UNIT 4

Recent trends in India's foreign trade

. **Huge Growth in the Value of Trade:**

Table 7.1 reveals that the total value of foreign trade which was Rs. 1,972 crore in 1950-51, gradually increased to Rs. 2,835 crore in 1960-61 and then to Rs. 3,487 crore in 1965-66. After that the value of trade increased at a quicker pace from Rs. 3,169 crore in 1970-71 to Rs. 9,301 crore in 1975.-76 and then rose significantly to Rs. 19,260 crore in 1980- 81.

Thereafter, the total value of trade rose significantly to Rs. 30,553 crore in 1985-86 to Rs. 63,097 crore in 1989-90 and to Rs. 91,893 crore in 1991-92 and then to Rs. 1,17,063 crore in 1992-93 and finally to Rs. 22.15,191 crore in 2008-09.

TABLE 7.1. Value of India's Foreign Trade

Year	*Imports (Rs. crore)*	*Exports (Rs. crore)*	*Total (Rs. crore)*	*Balance of Trade (Rs. crore)*
1950-51	1,025	947	1.972	(–) 78
1960-61	2.795	1.040	2.835	(–) 755
1965-66	2.218	1,269	3.487	(–) 949
1970-71	1,634	1.535	3.169	(–) 99
1975-76	5.265	4.036	9.301	(–) 1.229
1976-77	5.074	5.142	10.216	(+) 68
1980-81	12.549	6.711	19.260	(–) 5,838
1985-86	19.658	10.895	30.553	(–) 8.763
1986-87	20.096	12.452	32.548	(–) 7.644
1987-88	22.244	15.674	37.918	(–) 6.570
1988-89	28.235	20.232	48.467	(–) 8.003
1989-90	35.416	27.681	63.097	(–) 7.735
1990-91	43.193	32.553	75.746	(–) 10.640
1991-92	47.851	44.042	91.893	(–) 3.809
1992-93	63.375	53.688	1.17.063	(–) 9.687
1993-94	73.101	69.751	1.42.852	(–) 3.350
1994-95	89.971	82.674	1.72.645	(–) 7.297
1995-96	1.22.678	1.06.353	2.29.031	(–) 16.325
1996-97	1.38.920	1.18.817	2.57.737	(–) 20.103
1997-98	1.54.176	1.30.101	2.84.277	(–) 24.075
1998-99	1.78.332	1.39.752	3.18.085	(–) 38.599
1999-2000	2.15.236	1.59.561	3.74.797	(–) 55.675
2000-2001	2.30.873	2.03.571	4.34.444	(–) 27.302
2001-2002	2.45.200	2.09.018	4.54.218	(–) 36.182
2002-03	2.97.206	2.56.137	5.53.343	(–) 41.069
2003-04	3.59.108	2.93.367	6.52.475	(–) 65.741
2004-05	5.01.065	3.75.340	8.76.405	(–)1.25.725
2005-06	6.60.409	4.56.418	11.16.827	(–)1.03.991
2006-07	8.40.506	5.71.779	14.12.285	(–)2.68.727
2007-08	10.12.312	6.55.864	16.68.176	(–)3.56.448
2008-09	13.74.436	8.40.755	22.15.191	(–)5.53.681

Thus during the period from 1950-51 to 1970-71 total value of trade rose by only 60.9 percent. Again during the period 1970-71 to 1980-81, total value of foreign trade rose significantly by 597 per cent, i.e., by nearly 6 times. But during the period 1980-81 to 1990-91, total value of trade rose by 293.3 per cent, i.e., by nearly 4 times. In 2008-09 the value of trade recorded an increase of 32.79 per cent over the previous year.

2. Higher Growth of Imports:

Another peculiarity that can be seen from this trend is that there has been consequential higher growth in respect of imports of the country since 1951. Thus the total value of imports which was Rs. 1,025 crore in 1950-51 gradually rose to Rs. 1,634 crore in 1970- 71, i.e., by only 59 per cent. Since then the value of imports started to rise at a very faster pace and thus reached the level of Rs. 12,549 crore in 1980-81 and then to Rs. 43,193 crore in 1990-91 showing an increase of 667 per cent and 244 per cent during the last two decades respectively.

The factors which were largely responsible for this phenomenal increase in imports include: huge import of industrial inputs, regular import of food grains under P.L. 480 rising anti-inflationary imports, liberal imports of non-essential items, periodic hike on oil prices and the initiation of liberal import policy by the government during 1985-86 to 1991-92. In 2008-09, the value of imports rose significantly to Rs. 13,74,436 crore, showing a growth rate of 33.77 per cent over the previous year.

3**. Inadequate Growth of Exports:**

Another very peculiar situation that the country has been facing is a very slow growth in respect of its exports. In the initial period, total value of exports in India rose marginally from Rs. 947 crore in 1950-51 to Rs. 1,535 crore in 1970-71, showing an increase of only 62 per cent. But since then the growth of exports in the country could not keep pace with the growth in imports.

Total value of exports rose gradually to Rs. 6,711 crore in 1980-81 showing an increase of 337 per cent over 1970-71 and then to Rs. 32,553 crore in 1990-91, showing an increase of 385 per cent over the value of 1980-81. In 1993-94, the value of exports rose considerably to Rs. 69,751 crore showing a growth of 29.9 per cent over the previous year.

In 2008-2009, the value of exports rose to Rs. 8,40,755 crore showing a growth rate of 28.2 per cent over the previous year. Again in 2009-2010 (Apr.-Jan.) the value of exports stood at Rs. 3,72,096 crore showing a negative growth of 19.9 per cent over the previous year. Due to the introduction of various export promotion measures since the devaluation of rupee in 1966, the value of Indian exports recorded some increase but this increase in exports was totally inadequate considering the sizeable growth in the value of imports.

This has resulted in a persistent and widening trade deficit in the country. The factors which were mostly responsible for this low growth of exports include un-favourable terms of trade for Indian primary (agro-based) goods, inadequate export surplus, adoption of the policy of protectionism by developed countries and long period of business recession in developed country in recent years.

Reasons of Slow Export growth:

Survey Findings. Recently a survey conducted by the Delhi School of Business on 150 export organizations revealed that the main reasons for the slow growth of exports in India were that 65 per cent of the export establishments were not using ITPO, MMTC and other such institutions.
Moreover, a majority of the establishments were not inclined to make use of training and education in international marketing. Clearly, lack of adequate professionally trained manpower in export organizations is one of the important reasons for slow growth of exports in the country and failure to compete effectively in global markets.
Some of the important factors which were found responsible for reduction in growth of exports from 20 per cent to a mere four per cent during the last two years (1996-98) were Government policies, quality of production, tariffs, quality control and management, institutional finance, banks, export procedures and participation in trade fairs.
It was also observed that as many as 47 per cent of the exporters would not like to avail of the services of personnel trained in export and would manage their operations through family members or others not professionally trained. The study also highlighted an attitudinal disinclination towards professionalism. Thereby, as many as 56 per cent of the respondents were not inclined to sponsor a candidate for training international marketing.

As per this survey, the most dominant constraints and problems faced by the exporters were lack of export marketing information, inadequate infrastructural facilities, procedural complications, monetary loss due to low export prices and delay in clearance in ports. Therefore, immediate improve¬ment or upgrading was required in port handling facilities, road transportation, rail transport and power sectors.
Regarding shipments, the biggest constraints were high incidence of warehousing cost, delay in customs clearance, inadequate warehousing facilities, low frequency of sailing, high incidence of port expenses and inadequate shipping space.
It is quite disturbing to note that India's share in world trade was 1.78 per cent in 1950 and in-spite of all the efforts made it has come down to 0.61 per cent in 1994. Immediately after liberalization, there were positive signs up to 1995 but in 1996 and 1997 there had been a reversal of the trend. But during the current period, i.e., in 2001-02 and 2002-03, the export has recorded a growth rate of 19.7 per cent respectively. In-spite of the constraints and inadequacies faced by the exporters it was heartening to note that the exporting community, as observed by the survey, was optimistic about the future scenario.

4. Mounting Trade Deficit: Deficit in the Balance of Trade:

As a result of higher growth of imports and slow growth of exports the country has been experiencing a mounting trade deficit since 1980-81. During the last 45 years period, the country has recorded a small surplus in its trade only in two years (viz., in 1972-73 and in 1976-77).

Due to adverse balance of trade situation, the extent of trade deficit in India gradually rose from Rs. 78 crore in 1950-51 to Rs. 949 crores in 1965-66.

Recording a decline to Rs. 99 crore in 1970-71, the extent of trade deficit rose from Rs. 1,229 crore in 1975-76 to Rs. 5,838 crore in 1980-81 and then considerably to Rs. 10,640 crores in 1990-91. But after the introduction of some changes in the trade policy and due to considerable import compression the extent of trade deficit declined remarkably to Rs. 3,809 crore in 1991-92.

Accordingly, the annual average deficit in balance of trade which was Rs. 108 cu.re during the First Plan gradually rose to Rs 747 crore during the Third Plan. But due to import compression and boosting exports, the annual average trade deficit declined to Rs. 167 crore during the Fourth Plan. But since then the annual average deficit in balance of trade rose significantly from Rs. 810 crore during the Fifth Plan to Rs. 5,716 crore during the Sixth Plan and then to Rs. 7,720 crore during the Seventh Plan.

In 1992- 93 the extent of trade deficit again rose to Rs. 9,687 crore due to huge increase in import. But during 1993-94, the extent of trade deficit declined to Rs. 3,350 crore due to considerable increase in exports. But during 2008-2009, the extent of trade deficit again rose to Rs. 5,33,681 crore. Again during 2009- 2010, the extent of trade deficit further rose to Rs. 2,31,110 crore (April-Sept.).

Role of Export Promotion and Import Substitution

THEINTACTFRONT13 JUN 2019 4 COMMENTS

Import Substitution Strategy:

For various reasons, many LDCs have ignored primary-exports-led growth strategies in favour of import substitution (IS) development strategies. These policies seek to promote rapid industrialisation and, therefore, development by erecting high barriers to foreign goods in order to encourage domestic production. A package of policies, called import substitution (IS), consists of a broad range of control, restriction and prohibitions such as import quotas and high tariffs on imports.

The trade restrictions are intended to **“protect”** domestic industries so that they can gain comparative advantage and substitute domestic goods for formerly imported goods. IS policies are largely based on the belief that economic growth can be accelerated by actively directing economic activity away from traditional agriculture and resource-based sectors of the economy towards manufacturing.

The broad range of tariffs, quotas and outright prohibitions on imports that are part of IS policies are clearly not a form of infant industry protection. The infant-industry argument states that sectors and industries that can reasonably be expected to gain comparative advantage, after some learning period, should be protected.

But the broad protection under IS policies usually protect all industries indiscriminately, whether they generate technological externalities or have any chance of achieving competitive efficiency.

IS policies were advocated due to a very sharp decline in the prices of commodities and raw materials exported by many LDCs. Prebisch and Singer convincingly argued that low-income elasticity of demand for primary products implied that, in the long run, the terms of trade of primary product exporters would deteriorate.

In short, the IS approach to development applies the strategic argument for protection to one or more targeted industries in the LDCs. That is, the government determines those sectors best suited for local industrialisation, erects barriers to trade on the products produced in these sectors in order to encourage local investment and then lowers the barriers over time as the industrialisation process gains momentum.

If the government has targeted the correct sectors, the industries will continue to thrive even as protection comes down. In practice, however, the trade barriers are rarely removed. In the end, countries that follow IS strategies tend to be characterised by high barriers to trade that grow over time.

PROBLEMS OF IMPORT-SUBSTITUTION IN INDIA

Following are the main problems of import substitution in India :

(1) High Production Cost at Initial Stage: Besides the raw material, certain other cost like interest rates, higher price of importable and non traded inputs, technological factors and low product,civil,y contribute to the high cost, of production in India Therefore, commodities produced in the country have high prices in comparison to the imported goods and consumers show, no interest in buying the goods produced for the intention of import-substitution.

(2) Poor Quality of Production: Poor quality and inadequacy of inputs, technology and facilities affect the product quality. Policy of import substitution proves unsuccessful due to poor quality products.

(3) Ignorance of Consumers: Generally, people believe that imported goods are better than the home products. This view attract them towards the imported goods and they do not take interest in buying goods produced in the country. Policy of

(4) Lack of Essential Resources import-substitution becomes impractical due to lack of resources essential for production. Inadequacy of capital and raw material, backwardness of technology create hinderane in the way of import substitution.

(5) Dampens Innovation: Critics observe that such subsidised import substitution generally limits competition, dampens innovation and productivity growth, and keeps the country's real income low.

(6) Ignores Specialisation: This approach ignores the benefits of specialisation and comparative advantage. The consumers and the entire economy might be better off if the emphasis on import substitution were replaced by an emphasis on outward orientation.

(7) Discriminates Against Agriculture: Import substitution discriminated against agriculture and favoured industry. It led to stagnation and impoverishment in rural This, in turn, led to migration to the cities, necessitating the 'unproductive' type of investments.

MEANING OF EXPORT PROMOTION

Export promotion comprises all those government and non-government efforts, rules, procedures, courses of action and techniques which are adopted to boost our exports in terms of value as well as in volume. Thus all those measures, schemes, policies, procedures and methods which are adopted for increasing export are known as export promotion measures. In order to attain the objective of self-reliance every country is keenly interested to expand its exports.

CRITICAL EVALUATION OF THE POLICY OF IMPORT SUBSTITUTION AND EXPORT PROMOTION

The goal of self-reliance in vital sectors has been a long term objective of India since the beginning of the planning. The goal can be attained through foreign trade policy in two ways as given under :

1. Import substitution policy, 2. Export promotion policy.

The two broad objectives of the programme of import substitution in India were : (a) to Save scarce foreign exchange for the import of more important goods, and (b) to achieve self-reliance in the production of as many goods as possible. The policy in India has gone through various phases. Broadly speaking, we can discern three distinct phases

(i) in the earlier phase, import substitution mostly took the form of domestic production of Consumer goods;

(ii) in the second phase, emphasis shifted to the replacement of the import of capital goods and

(iii) in the third phase emphasis was on reducing the dependence on imported technology by developing and encouraging the use of indigenous techniques. As a result of the policy of import substitution, the structure of imports has undergone significant changes. Many items which were previously imported are now being produced in the country itself. As a result of this policy, the country has been able to increase the production of many industrial products like iron and steel, automobiles, railway wagons, machine tools, diesel engines, power transformers, etc. and in the case of many other products has achieved a stage of self-sufficiency. As stated earlier, import substitution enabled the country to achieve diversification and depth so necessary for further growth• However, many economists have argued that the indiscriminate extension of import substitution to a wide range of sectors in India without regard to costs, was not the 'best', or the 'most efficient' policy. In this context Jaleel Ahmed states, "Valuable resources could have been saved if the process of import substitution had been more selective with a limited number of strategically chosen sectors and industries, where a concentration of effort and resources could have maximised the gains in efficiency. In the heavy industry sector, in particular, simultaneous development of a plethora of manufacturing activities may have deprived the economy of the advantages of large-scale production and of meeting the minimum critical thresholds. In short, the policy of import substitution was followed during sixties and up to early seventies whereas the export promotion policy was followed since early seventies. In order to succeed government of India has changed her EXIM policy from time to time to attain export promotion policy. In the year 1973, OPEC countries raised the prices of crude oil about four times. India has shifted her policy from import substitution to export promotion so that she could meet the challenge of sharp hike in oil •prices by the OPEC. Export promotion and import substitution are the two important measures for narrowing down and ultimately wiping out the balance of payments deficit. Infact, Import-substitution and Export Promotion are the two aspects of the coin."

DIFFICULTIES IN EXPORT PROMOTION

If we view from the world angle we shall find that in the world export, India's export have been regularly decreasing from the time of independence. India's share in the total foreign trade of the world was 11% whereas now it has greatly decreased, A brief account, of the major drawbacks of India's export sector is given below

1. **Technological Factors:** Technological problems have very seri0US effect on India's exports. The Tandon Committee and Alexander Committee have referred to the adverse 'impact of technological backwardness on India's exports through poor quality, low productivity, high costs, etc.
2. **High Costs:** In a large number of cases, high domestic costs are an inhibiting factor. This problem has been clearly stated by Abid Hussain Committee, "India is often at a disadvantage vis-a-vis competing countries because its costs of production, and hence export price, are higher than in competing countries. It is not only because of the higher prices of importable and non-traded inputs, or because of time and cost over-runs implicit in managerial inefficiency, but also because of much lower level of productivity, all of which stem from the aforesaid problems."
3. **Poor Quality Image:** India has a poor quality image abroad. Despite the measures taken under the Exports (Quality Control and Inspection) Act and other laws, our exports continue to suffer because ofquality problems. Poor quality and inadequacy of inputs,

technology and facilities affect the product quality. In several instances, carelessness or lack of commitment on the part of the exporters is also responsible. Adulteration and dumping are also not uncommon. There is a general impression that a proper export culture is lacking in India.

4. **Unreliability:** Besides quality, Indian exporters have been regarded as unreliable on certain other factors. As the Tandon Committee has observed, a very important black mark on the Indian exporters is reneging a term used in the USA to refer to going back on a contract and refusing to fulfil it on its original terms.
5. **Supply Problems:** A serious drawback of the Indian export sector is its inability to provide continuous and smooth supply in adequate quantities in respect of several products. The problem is that much of the exporting is the result of the residual approach rather than conscious effort of producing for export. The tendency for exporting what we produce rather than producing for export still continues to characterise the export behaviour.
6. **Faceless Presence Although** India is an important Supplier of several commodities in foreign markets, her presence in these markets is faceless in the sense that the consumers do not, know that these commodities are Indian. Major export items of India like sea-foods, leather manufactures, spices, etc., have in many cases, a faceless presence in foreign markets. Although these exports may undergo further processing or repackaging in many cases. In several cases the Indian exports are sold in the foreign markets in the same condition as they are exported but under foreign brand names. It has also been found that when the product carries a foreign brand name sometimes they fetch a much higher price than the same product with an Indian name. This is indeed a vicious circle. The poor quality image of the Indian products, many a time apparent than real, makes it difficult to sell under Indian brand names. The faceless presence, on the other hand, perpetuates the problem. The faceless presence is the result of the failure of the exporters and- export promotion agencies in India to build up an image for Indian goods abroad. In fact, most bulk importers of Indian goods want this situation to be perpetuated as this enables them to hold control over the market while the exporters, being at the mercy of the foreign traders, lose bargaining power.
7. **Infrastructural Bottlenecks:** Infrastructural shortages such as energy shortages, inadequate and unreliable transport and communication facilities hinder growth in exports. Power shortages and breakdowns disrupt production schedules, increase cost and adversely affect timely shipments.
8. **Uncertainties,** Procedural Complexities and Institutional Rigidities : One of the defects of our trade policy regime has been the uncertainty about future policies, incentive schemes etc. The procedural complexities of the Indian trade regime have been indisputably acknowledged. There is a general feeling that not only that there are too many controls and overlapping of policies but also “the principle of Indian policy is to elaborate rule (and exceptions) to them, which are not only detailed and specific, but also subject to wide discretion.” These are vindictive of the structural weakness of the institution system in India,
9. **Inadequacy of Trade Information System:** An efficient Trade Information System is essential for success in the dynamic global market. But, “our marketing infrastructure as well as marketing techniques are neither effective nor efficient. We do not have any machinery to keep prompt track of business informati0n overseas, as done by JETRO in Japan, KOTRA in Korea, CETDC in Hong Kong and STDB in Singapore with a wide network of offices abroad. These organisations have evolved an efficient system, which help them to get information pertaining to tenders and the like much before these are released officially. In India, we get this information, at times, after the expiry date. India has, no doubt, a plethora of organisations; governmental, semi-governmental and also non-governmental engaged in this task in one way or other. Yet we do not have an easy access to market intelligence and information.

Projects & consultancy exports

CCSUTHEINTACTONE2 MONTHS AGO 1 COMMENT

There has been a substantial transformation of India's export structure in the recent years. India has now emerged as a major exporter of capital equipment and other sophisticated items, including projects and consultancy services. Projects exports are regarded as a key indicator of technological maturity and industrial capabilities of a country. In fact, the future of India's export trade depends on how far performance in these sectors can be further improved.

Projects exports:

1. Turnkey projects namely those which involve the rendering of services like design, civil construction, erection and commissioning of plant or supervision thereof along with the supply of equipment.
2. Engineering services contracts, involving the supply of services alone, such as design erection commissioning or supervision of erection and commissioning.
3. Consultancy services contracts, which may include the preparation of feasibility studies, project reports, preparation of designs and advice to the project authority on specification for plant and equipment, preparation of tender documents, evaluation of tenders and purchase of plant and equipment.
4. Civil construction contracts with or without preparation of designs or drawings for the civil work to be undertaken.

The categories mentioned above are not to be treated as mutually exclusive. A project contract includes supply of service or equipment, coming under more than one of the categories.

Project Export Profile:

During the last 26 years, India has achieved a moderate success in the export of capital goods, projects and civil engineering jobs. On an average these categories account for about 40 per cent of India's total engineering exports.

The success achieved by Indian companies in the field of construction contracts is, however, much more spectacular. The Middle Eastern countries because of their oil revenue emerged as very important markets for infrastructural projects. Till the year 1981, the construction projects worth Rs 5,170 crores approximately were secured. About 80 per cent of these contracts were secured by the Indian construction companies in Iraq and Libya. These contracts were mainly for the constructions of (1) Townships, (2) Airports, (3) High Rise Buildings, (4) Water & Sewerage Treatment plants, (5) Flyovers and (6) New Railway lines. The year 1981 which is considered to be the peak year provided contracts worth Rs 1,594 crores to Indian construction companies. Since 1981 however a decline has set in construction project exports. However, there has been a consistent increase in recent years.

Civil Construction Turnkey projects and consultancy won by Indian Firms:

In the year 1982 Civil Constructions Project value was Rs 451 crores. In the years 2000-01 (Apr-Dec) Civil Construction Project value was Re 1,225 crores and Turnkey Projects was 1,833 and Consultancy services was 4,241 crores.

The decline was basically due to two factors:

1. The fall in oil prices has dramatically reduced the purchasing power of the Middle Eastern countries
2. Most of the basic infrastructural projects have since been completed. Demand is now shifting away from construction to industrial projects.

The contracts secured in the recent years have been quite diverse in nature indicating the growing versatility and technological capabilities of Indian project exporters. The West Asian region still continues to be the major market accounting for half of the total project export contracts. The markets in South East Asia and sub-Saharan African account for the remaining half.

Consultancy Exports

Indian has just made an entry in the field of consultancy exports. Until recently, export of consultancy services was dominated by the developed countries. India which reportedly has the third largest engineering manpower is now in a position to enter this highly sophisticated and expanding segment of world trade. Indian has over 200 consultancy and design organizations. Foreign exchange earned from consultancy exports stood at Rs 1,369 crores during 1993-94 as against only Rs 1 crore in 1974-75. The major areas in which Indian consultancy has achieved considerable success are technical management (O & M) of cement plants, agricultural research services, setting up of molasses based distilleries, sugar projects, petrochemicals industries, design programming, computer software cooling tower systems, fuel firing systems, architectural, structural, electrical and air-conditioning engineering designs, transport and communication management, economic feasibility reports market surveys etc. The major countries where exports of consultancy services were made are France, Japan, Norway, the UK, the USA Russia, Holland, Switzerland, Sweden, Kuwait, Muscat, UAE, Saudi Arabia, Iraq, Algeria, Oman, Ethiopia, Cameroon, Tanzania Singapore, Hong Kong, Sri Lanka, Korea, Indonesia, Pakistan, Malaysia and Laos.

Incentives Available:

The following incentives and facilities are available to Indian consultancy organizations:

1. Consultancy services: exporters whose annual foreign exchange earnings by way of export of services are not less than Rs 5 lakhs, are eligible for foreign exchange facilities for business development, purchase of tender documents, payment of commission bid bonds etc.
2. In order to cover risks, ECGC has designed policies to cover specific transactions services exports.
3. Marketing Development Assistance is provided to consultancy organizations which are registered with FIEO for undertaking market studies opening of foreign offices, publicity campaigns and feasibility studies.
4. Under Section 80-O of the Income Tax Act, consultancy organizations are entitled to a deduction of up 50 per cent of the net foreign exchange earnings in computing total income.
5. EWIM bank has introduced a scheme under which deferred payment facilities are available from EXIM bank in respect of consultancy jobs to be undertaken from India.
6. Facilities are also available for bid preparation as per the details given above projects exports.
7. 100 percent income tax exemption on export profits from computer software.
8. Setting up a "Consultancy Trust Fund" of US $ 0.5 million with the World Bank to be utilized for engaging Indian consultants for World Bank financed projects.

RBI gas simplified the export procedures to promote project exports as follows:

1. Limit for clearance of proposals by the authorized dealers as well as Exim Bank has been revised upward.
2. Need for obtaining Pre-Bid clearance from authorized dealers/ Exim Bank for overseas Projects has been dispensed with.
3. Authorization to Authorized dealers/ Exim bank to clear the proposals involving bridge finance up to 25 per cent of the contract value.
4. Allowing exporters to maintain a single foreign currency account for more than one contract being executed abroad in the same country subject to conditions stipulated by authorized dealer/Exim Bank.
5. In case of third country purchases, it has now been decided that letters of credit may be established by any authorized dealer on back-to-back basis, subject to same terms and conditions.
6. Authorized dealers/Exim Bank Working Group may now consider and approve project export proposals/serve contracts abroad involving all types of guarantees required to be furnished in connection with execution of projects/contracts abroad.

OCI in consultation with the industry has evolved a Medium Term Export promotion Strategy paper which provides guidelines for future action. Apart from the above the OCI on its part is organizing meetings, conferences, workshops with a view to provide platform of interaction of all constituents of this sector. Besides OCI is also mounting trade delegations and organizing/participating in national and international exhibitions.