

# *Sharing insights*

News Alert  
06 June, 2012



## **Highlights of Annual Supplement 2012-13 to Foreign Trade Policy**

The Hon'ble Commerce & Industry Minister has released the Annual Supplement 2012-13 to the Foreign Trade Policy (FTP), 2009-14 on 05 June, 2012 to boost foreign trade, especially in the employment intensive sectors.

The key points of the Annual Supplement are as follows:

### **1. Promotional Measures**

#### **Post-Export "Export Promotional Capital Goods" (EPCG) Scheme**

- The New post-export EPCG scheme has been introduced.
- Capital goods can be imported on payment of custom duties in cash and subsequently on completion of export obligation (EO) the exporters can get duty credit scrips.

- EO would be 85% of the EO under normal EPCG scheme.

#### **Zero Duty Scheme**

- Validity of zero duty EPCG scheme has been extended up to 31 March, 2013.
- Scope of this scheme has been enlarged to include the following:
  - Units availing benefit under Technology Up-gradation Fund scheme (TUFS), under certain circumstances.
  - Exporters who have availed benefit of Status Holder Incentive Scrip (SHIS) till 31 March, 2012, if they have surrendered the SHIS benefit.

#### **Other Changes in EPCG Scheme**

- Waiver of condition to maintain average level of exports extended to carpet, coir and jute sectors.

- EO for units in North Eastern Region under EPCG Scheme will be 25% of the normal EO.
- EO for capital goods imported under EPCG Scheme for manufacture of 16 green technology products reduced to 75% of the normal EO. The products covered under this scheme include water treatment plants, wind mill, electrically operated motor cars/lorries and trucks/motor cycles/mopeds.

#### **Incentives for Labour Intensive Sectors and Domestic Market**

- 10% value of the SHIS granted to exporters of specified sectors can be used for import of components and spares of capital goods imported earlier.
- SHIS can be transferred subject to following conditions:
  - transferee would have to be a status holder; and
  - have a manufacturing facility.
- Scrips issued under Chapter 3 of the FTP shall be permitted to be utilized for payment of excise duty for domestic procurement.
- '2% Interest Subvention Scheme' has been extended till 31 March 2013. Further this scheme has been extended to specified sectors namely toys, sports goods, processed agricultural products and ready-made garments.

#### **Focus Market Scheme (FMS), Special FMS and Focus Product Scheme (FPS)**

- 7 new countries have been added to FMS. These countries are Algeria, Aruba, Austria, Cambodia, Myanmar, Netherland Antilles, and Ukraine.
- 7 new countries have been added to special FMS. These countries are Belize, Chile, El Salvador, Guatemala, Honduras, Morocco, and Uruguay.
- 110 new items are being added to FPS.

#### **Market Linked Focus Product Scheme (MLFPS)**

- MLFPS has been extended till 31 March 2013 for export of readymade garments covered under Chapter 61 and 62 of Customs Tariff Act, 1975 to USA and EU.

- 46 new products and 12 new countries have been added under this scheme.

#### **2. Measures to reduce transaction cost**

- Import under Advance Authorization Scheme can be made from any of the EDI ports, irrespective of EDI port where the Advance Authorization has been registered.
- Export from Delhi and Mumbai through post, courier or e-commerce shall be entitled for export benefits under FTP.
- A new "e-BRC" facility has been launched by DGFT. Under this facility, electronic transmission of foreign exchange realization from the respective banks to the DGFT's server will be made on daily basis. Hence, in future exporters will not be required to obtain Bank Export and Realization Certificates (BRCs) for submitting the same to DGFT Authorities for availing incentives/entitlements under FTP.
- A search engine has been provided on DGFT website to check the import policy of an item by entering the tariff code or brief description of the item.
- FTP and Handbook of Procedure have been revised to make it more user friendly and to remove ambiguities.

#### **3. Schemes to be revamped in near future**

- The SEZ Scheme has been revisited by the Ministry of Commerce (MOC). MOC will issue new guidelines after inter-ministerial consultation to make SEZ Scheme more buoyant.
- Likewise, MOC will be making announcements in few months to revamp the Export Oriented Undertaking (EOU) Scheme.
- The "Deemed Export Benefit" Scheme is undergoing comprehensive review by MOC and changes in this scheme will be announced after inter-ministerial consultation.

## Our Offices

For private circulation only

<b>Ahmedabad</b> President Plaza, 1st Floor Plot No 36 Opp Muktidham Derasar Thaltej Cross Road, SG Highway Ahmedabad, Gujarat 380054 Phone +91-79 3091 7000	<b>Bangalore</b> 6th Floor, Millenia Tower 'D' 1 & 2, Murphy Road, Ulsoor, Bangalore 560 008 Phone +91-80 4079 7000	<b>Bhubaneswar</b> IDCOL House, Sardar Patel Bhawan Block III, Ground Floor, Unit 2 Bhubaneswar 751009 Phone +91-674 253 2279 / 2296	<b>Chennai</b> PwC Center, 2nd Floor 32, Khader Nawaz Khan Road Nungambakkam Chennai 600 006 Phone +91-44 4228 5000	<b>Hyderabad</b> #8-2-293/82/A/113A Road no. 36, Jubilee Hills, Hyderabad 500 034, Andhra Pradesh Phone +91-40 6624 6600
<b>Kolkata</b> South City Pinnacle, 4th Floor, Plot – XI/1, Block EP, Sector V Salt Lake Electronic Complex Bidhan Nagar Kolkata 700 091 Phone +91-33 4404 6000 / 44048225	<b>Mumbai</b> PwC House, Plot No. 18A, Guru Nanak Road - (Station Road), Bandra (West), Mumbai - 400 050 Phone +91-22 6689 1000	<b>Gurgaon</b> Building No. 10, Tower - C 17th & 18th Floor, DLF Cyber City, Gurgaon Haryana -122002 Phone : +91-124 330 6000	<b>Pune</b> GF-02, Tower C, Panchshil Tech Park, Don Bosco School Road, Yerwada, Pune - 411 006 Phone +91-20 4100 4444	For more information contact us at, pwctrs.knowledgemanagement@in.pwc.com

The above information is a summary of recent developments and is not intended to be advice on any particular matter. PricewaterhouseCoopers expressly disclaims liability to any person in respect of anything done in reliance of the contents of these publications. Professional advice should be sought before taking action on any of the information contained in it. Without prior permission of PricewaterhouseCoopers, this Alert may not be quoted in whole or in part or otherwise referred to in any documents

©2012 PricewaterhouseCoopers. All rights reserved. "PwC", a registered trademark, refers to PricewaterhouseCoopers Private Limited (a limited company in India) or, as the context requires, other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.