

Highlights of the Foreign Trade Policy (FTP) 2015-2020

April 1, 2015

In brief

The Hon'ble Commerce and Industry Minister has introduced the Foreign Trade Policy (FTP) 2015-2020 on 1 April 2015 to boost foreign trade, increase trade facilitation and ease of doing business in India.

In detail

The feature points of the FTP, 2015-2020 are as follows:

Export promotion measures

Merchandise Exports from India scheme (MEIS)

This new scheme has been introduced by merging the existing schemes (Focus Product scheme, Market Linked Focus Product scheme, Focus Market scheme, Agri Infrastructure Incentive scrip and Vishesh Krishi and Gram Udyog Yojna (VKGUY)). Main features of the scheme are as follows:

- Rewards for export of notified goods to notified markets under MEIS shall be payable as a percentage of realised FOB value (in foreign exchange)
- Higher rewards for the following category of products have been granted:
 - Agricultural and village industry products which were

earlier covered under VKGUY

- Value added and packaged products
- Eco-friendly and green products
- Labour intensive products
- Industrial products from potential winning sectors
- Hi-tech products with high export earning sectors
- These duty credit scrips are to be freely transferable and usable for payment of Custom duty, excise duty and service tax
- Incentives of MEIS shall be extended to units located in SEZ area

Services exports from India scheme (SEIS)

This new scheme has been introduced by replacing Served from India scheme (SFIS)

- SEIS shall apply to service providers located in India

instead of Indian service providers

- SEIS has been introduced for a period of 6 months ending on 30 September 2015, subject to conditions specified in FTP
- Following services, amongst others, have been included for the purpose of issuance of duty scrips:

Professional services, which includes

- Legal services
- Taxation services
- Engineering services
- Accounting, auditing and book keeping services

Other business services, which include

- Advertising services
- Management consulting services
- Technical testing and analysis services
- Placement and supply services of personnel.

Construction and related engineering services, which include

- General construction work of building
- Installation and assembly work

Tourism and travel, which include

- Hotels
- Restaurants
- Travel agencies and tour operator services

Services auxiliary to all modes of transport:

- Cargo handling services
- Storage and warehouse services
- Freight transport agency services
- These duty credit scrips will be freely transferable and can be for payment of customs duty, excise duty and service tax
- Incentives of MEIS shall be extended to units located in SEZ area

Status Holders

- Nomenclature of Export House, Star Export House, Trading House, Star Trading House, Premier Trading House certificate has been changed to One, Two, Three, Four, and Five Star Export House respectively
- Status holders will be able to self-certify their manufactured goods as 'originating from India' for availing benefits under various Foreign Trade Agreements

Export promotion capital goods scheme (EPCG)

Following changes have been made in EPCG scheme to promote domestic capital goods manufacturing industry:

- Export obligation under EPCG scheme, in case capital goods are procured from indigenous manufacturers has been reduced from 90% of normal export obligation (6 times of duty saved amount) to 75%
- Import under EPCG scheme shall not be eligible for exemption from payment of anti-dumping duty and safeguard duty

Trade facilitation and ease of doing business in India

Following initiatives have been introduced to reduce the transaction costs:

- Online filing of documents/ applications and paperless trade in 24 x 7 environment for application under FTP by exporters/ importers
- Online inter-ministerial consultation for approval of export of SCOMET items, norms fixation, import and export authorisation etc.
- Simplification of procedures/ processes, digitization and e-governance for the purpose of import and export
- e-Governance initiatives such as:
 - Online issuance of Export Obligation Discharge Certificate (EODC)
 - Message exchange with CBDT for PAN

- Message exchange for transmission of Bills of Entry (import details) from Customs to DGFT

Benefits for export oriented units

Following initiatives, among others, have been introduced for EOUs, EHTPs and STPs:

- EOUs, EHTPs, STPs have been allowed to share infrastructural facilities among themselves
- EOUs have been allowed facility to set-up warehouses near the port of export
- A simplified procedure will be provided to fast track the de-bonding/ exit of the STP/ EHTP units
- EOUs having physical export turnover of INR 100 mn and above have been allowed the facility of fast track clearances of import and domestic procurement

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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