

Flash on Foreign Trade Policy (FTP)



October 14, 2011

The Hon'ble Commerce & Industry Minister has made some announcements on Foreign Trade Policy (FTP) on 13/10/2011 to boost foreign trade, especially in the employment intensive sectors.

The feature points of the above announcements are as follows:

1. Promotional Measures

Special Bonus Benefit Scheme

This new scheme is introduced to provide assistance to engineering, pharmaceutical and chemical sector with a special duty credit @1% of FOB value of exports, for a rather short period from 01/10/2011 till 31/03/2012 and the major items covered under this scheme amongst others are:

- **Engineering Sector:** cast article of alloy steel and stainless steel, hand tools, gas compressors, motorcycles and goods vehicles.
- **Pharmaceutical and Chemical:** carbon black, potassium iodide, niacin amide etc

Special Focus Market Scheme

The Scheme is introduced to provide additional 1% duty credit on exports to countries listed in Table 3 of Appendix 37C of FTP. This benefit is over and above the duty credit granted presently under Focus Market Scheme (i.e. 3% of the FOB value of the export product).

The Table 3 enlists 41 countries categorized into three groups namely Latin America, African and CIS countries. The list includes Cuba and Mexico as new entrants.

Market Linked Focus Product Scheme

The benefit under MLFPS on export of readymade garments covered under Chapter 61 and 62 of the Customs Tariff Act to USA and EU has been re-instated. The duty credit @ 2% of the FOB value of the exports has been extended for the period from 01/04/2011 to 31/03/2012.

Additionally, the benefit under MLFPS is further extended on export of:

- Printing inks, writing inks, etc to all MLFPS countries
- Agricultural tractors for capacity exceeding 1800CC to Turkey;
- Sugar machinery and high pressure boilers to Brazil, Kenya, South Africa, Tanzania and Egypt

Focus Product Scheme

The list of items under FPS is has been expanded to include 130 additional items ranging from chemicals, pharmaceuticals, textiles, handicrafts, engineering and electronics products. The major products covered under this scheme amongst others are:

- **Engineering items:** Ferro-chromium, insulated conductor, vending machines, lithographic plaster etc

- **Electronic items:** static convertor, optical disc drives, parts of mobile handsets, push button phones, optical fiber cables, parts of telecom transmission equipment.

2. Measures to reduce transaction cost

- Advance Authorization, EPCG and DFIA has been made completely EDI enabled.
- Procedure for clubbing of Advance Authorization has been simplified and power has been given to Regional Authorities of DGFT in place of DGFT, Hqrs.
- The entire Importer Exporter Code (IEC) database will be updated online by 31/03/2012.

Contacts

Delhi

Vivek Mishra/R. Muralidharan
Ph: +91(124) 3306000

Mumbai

Dharmesh Panchal/S Satish
Ph: +91 (22) 6689 1000

Kolkata

Somnath Ballav/Siladitya Sarkar
Ph: +91(33) 2357 9100/ 4404 6000

Bangalore

Pramod Banthia
Ph: +91(80) 4079 6000

Hyderabad

Pramod Banthia/N V Raman
Ph: +91(40) 6624 6394

Chennai

Sriram B/Niranjan JV
Ph: +91(44) 4228 5000

Pune

Suresh Rohira/G.P Kawathekar
Ph: +91(20) 4100 4444

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