Foreign Trade Policy, unveiled on April 1, represents a prominent step forward in this regard. Much like the admiration's first budget, unveiled on February 28, the policy targets critical industries with useful reforms and incentives. Perhaps more importantly, however, the trade policy has sought to back-end the government's ambitious goals.

What's in the new Foreign Trade Policy?

Government spokespeople have emphasized that the Foreign Trade Policy 2015-2020 is built to support Make in India and Digital India. The former is a campaign to encourage manufacturing in India, while the latter is a campaign to develop digital infrastructure in India. In this view, the new Foreign Trade Policy serves as an important policy link for the government's goals. Below, we detail highlights from the new Foreign Trade Policy:

- **Merchandise Exports from India Scheme (MEIS)**

  The MEIS merges five existing export promotion schemes which was prevailing , the Focus Product Scheme, Market Linked Focus Product Scheme, Focus Market Scheme, Agriculture Infrastructure Incentive Scrip and Vishesh Krishi And Gram Udyog Yojana (VKGUY) Scheme – into one program. While the previous five programs were reshaped to specific sectors and users, there are no similar conditions for the MEIS. The government has incentivised the MEIS with duty scrips and adjustments on duty drawbacks.

- **Service Exports from India Scheme (SEIS)**

  The SEIS replaces the Served From India Scheme (SFIS). The SFIS was built specifically for Indian services providers; however, the new SEIS provides incentives for service providers located in India, regardless of their origin. The SEIS provides freely transferable duty scrips, which can be used for goods and service tax, based on the net foreign exchange earned by a company.

  The policy lays down a road map for Indian global engagement in coming years, targets 15 per cent increase in exports on annual basis and has a thrust on 'Make in India', 'Digitisation' and 'Ease to do Business'. The new Foreign Trade Policy (FTP) has been announced in the back drop of dip in exports because of moderation in demand globally.

This scheme aims to explore the huge opportunities of rendering our services outside India . Skill India is also on the agenda of the present government.

The government unveiled a five-year plan for lifting India's exports in a policy that seeks to make the country a bigger player in global trade by doubling overseas sales to $900 billion by 2019-20 while giving a push to the Make in India initiative.

The simplified Foreign Trade Policy (FTP) for 2015-20 collapses five earlier schemes for promotion of merchandise goods into one single programme and revamps one for promotion of services It focuses on reducing transaction costs for exports besides extending incentives to special economic zones (SEZs) and e-commerce.

The policy has recognized the new kind of exports which will be taking place and therefore it could focus on high technology based exports, green technology exports, environment friendly exports.

Foreign trade today plays a important part in India's economy, so much so that foreign trade policy deserves a special focus and dedicated attention as a prime constituent of India's economic policies. Foreign trade policy can neither be formulated nor implemented by any one department alone. Going forward, a "together with Government ‟ approach will be required.

FTP includes and simplifies the market and product strategy and measures required for trade promotion, infrastructure development and overall enhancement of the trade eco-system. It helps to enable India to respond to the challenges of the external environment, keeping in mind the rapidly changing international trading architecture and make trade a major contributor to the country's economic growth and development.

FTP 2015-2020 introduces two new schemes, namely "Merchandise Exports from India Scheme (MEIS)" for export of specified goods to specified markets and "Services Exports from India Scheme (SEIS)" for increasing exports of notified services, in place of a numerous of schemes related earlier, with different conditions for eligibility and its usage. There would be no conditionality attached to any scrips issued under these schemes. Duty credit scrips issued under MEIS and SEIS and the goods imported against these scrips are fully transferable. For grant of rewards under MEIS, the countries have been divided into 3 Major Groups, whereas the rates of rewards under MEIS range from 2% to 5%. Under SEIS the selected Services would be rewarded at the rates of 3% and 5%.

Measures have been adopted to judge procurement of capital goods from indigenous manufacturers under the EPCG scheme by reducing specific export obligation to 75% of the normal export obligation. This will promote the domestic capital goods manufacturing industry. Such flexibilities will help exporters to promote their productive capacities for both local and global consumption. Measures have been taken to give a boost to exports of defence and hi-tech items. At the same time e-Commerce exports of handloom products, books/periodicals, leather footwear, toys and customised fashion garments through courier or foreign post office would also be able to get benefit of MEIS (for a values of upto 25,000 INR). These measures would not only capitalize on India's strength in these areas and increase exports but at the same time will help also provide employment. Commerce Minister also stated that although exports from SEZs had seen huge growth, significantly higher than the overall export growth of the country, in recent times they had been facing several challenges. In order to give a boost to exports from SEZs, government has now decided to extend benefits of both the reward schemes (MEIS and SEIS) to units located in SEZs. It is hoped that this measure will give a new facelift to development and growth of SEZs in the country.

Trade facilitation and enhancing the ease of doing business are the other major focus areas in this new FTP. One of the major objective of new FTP is to move towards paperless working in 24x7 environment. Recently, the government has reduced the number of compulsory documents required for exports and imports to 3, which is comparable with international benchmarks. Now, a facility has also been created to upload documents in exporter/importer profile and the exporters will not be required Considering the strategic significance of small and medium scale enterprise in the manufacturing sector and in employment generation, 'MSME clusters' 108 have been identified for focused interventions to boost exports submit documents again & again.

Manufacturers, who are also status holders, will now be able to self certify their manufactured goods in phases, as originating from India with a view to qualifying for preferential treatment under various forms of bilateral and regional trade agreements. This "Approved Exporter System" will help these manufacturer exporters considerably in getting fast access to the global markets. Various steps have been taken for encouraging manufacturing and exports under 100% EOU/EHTP/STPI/BTP Schemes. The steps include a fast pace clearance facility for these units, permitting them to share infrastructure facilities, giving permission to inter unit transfer of goods and services, permitting them to set up warehouses near the port of export and to use duty free equipment for training purposes.

Conclusion

The new policy is a clear departure from the earlier seated foreign trade policy because here the government has recognised the emerging problems of the trade and has tried to address some of the important issues. Hence, this is a good policy and people will benefit the most, if it is implemented effectively. The new trade policy will boost exports and create jobs while supporting Make in India and Digital India. It will promote defence, pharmaceuticals , environment-friendly products and value-added exports. The new policy recognises the global challenges faced by the export sector and also identifies the potential sectors . It will give boost to push to sectors such as medical tourism, accountancy and architecture. The government aims to raise India's share in world exports from 2% to 3.5% by 2020.Unless the manufacturing gets importance in exports, the industry cannot grow. The new FTP will meet many things -- exports, manufacturing will go up and all allied industries will benefit. This will lead to job creation.

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E-EXPORTS

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Introduction

About E-Exports:

These exports belong to the digital concept of exports, wherein the major impetus is on registering the export transactions through online system. It started in India since 1997,about 6 years after globalization through which the entire area of foreign trade got more and more oriented towards the internet version of transactions.

The E-Exports provide for the increasing dimension of the export segment, which is based on screen based online transactions. This way they support in overall buying and selling via the E-way route wherein channelizing the exports and routing through the various dealers in the market becomes easier for the exporters. One of the pioneers in the segment is M/s Arcadia shipping corporation who initialiased there billing and the forwarding transactions ,through which there is help in increasing the volume of the business transactions with the various global countries.

The E-exports have witnesses a year on year high growth since about a decade in India with increasing number of companies volunteering to make their dealing safe and secure via the E-route. Hence it is one of the finest and one of the more sophisticated forms in which exports are taking place at a larger scale throughout the world markets.

Major applications of the E-exports:

Some of the common areas in which the E-exports have seen an overall increase are the areas of defense , transportation, logistics, warehousing etc .These are the common applications of E-exports by the leading exporters in the world:

1. **Billing functions**: Not just to inform the buyer and the seller about the transaction but also about improving the transparency in the settlement of the same E-ways have areally been of immense help

2. **Foreign currency Valuations**: Then valuations in the foreign currency are increasingly an important part of the overall import and export transactions in India which cannot just influence but also reinforce a new paradigm of online based quotations of goods and the services.
3. **Logistics functions**: It is with the help of logistics and the supply chain component o f the e-exports that the inventories and their current status can be ascertained in a real time across the locations for the same exporter in the market.
4. **Quality controls**: The facility of ensuring the quality and the entire controlling of the quality modules can be well planned and well ascertained with the help of the quality
5. **System programming**: It thus needs a varying degree of precession and accuracy which are auto controlled due to the e-exporting applications in the global market set up.

Scope of E-Exports

The electronics market of India is one of the largest in the world and is anticipated to reach US$ 400 billion in 2022 from US$ 69.6 billion in 2012. The market is projected to grow at a compound annual growth rate (CAGR) of 24.4 per cent during 2012-2020.

Total production of electronics hardware goods in India is estimated to reach US$ 104 billion by 2020. The communication and broadcasting equipment segment constituted 31 per cent, which is the highest share of total production of electronic goods in India in FY13, followed by consumer electronics at 23 per cent.

Electronic exports from India was expected to reach US$ 8.3 billion in FY13, a CAGR of 27.9 per cent during FY07–12. Technological improvements and competitively cost effectiveness are main drivers for demand of Indian electronics products abroad.

The Government of India has set up Electronic Hardware Technology Parks (EHTPs), Special Economic Zones (SEZs) and a brought about a favourable climate for foreign direct investment (FDI). It has also increased liberalisation and relaxed tariffs to promote growth in the sector. In addition, the government gave its green signal to the Modified Special Incentive Package Scheme (MSIPS) under which the central government will be offering up to US$ 1.7 billion in benefits to the electronics sector in next five years.

The growing customer base and the increased penetration in consumer durables segment has provided enough scope for the growth of the Indian electronics sector. Also, digitisation of cable could lead to increased broadband penetration in the country and open up new avenues for companies in the electronics industry.

What determines the level of exports?

- ❖ Competitiveness. The relative competitiveness of exports will play an important role in determining the level of exports. If UK prices relative to other countries, the UK will lose out. Competitiveness is determined by factors such as unit labour costs, inflation, productivity, infrastructure and price of raw materials
- ❖ Quality and value added of exports. For some industries like medicines, demand is price inelastic. Therefore, a change in price has less effect on demand. The key issue is the importance, quality and value added of the product.
- ❖ Exchange rate. A depreciation in the exchange rate will make UK exports more competitive, but may contribute to cost-push inflation and will cause more expensive imports.
- ❖ Long run productivity.
- ❖ How to increase the level of exports
- ❖ Pursue a weaker pound (if in fixed exchange rate – devaluation). A lower value of the pound makes exports cheaper, but this boost to competitiveness may prove temporary because of the increase in inflation. Also, if you rely on depreciation, exporters may have less incentive to cut costs and improve long-term product
- ❖ Supply side policies could include both interventionist supply side policies (such as education and training) and market oriented supply side policies (e.g. reducing power of trades unions, reducing government regulation). This can enable increased productivity.
- ❖ Private sector innovation. There is only so much the government can do to promote private sector productivity. Competitiveness depends on new technology and management techniques as much as any government policies.
- ❖ Reduce tariff barriers. Lower tariff barriers can help increase trade. However, if you reduce general tariff barriers, some domestic industries may lose out because they can no longer compete. However, the theory of comparative advantage states overall economic welfare will increase – there will just be a shift within the economy.

Limitations of E-exports

1. Less profitable and sparsely applicable for the small industries
2. Limited potential and the scope of development in the niche markets flooded with trade barriers
3. Problem of reducing the free trade regime by the developed countries of the world finally negatively effecting the world trade.

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Conclusion :

The scope of the E-exports in the future will largely depend on its role in improving the business cycles and the settlement of the transactions for the companies across the world. This way the E-exports can thro open the new and more promising gateways to the different countries in the world who would aggressively promote the global trade and increase welfare for them and their economy.

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TO STUDY THE INCENTIVES AVAILABLE TO EXPORTERS IN MANUFACTURING SECTOR

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Abstract

Monetary, tax or legal incentives designed to encourage businesses to export certain types of goods or services. A government providing export incentives often does so in order to keep domestic products competitive in the global market. Types of export incentives include tax exemption on profits made from exports. Export incentives make domestic exports competitive by providing a sort of kickback to the exporter. The government collects less tax in order to deflate the exported good's price, so the increased competitiveness of the product in the global market ensures that domestic goods have a wider reach. This level of government involvement can also lead to international disputes that may be settled by the World Trade Organization (WTO). Export Incentives are motivating factors provided by Indian Government to boost exports and help to exporters in competitive foreign markets. These incentives and facilities relate to exports performance, promotion of exports, fiscal incentives, schemes aimed at facilitation of imports for exports and various subsidies. Some export benefits are classified in form of Duty Drawback, Tax Concession MDA, EPCG, DFIA, VKGUY, SFIS, SHIS, FPS, MLFPS & Focus Market Product Schemes.

Keywords: Export Incentives, WTO, Duty Drawback, Foreign Market

Export Incentives

The Government of India has framed several schemes to promote exports and to obtain foreign exchange. These schemes grants incentive and other benefits. The few important export incentives, from the point of view of indirect taxes are briefed below:

Free Trade Zones (FTZ)

Several FTZs have been established at various places in India like Kandla, Noida, Cochin, etc. No excise duties are payable on goods manufactured in these zones provided they are made for export purpose. Goods being brought in these zones from different parts of the country are brought without the payment of any excise duty. Moreover, no customs duties are payable on imported raw material and components used in the manufacture of such goods being exported. If entire production is not sold outside the country, the unit has the provision of selling 25% of their production in India. On such sale, the excise duty is payable at 50% of basic plus additional customs or normal excise duty payable if the goods were produced elsewhere in India, whichever is higher.

Electronic Hardware Technology Park / Software Technology Parks

This scheme is just like FTZ scheme, but it is restricted to units in the electronics and computer hardware and software sector.

Advance License / Duty Exemption Entitlement Scheme (DEEC)

In this scheme advance license, either quantity based (Qbal) or value based (Vabal), is given to an exporter against which the raw materials and other components may be imported without payment of customs duty provided the manufactured goods are exported. These licenses are transferable in the open market at a price.

Deemed Exports

The Indian suppliers are entitled for the following benefits in respect of deemed exports:

- Refund of excise duty paid on final products
- Duty drawback
- Imports under DEEC scheme
- Special import licenses based on value of deemed exports

The following categories are treated as deemed exports for seller if the goods are manufactured in India:

- Supply of goods against duty free licenses under DEEC scheme
- Supply of goods to a 100 % EOU or a unit in a free trade zone or a unit in a software technology park or a unit in a hardware technology park
- Supply of goods to holders of license under the EPCG scheme

- Supply of goods to projects financed by multilateral or bilateral agencies or funds notified by the Finance Ministry under international competitive bidding or under limited tender systems in accordance with the procedures of those agencies or funds where legal agreements provide for tender evaluation without including customs duty
- Supply of capital goods and spares up to 10% of the FOR value to fertilizer plants under international competitive bidding
- Supply of goods to any project or purpose in respect of which the Ministry of Finance permits by notification the import of goods at zero customs duty along with benefits of deemed exports to domestic supplies
- Supply of goods to power, oil and gas sectors in respect of which the Ministry of Finance permits by notification benefits of deemed exports to domestic supplies.

Manufacture Under Bond

This scheme furnishes a bond with the manufacturer of adequate amount to undertake the export of his production. Against this the manufacturer is allowed to import goods without paying any customs duty, even if he obtains it from the domestic market without excise duty. The production is made under the supervision of customs or excise authority.

PROCEDURES AND DOCUMENTATION FOR AVAILING EXPORT INCENTIVES

Exports are given priority in India and enjoy lot of incentives. However, the major problem lies in the process of realizing them. Unfortunately, exporters have to approach multiple organizations for seeking sanction. Each organization prescribes its own exclusive method of documentation as well as procedure form the stage of submission of claim till sanction. The documentation and procedures are diverse with each incentive provided. This is not the end of their problems. Incentives are available at post-shipment stage but they are connected with the documents generated at the time of shipment. If exporter does not pay adequate care and attention at the time and stage of export shipment in providing complete and adequate information in the documents in a proper way, their claims for export incentives are adversely affected. It is essential to the exporters to plan carefully in respect of incentives, even at the time of shipment, though their benefits are available only after completion of the shipment.

In the absence of adequate planning, it will upset their fund flow and equally the total realization may not be remunerative for effecting exports. Exporters have to draw a suitable plan of action for claiming incentives in a timely manner to avoid delays and cuts in realization. Exporters have to understand the different procedural formalities, connected with multiple and diverse agencies. This would ensure proper compliance for availing of full benefit of incentives. In this area, Government has to rationalize the incentives by opening a single window approach for sanction of multiple claims.

TYPES OF INCENTIVES

Government of India has been endeavoring to develop exports through various financial and non-financial assistance and fiscal incentives to the exporters. They are divided in two categories. They are:

1. Incentive Linked to Export performance

(a) Duty Drawback (DBK)
(b) Excise Duty – Refund/Exemption
(c) Duty Free Replenishment Certificate
(d) Duty Entitlement Pass Book Scheme

2. Duty Exemption Scheme

Advance License

3. Fiscal Incentives

(a) Sales Tax Exemption
(b) Income Tax Exemption

4. Claim for Rail Freight Rebate

5. Claim for Air Freight Assistance

DOCUMENTATION AND PROCEDURE FOR CLAIMING INCENTIVES

The procedure for claiming these incentives is different for different incentives.

Duty Drawback (DBK)

The duty drawback refers to the refund in respect of Central Excise and Customs Duties paid in respect of raw materials and other inputs used in the manufacture of the product, prior to export.

1. Whom to Apply: The customs house in whose jurisdiction the exporter's factory or warehouse is situated.

2. When to Apply: An exporters is entitled to claim the duty drawback as soon as the export of goods is completed. Delivery of goods at the port of destination is not essential. Export' for the purpose of claiming duty drawback is evidenced by "Let Export Order". Claim application is to be submitted with in a period of three months from the date of "Let Export Order", issued by the Customs Officer. The exporter can seek extension of period for submission of claim. The Assistant Commissioner can grant extension for a period of three months, if he is satisfied that the exporter is prevented from submitting the application.
3. When Samples are Drawn: In case, any sample has been drawn from the shipment of goods to determine the contents of the basic materials for fixation of drawback, the sample report is be given to the exporter within a period of one month from the date of taking the sample. This report is to be submitted along with other relevant documents for submitting the claim. Delay in giving the report will be added to the period allowed for submission i.e. three months period. For example, if the sample report is given after one month and twenty-five days, the exporter can submit the claim within three months and twenty-five days, in addition to the discretionary extension period of three months.
4. Drawback Rates: The Government of India announces the rates of duty drawback every year on 31st May, product wise in the drawback schedule. Generally, the rates are expressed as a percentage of the FOB value of the goods exported. All such rates are called All Industry Rates. The rates are made effective from 1st June of every year. In case, duty drawback rate is not announced for a particular product, the manufacturer/exporter is known as Brand Rate. In case, the rate of duty drawback is less than 80% of the duties paid, the exporter can submit an application for suitable upward revision. This is known as Special Brand Rate. The application is to be submitted to Directorate of Duty Drawback Ministry of Finance.
5. When Duty Drawback not Admissible: Duty drawback is admissible for the export of all the notified products. However, in the following cases, it is not admissible:

(a) No excise/customs duty is paid for the manufacture of export product

(b) Amount of drawback is less than 1% of the FOB value of the goods. However, if the amount of drawback is more than Rs.500, it can be claimed

(c) If the export proceeds are not realized within six months

(d) If the amount of foreign exchange spent on the inputs used for the export is more than the foreign exchange value of the exports. In other words, value addition is negative

(e) Cenvat Credit is availed of

6. How to File Claim: The procedure for claiming duty drawback depends upon whether the processing of shipping documents has been computerized or not. The exporter is not required to

file any separate application for claiming duty drawback, if the processing of documents has been computerized at the jurisdiction customs station. Where processing has not been computerized, separate application is to be submitted for claiming duty drawback. Triplicate copy of the shipping bill becomes the application only after the Export General Manifest is filed.

7. Documents to be submitted: The following documents are to be submitted to the Directorate of Duty Drawback:

(a) Triplicate copy of the Shipping Bill
(b) Copy of bank attested invoice
(c) Copy of Packing List
(d) Copy of Bill of Lading/ Airway Bill
(e) Copy of ARE-1 form, where applicable
(f) Insurance Certificate, where necessary
(g) Copy of the Test Report, where required
(h) Copy of communication regarding Special Brand Rate fixation
(i) Copy of the export contract or letter of credit as the case may be
(j) Pre-receipt for drawback claim

8. How Claim Amount is paid: The Customs House that has the jurisdiction over the port or airport through which exports are affected makes the payment.
9. How Delay in Payment of Claim is avoided: when the claim application along with complete set of documents is submitted, an acknowledgement in the prescribed form is issued to the exporter within 15 days from the date of filing the claim. The duty drawback is to be paid to the exporter within a period of two months from the date of acknowledgment. In case of delay, interest @15% per annum is paid for the period of default. Due to compulsory interest provision, normally, claims are settled in time.

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THE FOREIGN TRADE POLICY 2015-20: AN OVERVIEW OF SERVICE EXPORT FROM INDIA SCHEME

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Abstract :-

Every country has now become the part of foreign trade. Thus, the governments around the world prepare foreign trade policies in order to direction to Import and Export activities being done from the country. In India, Central Government prepares foreign Exim policy now new name is New Foreign Trade Policy for a specific period, generally, five years. Policy generally includes import-export procedures, concession, incentives and so on offered to exporters to achieve export trade objectives. The New Foreign Trade policy 2015-20 intending that the government sought to rope in States and Union Territories in the process of international trade with the export target of dollar 900 bn by 2019-20 which is double the export of 2013-14 that is dollar 465 bn. The NFTP 2015-20 is progressive and special emphasis on large scale exports of goods and services. The policy seeking India's share in world export up to 3.5% by 2020. For export promotion two new schemes have been introduced name as Merchandise Export from India Scheme (MEIS) and Services Export from India Scheme (SEIS). NFTP 2015-20 focuses on "Make in India", "Digital India" and "Skill India".

Key words:- Make in India, Skill India, Digital India, Exim Policy, Foreign Trade.

Introduction:-

Service sector in India is considered to be the most promising sector in terms of contribution to National and State Income, trade inflow, FDI inflows and employment. Currently, service sector contributes around 59 % to India's GDP. Even , India's share in world export of services has been increased from 1.2% to 3.2% during the years 2000-2013. Thus, to promote export of services from India , the New Foreign Trade Policy 2015-20 has introduced Service Export From India Scheme, this scheme has replaced earlier scheme known as Served from India. It not only replaces earlier scheme, but it rationalize the incentives available under previous scheme, removes various kind of restrictions of use of scrip issued under the scheme and thereby enlarging scope of the scheme.

Objectives of the Study

1. To overview Services Export From India Scheme.
2. Understand the scope of the policy.

Glance of Objectives of NFTP 2015-20

1. To raise India's export of goods and services from $466 bn to $ 900 bn.
2. To raise India's share in World exports from 2% to 3.5 by 2020.
3. To generate employment opportunities in both manufacturing and service sector with liberal procedures.
4. Incentives to SEZ, services of exports, defence products, e-commerce.
5. More focus on paperless working. This can be achieved by round the clock online facility.
6. Firms contributing to country's foreign trade successfully will be recognised as Status Holder with special treatment to reduce their cost .
7. New initiatives for EOU, EHTPs, and STPs

SERVICES EXPORT FROM INDIA SCHEME

NFTP 2015-20 has introduced two new schemes name as Merchandise Export From India Scheme and Services Export From India Scheme. Services Export From India Scheme is for increasing export of notified services in place of plethora of services. This scheme has replaced earlier scheme name as Served From India Scheme. Services Exports From India Scheme shall apply to 'Service providers located India' instead of 'Indian Service Providers ' regardless of constitution or profile of the company.

The rates under SEIS will be from 3% to 5% of the total value of exports depending on the location of the buyer. Duty paid scripts issued under SEIS are fully transferable. This means that scripts issued under export from India scheme can now be used for payment of custom duty, excise duty, service tax paid on imported goods and goods produced domestically. SEIS also provides benefits to foreign companies operating in India.

Objective of SEIS

Objective of the Services Export From India Scheme is encourage export of notifies services from India. This can be achieved by availing benefits of the scheme to foreign companies located in India.

Features of SEIS

- ❖ To encourage export of notified services from India.

- Applicable to Indian as well as Foreign Companies located in India.
- Rate of reward are based on net foreign exchange earned.
- Debits are applicable for CENVAT credit.
- Duty credit scripts issued can be used against import of goods and taxes paid such as excise duty, and service tax.

Eligibility criteria for obtaining reward.

- Service providers of notified services, located eligible for reward under SEIS, subject to conditions as may be notified.
- Supply of service from India to any other country and supply of service from India to service consumer(s) of any other country are eligible.
- Supply of a service from India through commercial presence in any other country and supply of a service from India through the presence of natural person in any other country- not eligible for reward under the scheme.
- Notified services and rates are defined in Appendix 3D.
- Minimum net free foreign exchange earning criterion prescribed is US$ 15000 in preceding financial year for eligibility under the scheme. In case of sole proprietor, individual service provider the limit is US $ 10000.
- Any charges received on specified services in Indian rupees shall be treated as deemed foreign exchange as per RBI guidelines.
- Net foreign exchange earnings for the scheme is given as under :

  Net Foreign Exchange = Gross Earning of foreign exchange - total Expenses/ payments or remittances by the IEC holder, relating to service sector in the financial year.
- In case of IEC holder being manufacturer of goods as well as services provider, then the foreign exchange earnings and total expenses, payment, remittances to be taken in to account for service sector only.
- To claim reward service provider is required to have an active IEC at the time if rendering such services.

Ineligibility categories under SEIS

- Foreign exchange remittances other than earned from specified services.
- Other sources of foreign exchange such as equity, debt, donations etc are not eligible to have benefits under this scheme.

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- ❖ Foreign exchange remittance related to financial services and earning through contract or employment aboard. Eg. Raising of all types of foreign currency loans, issuance of foreign currency through GDR and ADR etc.

Rewards under SEIS:-

Duty Credit Scripts shall be granted as rewards under MEIS and SEIS. The Duty Credit Scripts shall be freely transferable and can be used for

a. Payment of custom duties for import of goods, except items listed in Appendix 3A of the policy.
b. Payment of excise duties on domestic procurement of inputs or goods, including capital goods as per notification.
c. Payment of services tax on procurement of service as per notification.
d. Payment of customs duty and fees as per the policy.

Free foreign exchange through international credit cards and other instruments as permitted by RBI shall also be taken in to account for computation of value of exports.

Procedural aspect of the scheme:-

- ❖ An online application can be filed for grant of Duty Credit Script for eligible services rendered. Application can be made on annual basis in ANF 3B using digital signature.
- ❖ Each export should have separate application.
- ❖ Till 30/06/2015 an application can be filed as per Served From India Scheme. After 01/07/2015 an application can be filed as per new policy SEIS.
- ❖ Applicant has to choose the Jurisdictional Regional Authority of DGFT on the basis of Corporate office/ registered office etc. This option can be selected at the beginning of the financial year, once the option is exercised no change can be done for that year.
- ❖ Duty credit scrip needs to be registered at the port of registration of duty credit. Once registered at EDI port, scrip can be automatically be used at any EDI port for import and at any manual port under Telegraphic Release Advise (TRA) procedure.
- ❖ Last date of filing application for Duty Credit Script is 12 months from the date of relevant year of claim period.
- ❖ On request, split certificate of Duty Credit Script subject to minimum of Rs. 500000/- each and multiples thereof may also be issued, at the time of application. Once duty credit scrip has been issued, request for split can be permitted with same port of registration as appearing on the

original script. This procedure applicable only for EID ports. In case of export through non-EID ports, the facility of splits shall not be allowed.

- Some of the annexure attached to ANF -3B, ANF - 3C and ANF - 3D are required to be digitally signed by the CA, CS or Cost Accountants.
- Entitlement allowed to be used for import from private / public bonded warehouses subject to fulfillment of paragraph 2.36 of FTP and terms and conditions of Department of Revenue notification.
- The goods which are imported are found defective can be re-exported as per Department of Revenue guidelines.

Risk Management System under SEIS:

Under Risk Management System every month, the computer at DGFT headquarters, on random basis shall select 10 percent of the cases where reward is issued under the scheme. Regional authority may call for all original documents in all select cases for examination in detail. In case of discrepancy or over claim, rectification shall be done which may involve refund or surrender of the scrip. All original documents must be preserved by the exporter for a period of at least three years from the date of issue of the script.

Observations :-

Services Export From India is focusing on the promotion of service sector in India. NFTP 2015-20 is promising and ambitious. This policy is reflecting the changes happening in Indian and global economy. SEIS is replacing the existing scheme called Served From India Scheme. This scheme offers benefits to Indian service providers as well as foreign companies located in India and offering services to other countries. NFTP 2015-20 has emphasized on 'ease of doing business', this is done by rationalizing import and export procedures and incentives. SEIS has given more to more transparency with main focus on digitalization. This scheme will promote more employment opportunities in near future in India, especially in service sector and related fields of services sector. It will also lead to more FDI in service sector.

Conclusion :-

New Foreign Trade Policy 2015-20 is forward looking and contemporary. It has introduced two new unique policies namely "Merchandise Exports From India Scheme" and " Services Exports From India Scheme." Through this policy efforts will be made to promote diversification of India's export trade. This policy has been prepared by keeping in mind government initiatives such as

"Make in India", "Digital India" and "Skill India". New Foreign Trade Policy aim at improving doing business environment and simplifying trade transactions in the wake of trade facilitation agreement of the WTO. New Foreign Trade Policy has focused on key areas such as defence products, e-commerce, branding of export, Special Economic Zone (SEZ). To make India an economically sound and achieve the target of US$900bn by 2020, the New Foreign Trade Policy 2015-20 will surely prove to be boon to Indian economy.

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NEW FOREIGN TRADE POLICY 2015-2020: DOING RIGHT, DOING GOOD

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Abstract

Several Attempts have been made to promote industrial development in India. The New Foreign Trade Policy 2015-2020 was announced by Mrs. Nirmala Sitharaman, Minister of Commerce and a new chapter began in the Indian foreign trade policy regime, with substantial developments over the erstwhile policy and renewed objectives which are in line with India's ambitions to achieve new frontiers in global trade by 2020. The policy is a reflection of gradual shift from **incentive based policy to reward based one**. The policy is trade friendly policy with an aspect of promoting inclusive growth in India and also integrating India in the Global Value Chain: with a special emphasis on improving our "Ease of Doing Business'. The biggest challenge is to address constraints within the country such as infrastructure bottlenecks, high transactions costs, and complex procedures, and constraints in manufacturing. While external factors are largely outside our control, there is a lot we can do to strengthen our own capabilities and our house in order. The release of FTP was also accompanied by the FTP Statement explaining the vision, goals and objectives underpinning India's Foreign Trade Policy, laying down a road map for India's global trade engagement in the coming years. A drastic, dramatic and a bold step have been taken by the government regarding changes in trade policy.

Introduction

Several Attempts have been made to promote industrial development in India. The **first** shot was fired by British imperial rulers who try to promote manufacturing activity with a policy of 'discriminating protection', in the 1930s, that favored the sugar, cotton textile and an assortment of local resources-dependent industries.

The **second** attempt at using policy to promote manufacturing was undertaken, though in a much more sustained and systematic manner, during the first and second five year plan period. Economists dubbed this era as “import-substituting industrialization”.

It took the tentative steps towards economic liberalization in the 1980s and the major effort of 1991-92, when industrial licensing and other controls were done away with, for a **third** surge of manufacturing of manufacturing activity. Thanks to the impact of Liberalizations, Globalisation and Privatisation.

The **fourth** phase began tentatively when the National Manufacturing Competitiveness Council was set up and a national manufacturing strategy was devised.

The **fifth** attempt has been launched by the Modi government at promoting the industrial development in of India. The Make in India campaign is the latest of many such attempts to accelerate the pace of manufacturing activity in India. The Make in India is an impressive window into the government’s thinking and priorities. Having identified the sectors the government is pushing through policy changes aimed at improving India’s rank on the global ‘Ease of Doing Business’ index.

Historical Step

The New Foreign Trade Policy 2015-2020 was announced by Mrs. Nirmala Sitharaman, Minister of Commerce and Industry. The much awaited release of the FTP 2015-2020 on 1st April 2015 has begun new chapter in the Indian foreign trade policy regime, with substantial developments over the erstwhile policy and renewed objectives which are in line with India’s ambitions to achieve new frontiers in global trade by 2020. The policy is a reflection of gradual shift from **incentive based policy to reward based one**. The policy is trade friendly policy with an aspect of promoting inclusive growth in India and also integrating India in the Global Value Chain: with a special emphasis on improving our “Ease of Doing Business’. It provides a framework for increasing exports of goods and services as well as generation of employment and increasing value addition in the country, in keeping with the “Make in India” vision of Prime Minister Shri. Narendra Modi. The focus of the new policy is to support both the manufacturing and services sectors, with a special emphasis on the ‘ease of doing business’.

Challenges, Aims and Objectives

The commerce minister stated that there were various forces shaping India and its equation with rest of the world. It aims at making India a significant participant in the world trade by 2020.She urged the Government and industry to work in tandem to deal with the challenges posed.

The biggest challenge is to address constraints within the country such as infrastructure bottlenecks, high transactions costs, and complex procedures, and constraints in manufacturing. While external factors are largely outside our control, there is a lot we can do to strengthen our own capabilities and our house in order.

The release of FTP was also accompanied by the FTP Statement explaining the vision, goals and objectives underpinning India's Foreign Trade Policy, laying down a road map for India's global trade engagement in the coming years. The FTP statement describes the market and product strategy and measures required for trade promotion, infrastructure development and overall enhancement of the trade eco system. It seeks to enable India to respond the challenges of the external environment, keeping in step with a rapidly evolving international trading architecture and make trade a major contributor to the country's economic growth and development. They promised to have regular interactions with all stakeholders including State Governments to achieve the national objective. They are helping the state governments to prepare export strategies. This will bring in much needed coordination and policy coherence across the Government and across the country. They are going with the 'whole-of government' approach.

It aims to help various sectors of the Indian economy to gain global competitiveness. It is s essential to focus on quality and standards and zero defect products to make India to be known for its world class products. The 'Brand India' must be made synonymous to quality and reliability.

The key aspect of policy is market diversification. We are looking for promising markets and sources of critical inputs. Some key steps were taken to strengthen the backward manufacturing linkages which are vital for India's participation in Global Value Chain. Few key aspects are, focus on exporting products with a higher value addition, supplying high quality inputs for the manufacturing sector in these markets and optimizing applied custom duties on inputs for India's manufacturing sector.

India will continue to work towards fulfilling its objectives to work with like-minded members to remove asymmetries in the multilateral trade rules. The current WTO rules envisage the eventual phasing out of export subsidies. This is a pointer towards more fundamental systematic measures rather than incentives and subsidies alone.

In an increasingly competitive world, branding plays an indispensable role in global positioning.. Branding campaigns are planned for export promotion from sectors such as services, pharmaceuticals, plantation and engineering as well as of commodities and services in which India has traditional strengths, such as handicrafts and yoga. It also focuses on labour intensive products, agricultural products eco-friendly ad green products. It is essential to ensure that our products and services are internationally competitive.

A special class of entrepreneurs has to be created and encouraged to achieve several objectives. Thus specific measures will be taken to facilitate the entry of new entrepreneurs and manufactures in global trade through extensive training programmes.

Highlights of Foreign Trade Policy 2015-2020.

The New Foreign Trade Policy 2015-2020 was announced with an objective to provide stable and sustainable policy environment for foreign trade in merchandise and services, to link incentives for exports and imports with other initiatives such as 'Make in India',' Digital India', 'Skills India', to create an export promotion mission for India. Promotion, diversification of India's exports, global competitiveness, market expansion, better integrity with major regions etc. are few more objectives. The highlights are

1) Introduction of two new schemes: - These schemes are Merchandise Exports from India Scheme (MEIS) and Services Exports from India Scheme (SEIS).In MEIS earlier five schemes have been merged in one. The rates of reward will now range from 2 per cent to 5 per cent. The benefits of the SEIS will now be available to only services providers located in India. The incentives will be based on net foreign exchanged earned.
2) Incentives for Services Exports:- These incentives will now be at par with merchandise exports. This is a right step to promote service sector which is expected to grow by 11.1 percent annually.
3) Incentives to Units from SEZ's:- Under SEZs initiatives the centre has extended all the incentives to such units that are available to exporters outside such enclaves. Benefits of MEIS and SEIS are extended to units locates in SEZs.
4) Export of Defence Products:-For boosting defence, aerospace and nuclear exports, the policy has relaxed conditions for the sector under the "advance authorization scheme". The scheme allows for duty free import of inputs for items to be exported. The finished goods can now be exported in 24 months.
5) Incentives to export by e-commerce: - For the first time the exports by e-commerce firms will be provided incentives under MEIS. The sectors getting benefit from this are toys, books, leather footwear, customized fashion garments.

6) Encouragement to paperless trade:-It will include online filling of documents/applications. At the same time the exporters will have direct contact with state governments regarding any obstacles.
7) Simplification:- Now, hard copies of applications and specified documents will not be required. All relevant documents will be uploaded by CA/CS/CWA digitally. The EPCG Authorisation Holder shall be required to maintain records for a period of two years only after redemption of Authorisation.
8) Communication Ease:- Certain information like mobile numbers, e-mail address etc. has been added as mandatory fields, in IEC data base. This information will be of great help in better communication with exporters.
9) Quality Complaints and Trade Disputes:- In an endeavor to resolve complaints and trade disputes between exporters and importers, new clause has been incorporated. For resolving such disputes at a faster pace, a committee on Quality Complaints and 18 Trade Disputes is being constitutes in 22 offices and would have members from EPCs/FIEOs/APEDA/EICs.

Conclusion

A drastic, dramatic and a bold step have been taken by the government regarding changes in trade policy. As the minister said that now we must aim higher. Through this policy we wish to make India a significant participant in world trade by 2020.We wish to see India on a position of leadership in the international trade discourse. The policy dovetail with 'Make In India',' Digital India' and 'Skills India' campaign. The policy is to be understood n the context of efforts made to popularize 'Brand India' as being synonymous with quality and reliability. The goal is ambitious – yet achievable. That requires hard work more than just good policy. Lets now put all our efforts together to make this vision of mission **'Make in India' –A Mission Possible.**

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