



## Highlights of announcements made by CIM on 11.02.2011

### Export Incentives

1. To enhance competitiveness for products which are labour intensive, technology intensive and value added, I am announcing further export incentives for **more than 600 products w.e.f 01.01.2011** for sectors viz. Agriculture, Chemicals, Carpets, Engineering, electronics and plastics. The salient features of these incentives are:

#### **1.1. Market Linked Focus Product Scheme (MLFPS):**

- 1.1.1. **335 New Products** incentivised under MLFPS at 8 digit level, eligible for benefits @ 2% of FOB value of exports to 15 specified markets. These markets are Algeria, Egypt, Kenya, Nigeria, Tanzania, South Africa, Ukraine, Mexico, Brazil, Australia, New Zealand, Cambodia, Vietnam, China and Japan.

These include Agricultural Tractors of more than 1800 cc; all inorganic chemicals and inorganic/organic compounds of metals of Chapter 28; Flexible Intermediate Bulk Containers; and Narrow Woven Fabrics.

- 1.1.2. **71 new products** of Chapter 63 – Textile Made ups at 8 digit level for exports **to EU (27 Countries) under MLFPS** have also been incentivised @ 2% of FOB value of exports.

#### **1.2. Focus Product Scheme (FPS):**

- 1.2.1. **147 products** incentivised for **Bonus Benefits (additional 2%)** under FPS at 8 digit level, henceforth eligible for benefits @ 4% or 7% of FOB value of exports to all markets.

These include Engineering Items like Galvanized Flanges on Iron and Steel, Threaded Nuts (7%); Ferro & Silico Manganese; Electronic Items like co-axial cables and other co-axial electric conductors, Watches; Stationery items like Pencils, Pens; Textile Items like Silk (of Chapter 50), Grey Rayon Tyre Cord Fabric, and Handmade Carpets and other Floor Coverings under Chapter 57 (7%).

- 1.2.2. **57 New products** incentivised under FPS at 8 digit level, eligible for benefits @ 2% of FOB value of exports to all markets. These include:

- Engineering Items like Industrial Synthetic Foaming Fabric and Electric Discharge Machine Wire (Brass Wire); Laminated Leaf Spring; Plastic Extrusion Plant and Machinery; Parts for Plastic Extrusion machinery; ERW Pipes; Ferro Chrome; Electronic Items like Connectors- Plugs and Sockets; Permanent Magnets and Parts of Electro magnetic Couplings etc.;
- Chemical Items like Danes Salt of D\_Phenyl Glycine; Pigments; Articles of Paper Board; Permanent Magnets and Parts of Electro magnetic Couplings etc.; Cobalt unwrought etc.; other cobalt items;
- Paper Products like Articles of Paper Board;

- Rubber Products like Pneumatic Tyres and Pneumatic Inner Tubes;
- Plastic Products like Reprographic films, Bags of Polyethylene;
- Leather items like Chamois Leather;
- Textile Items like Industrial Synthetic Foaming Fabric; Polyester Oriented Yarn, Polyester Staple Fibre, Made-ups of Man Made / synthetic material under Chapter 63; Miscellaneous items like Human Hair.

### 1.2.3. Special Focus Products:

**1 product** (Egg powder) incentivised as Special Focus Product at 8 digit level, eligible for benefits @ 5% of FOB value of exports to all markets.

### 1.3. Vishesh Krishi and Gram Udyog Yojana (VKGUY):

**6 New products** (Castor Oil Meal – Defatted Variety and Instant Coffee) incentivized under VKGUY at 8 digit level, eligible for benefits @ 5% of FOB value of exports to all markets.

### Procedural Simplifications

2. At the time of the announcement of FTP, I had announced that we shall take concrete measures for reduction of transaction costs. I had constituted a Task Force on transaction costs under the guidance of the Minister of State. The report of the task force has been released by Hon'ble Finance Minister on the 8th February 2011. The report enlists action taken on 23 issues by different line ministries, which is likely to mitigate transaction cost to the tune of Rs. 2100 crores in perpetuity. I am of view that procedural simplification and facilitation is a continuing endeavor on our part. Therefore, over and above the task force initiatives, I announce following further measures for procedural simplification and export facilitation:

**2.1.** The scope of **Advance authorization for Annual Requirement is being enlarged to allow a maximum of five authorizations in a licensing year (instead of only one at present)** for the product(s) falling within the same product group. This facility shall be helpful for exporters having multiple manufacturing units, located in one place or having common port of import. This will be useful for all sectors and particularly so for the sectors like Engineering, Textiles, Chemicals etc.

**2.2.** Technical characteristics / quality etc of certain specified items of imports shall be required to be declared at the time of clearance of import consignment and not at the time of filing application (current stipulation) for **annual advance authorization** to Regional authority. By this facility, **the exporter shall have the flexibility to import the relevant inputs, without the need to approach the Regional authority of DGFT to amend the authorization for clearance of such consignment.**

**2.3.** The period to fulfill the export obligation under advance authorization scheme 36 months from the date of issuance of the authorization. However this period is shorter for products being manufactured from certain duty free imported inputs, which are sensitive from domestic angle. In such cases, the period for fulfillment of export obligation is presently counted from the date of clearance of first import consignment even when a number of consignments have been cleared in different dates. **Henceforth, with a view to provide greater flexibility, Export obligation period in such shorter EO period cases of advance authorizations shall be counted from the date of clearance of each consignment and not the first consignment.** This will allow a more reasonable time period for EO fulfillment to exporters.

### Improving Quality and deepening market access

3. For Indian exports to sustain in long run, it is important that we proceed to build a reputation for the quality of our products and also provide our exporters the necessary flexibilities to be able to face challenges of emerging dimensions of international trade. Our pharmaceutical sector has shown an inherent strength during difficult times. In order that the quality of our pharma product gets recognized world over and to enable them to undertake exports while navigating the challenges posed by intellectual property rights, I announce following initiatives for pharma sector:

- 3.1. Exporters of pharmaceutical products will be required to affix barcodes on their export products, with effect from 1st July 2011, as per GS 1 global standards, **to facilitate tracing and tracking of their products**. This will provide assurance about the quality of Indian pharma products to prospective importers.
- 3.2. We are providing a new facility of **Input combination for pharma products manufactured through Non-Infringing process**, allowing actual quantum of duty free inputs required for manufacturing such export product. This will facilitate our pharma manufacturers to work towards getting a major share of exports of such products to potential regulated markets such as US or EU.



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