**Export Promotion Schemes**

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**Promotional Measures in Foreign Trade Policy**

Exports are regarded as an engine of economic growth in the wake of liberalization and structural reforms in the economy. In recent times India is witnessing slowdown in exports with its traditional partners. Under these circumstances, we need to set in motion strategies and policy measures which catalyze growth of exports in several different sectors as well as in newer markets.

**1.     Export Promotion Schemes**

Foreign Trade Policy 2015-20 and other schemes provide promotional measures to boost India’s exports with the objective to offset infrastructural inefficiencies and associated costs involved to provide exporters a level playing field. Brief of these measures are as under:

**1.1  Exports from India Scheme**

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

Under this scheme, exports of notified goods/ products to notified markets as listed in Appendix 3B of Handbook of Procedures, are granted freely transferable duty credit scrips on realized FOB value of exports in free foreign exchange at specified rate (2-5%).  
Duty Credit Scrips are provided for exports to diversify markets and offset the disadvantage faced by exporters with regard to freight costs, transport hurdles and other disabilities.They are like debit notes which can be used to pay import duties.

Such duty credit scrips can be used for payment of custom duties for import of inputs or goods, payment of excise duty on domestic procurement, payment of service tax and payment of custom duties in case of EO default.

Exports of notified goods of FOB value uptoRs 25, 000 per consignment, through courier or foreign post office using e-commerce shall be entitled for MEIS benefit.

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

Service providers of notified services as per Appendix 3E are eligible for freely transferable duty credit scrip @ 5% of net foreign exchange earned.

**2. Duty exemption & remission schemes**

An exporter must take Advance Authorization (AA) from the regional DGFT offices if he uses his imported product as an input to manufacture his resultant exported product. No Advance Authorization can obviously be given for import of prohibited items. Advance Authorization can however be given for import of restricted items with certain conditions. Items reserved for import through State Trading Enterprises (STEs) can be imported against Advance Authorization/ DFIA provided the item of import is canalized/ bought through STEs or after obtaining No Objection Certificate from STEs.

**2.1 Advance Authorization Scheme**

Under this scheme, duty free import of inputs are allowed, that are physically incorporated in the export product (after making normal allowance for wastage) with minimum 15% value addition. Advance Authorization (AA) is issued for inputs in relation to resultant products as per SION (Standard Input Output Norms prescribed in Handbook of Procedures Vol. II) or on the basis of self declaration, as per procedures of FTP. AA normally has a validity period of 12 months for the purpose of making imports and a period of 18 months for fulfilment of Export Obligation (EO) from the date of issue. AA is issued either to a manufacturer exporter or merchant exporter tied to a supporting manufacturer(s).

**2.2 Advance Authorization for annual requirement**

Authorization holders who have been exporting for at least 2 years can get annual Advance Authorization.This gives them the flexibility to export any product throughout the year falling under an export product group using the duty exempted imports. However specific inputs have to be tallied with the resultant exports as per SION/ prescribed ad hoc norms.

**2.3 Duty Free Import Authorization (DFIA) Scheme**

DFIA is a variant to Advance Authorization scheme. It is different from Advance Authorization as a higher minimum value addition of 20% is required, as compared to only 15% in Advance Authorization. It has enabling provision for transferability of authorization or materials imported against it. DFIA can be applied and obtained on post export basis as well. It is popular with exporters who export first and then obtain the Authorization, which can be sold freely.

**2.4 Duty Drawback of Customs/Central Excise Duties/Service Tax**

The scheme is administered by Department of Revenue. Under this scheme products made out of duty paid inputs are first exported and thereafter refund of duty is claimed in two ways:

i) All Industry Rates   :       As per Schedule

ii) Brand Rate            :       As per application on the basis of data/documents

**2.5 Rebate of Service tax through all industry rates**

Refund of service tax paid on specified output services used for export of goods is available at specified all industry rates.

**3. EPCG SCHEME**

**3.1 Zero duty EPCG scheme**

Zero duty EPCG scheme allows import of capital goods for preproduction, production and post production (including Completely Knocked Down/ Semi Knocked Downthereof as well as computer software systems) at zero Customs duty, subject to an export obligation equivalent to 6 times of duty saved on capital goods imported under EPCG scheme, to be fulfilled in 6 years reckoned from Authorization issue-date (para 5.1 a of FTP).

The scheme can be taken both post exports and pre exports. The export obligation discharged would require fulfilment of specific export obligation in addition to the existing Average export performance over a period of three years.

Period of import would be 9 months. Exporters availing benefit under Technology Up gradation Fund Scheme (“TUFS”) can also avail benefit of Zero duty EPCG Scheme. Import of motor cars, SUV’s, all purpose vehicles by hotels, travel agents, or tour or transport operators and companies owning/ operating golf resorts not allowed. Export Obligation for domestic sourcing of capital goods under EPCG schemes has been reduced by 10% to encourage import substitution.

**3.2 Post Export EPCG Duty Credit Scrip Scheme**

A Post Export EPCG Duty Credit Scrip Scheme shall be available for exporters who intend to import capital goods on full payment of applicable duty in cash.

**4. EOU/EHTP/STP & BTP SCHEMES**

Units undertaking to export their entire production of goods and services may be set up under this scheme for import/ procurement domestically without payment of duties. For details of the scheme and benefits available therein FTP may be required.

**5. OTHER SCHEMES**

**5.1 Towns of Export Excellence (TEE)**

Selected towns producing goods of Rs. 750 crores or more are notified as TEE on potential for growth in exports and provide financial assistance under MAI Scheme to recognized Associations.

**5.2 Rebate of duty on “export goods” and “material” used in manufacture of such goods**

Rebate of duty paid on excisable goods exported or duty paid on the material used in manufacture of such export goods may be claimed under Rule of 18 of Central Excise Rules, 2002.

**5.3 Export of goods under Bond i.e. without payment of excise duty**

Rule 19 of Central Excise Rules 2002 provides clearance of excisable goods for exports without payment of central excise duty from the approved factory, warehouse and other premises.

**5.4 Market Access Initiative (MAI) Scheme**

Under this Scheme, financial assistance is provided for export promotion activities on focus country, focus product basis to EPCs, Industry & Trade Associations, State Government Agencies and Indian Commercial Missions abroad to do market surveys, publicity campaigns, participate in International Trade Fairs, set showrooms/ warehouses etc.

Details of the Scheme is available at www.commerce.nic.in

**5.5 Status Holder Scheme**

Upon achieving prescribed export performance, status recognition as one star Export House, two Star Export House, three star export house, four star export house and five star export house is accorded to the eligible applicants as per their export performance.  Such Status Holders are eligible for various non-fiscal privileges as prescribed in the Foreign Trade Policy.

In addition to the above schemes, facilities like 24X7 customs clearance, single window in customs, self assessment of customs duty, prior filing facility of shipping bills etc are available to facilitate exports.