

Highlights of Foreign Trade Policy 2015 -2020





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Executive Summary

Vision, Mission and Objectives

- ▶ Make India a significant participant in world trade by the year 2020
- ▶ Government aims to increase India's share in Global market from 1.68%* to 3.4%
- ▶ The FTP for 2015-2020 seeks to provide a stable and sustainable policy environment for the foreign trade in merchandise and services
- ▶ Creation of Export Promotion mission via linking Make In India, Digital India and Skill India
- ▶ Creating market and thereby increasing the demand for India's products
- ▶ Mechanism for regular appraisal in order to reduce the trade imbalance
- ▶ Building the brand India and ensuring the brand becomes synonymous with high quality

▶ *1.68% based on current data as per WTO's India profile

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- ▶ The Foreign trade policy 2015-2020 is notified by central government, in exercise of powers conferred under section 5 of the Foreign trade (Development & Regulation) Act, 1992 [FT(D&R) Act], as amended
 - ▶ Handbook of procedures (HBP) and Appendices and Aayat Niryat Forms (AANF) – Laying down the procedures, including Appendices and ANF or amendment thereto. If any, laying down the procedure to be followed by an exporter or importer or by any licensing/ regional authority
 - ▶ Trade Facilitation Niryat bandhu scheme – Hand holding scheme for new entrepreneur and exporters
 - ▶ Facility to upload documents by Chartered Accountants
 - ▶ Bringing up various schemes to encourage exports from India



▶ Objective:

- ▶ The main Objective of this scheme is to provide rewards to exporters to offset infrastructural inefficiencies and associated costs
- ▶ The Foreign Trade Policy (FTP) was introduced by the Government to grow the Indian export of goods and services, generating employment and increasing value addition in the country
- ▶ The Government, through the implementation of the policy, seeks to develop the manufacturing and service sectors
- ▶ Exports from the country recorded their highest growth in 2017-18.



MEIS

• Merchandise Exports from India scheme



SEIS

• Service export from India scheme

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- ▶ The Duty Credit Scrips shall be granted as rewards under Merchandise export from India schemes and Service export from India scheme
 - ▶ The Duty Credit Scrips can be used for:
 - ▶ Payment of basic customs duty and additional customs duty specified under sections 3 (1), 3 (3) and 3(5) of the Customs tariff Act 1975 for import of inputs or goods, including capital goods, as per DoR notification, except items listed in [Appendix 3A](#)
 - ▶ Payment of Central excise duties on domestic procurement of inputs or goods
 - ▶ Payment of Basic Customs Duty and Additional Customs Duty specified under Sections 3 (1), 3 (3) and 3 (5) of the Customs Tariff Act, 1975 and fee as per paragraph 3.18 of this Policy.
 - ▶ The duty credit scrips are freely transferable



Sr. No	Name of the Product
1	Garlic, Peas and all other Vegetables with a Duty of more than 30% under Chapter 7 of ITC (HS) Classification of Export and Import items.
2	Coconut, Areca Nut, Oranges, Lemon, Fresh Grapes, Apple and Pears and all other fruits with a Duty of more than 30% under Chapter 8 of ITC (HS) Classification of Export and Import items.
3	All Spices with a Duty of more than 30% under Chapter 9 of ITC (HS) Classification of Export and Import items (except Cloves)
4	Tea, Coffee and Pepper as per Chapter 9 of ITC (HS) Classification of Export and Import items.
5	All Oil Seeds under Chapter 12 of ITC (HS) Classification of Export and Import items.




Sr. No	Name of the Product
6	Natural Rubber as per Chapter 40 of ITC (HS) Classification of Export and Import items.
7	Capital Goods (i) General-purpose agricultural tractors above 25 HP and upto 75 HP. (ii) Stationary Diesel Engines. (iii) Irrigation pumps. (iv) Threshers for cereals. (v) Combine harvesters suitable only for wheat and paddy crops. (vi) Animal driven implements




Merchandise Exports from India Scheme (MEIS)

- ▶ Exports of notified goods/products with ITC[HS] code, to notified markets as listed in [Appendix 3B](#), shall be rewarded under MEIS
- ▶ [Appendix 3B](#) also lists the rate(s) of rewards on various notified products [ITC (HS) code wise].
- ▶ The basis of calculation of reward would be on realized FOB value of exports in free foreign exchange, or on FOB value of exports as given in the shipping bills in freely convertible foreign currencies, whichever is less, unless otherwise specified



The following exports categories/sectors shall be ineligible for duty credit scrip entitlement under the MEIS

Sr No	Ineligible categories
1	Red sanders and beach sand
2	Diamond Gold, Silver, Platinum, other precious metal in any form including plain and studded jewelry and other precious and semi-precious stones
3	Ores and concentrates of all types and in all formations
4	Cereals of all types
5	Sugar of all types and all forms, unless specifically notified in Appendix 3B
6	Crude / petroleum oil and crude / primary and base products of all types and all formulations




The following exports categories/sectors shall be ineligible for duty credit scrip entitlement under the MEIS

Sr No	Ineligible categories
7	Export of milk and milk products, unless specifically notified in Appendix 3B
8	Export of Meat and Meat Products, unless specifically notified in Appendix 3B
9	Products wherein precious metal/diamond are used or articles which are studded with precious stones
10	Items, which are prohibited and Restricted for export under Schedule-2 of Export Policy in ITC (HS
11	EOUs / EHTPs / BTPs/ STPs who are availing direct tax benefits / exemption



Appendix 3B

- ▶ [Appendix 3B](#) lists the rate(s) of rewards on various notified products [ITC (HS) code wise].
 - ▶ We may also search the rate of rewards for products based on the HSN code on the link [HSN Rate Finder](#)
 - ▶ Harmonized and consolidated table 2 of Appendix 3B as per [Public notice No. 61/2015-2020 dated 07.03.2017](#)
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Service Exports from India Scheme (SEIS)

► Objective

- Main Objective of Service Exports from India Scheme (SEIS) is to encourage and maximize export of notified services from India


► Eligibility

- Service Providers of notified services, located in India, shall be rewarded under SEIS. Only Services rendered in the manner as per Para 9.51(i) and Para 9.51(ii) of this policy shall be eligible. The notified services and rates of rewards are listed in [Appendix 3D](#).
- Such service provider should have minimum net free foreign exchange earnings of US\$15,000 in preceding financial year to be eligible for duty credit scrip. For Individual service providers and sole proprietorship, such minimum net free foreign exchange earnings criteria would be US\$10,000 in preceding financial year.
- Para 9.51(i) Supply of a 'service' from India to any other country; (Mode 1- Cross border trade)
- Para 9.51(ii) Supply of a 'service' from India to service consumer(s) of any other country in India; (Mode 2-Consumption abroad)



Service Exports from India Scheme (SEIS) contd..

- ▶ Payment in Indian Rupees for service charges earned on specified services, shall be treated as receipt in deemed foreign exchange as per guidelines of Reserve Bank of India. The list of such services is indicated in Appendix 3E.
- ▶ Net Foreign exchange earnings for the scheme are defined as under:
Net Foreign Exchange = Gross Earnings of Foreign Exchange minus Total expenses / payment / remittances of Foreign Exchange by the IEC holder , relating to service sector in the financial year
- ▶ If the IEC holder is a manufacturer of goods as well as service provider, then the foreign exchange earnings and Total expenses / payment / remittances shall be taken into account for service sector only.
- ▶ In order to claim reward under the scheme, Service provider shall have to have an active IEC at the time of rendering such services for which rewards are claimed

Sr No	Sectors	Admissible rate in % on NFE for period 1.4.2017 to 30.10.2017	Admissible rate in % on NFE for period 1.11.2017 to 31.03.2018
1	Tourism and Travel Related Services		
	a. Hotel Services	3	5
	b. Restaurants (including catering)	3	5
2	Other business services		
	a. Advertising services	3	5
	b. Market research and public opinion polling services	3	5



Sr No	Sectors	Admissible rate in % on NFE for period 1.4.2017 to 30.10.2017	Admissible rate in % on NFE for period 1.11.2017 to 31.03.2018
	c. Management consulting	3	5
	d. Services related to management consulting	3	5
	e. Technical testing and analytical testing	3	5
	f. Services Incidental to agricultural, hunting and forestry	3	5
	g. Services incidental to fishing	3	5
	h. Services incidental to mining	3	5





Sr No	Sectors	Admissible rate in % on NFE for period 1.4.2017 to 30.10.2017	Admissible rate in % on NFE for period 1.11.2017 to 31.03.2018
	i. Services incidental to manufacturing	3	5
	j. Service incidental to energy distribution	3	5
	k. Placement and supply services of personnel	3	5
	l. Investigation and security	3	5
	m. Related scientific and technical consulting services	3	5

Sr No	Sectors	Admissible rate in % on NFE for period 1.4.2017 to 30.10.2017	Admissible rate in % on NFE for period 1.11.2017 to 31.03.2018
	n. Maintenance and repair of equipment (not including maritime vessels, aircraft or transport equipment)	3	5
	o. Building cleaning services	3	5
	p. Photographic services	3	5
	q. Packaging services	3	5
	r. Printing, publishing	3	5
	s. Convention services	3	5

Sr No	Sectors	Admissible rate in % on NFE for period 1.4.2017 to 30.10.2017	Admissible rate in % on NFE for period 1.11.2017 to 31.03.2018
1	BUSINESS SERVICES		
	a. Professional services	5	7
	a. Research and development services	5	7
	c. Rental / leasing services without operators	5	7
2	HEALTH-RELATED AND SOCIAL SERVICES		
	a. Hospital Services	5	7


Sr No	Sectors	Admissible rate in % on NFE for period 1.4.2017 to 30.10.2017	Admissible rate in % on NFE for period 1.11.2017 to 31.03.2018
3	TOURISM AND TRAVEL RELATED SERVICES		
	a. Travel agencies and tour operator services	5	7
	b. Tourist guide services	5	7
4	RECREATIONAL CULTURAL AND SPORTING (other than audiovisual service)	5	7
5	TRANSPORT SERVICES		
	a. Maritime Transport services	5	7







Sr No	Sectors	Admissible rate in % on NFE for period 1.4.2017 to 30.10.2017	Admissible rate in % on NFE for period 1.11.2017 to 31.03.2018
	a. Air transport services	5	7
6	COMMUNICATION SERVICES		
	Audiovisual services	5	7
7	CONSTRUCTION AND RELATED ENGINEERING SERVICES	5	7
8	EDUCATIONAL SERVICES	5	7
9	ENVIRONMENTAL SERVICES	5	7




Ineligible categories under SEIS

- ▶ Foreign exchange remittances other than those earned for rendering of notified services would not be counted for entitlement.
 - ▶ Thus, other sources of foreign exchange earnings such as equity or debt participation, donations, receipts of repayment of loans etc.
 - ▶ Any other inflow of foreign exchange, unrelated to rendering of service, would be ineligible.
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- ▶ List of eligible services, rates and conditions for rewards under the Services Exports from India Scheme (SEIS) is notified.
 - ▶ We may also search the rate of rewards for eligible services as per [Appendix 3D](#)
 - ▶ Amended List of Eligible services with an increase in rates of certain services based on the [Public Notice No. 45/2015-2020](#)



Sr No	Appendix / ANF Form	Details
1	Appendix-2L	Certificate for Offsetting of Export Proceeds
2	Appendix-4H	Register for Accounting the consumption and stocks of duty free imported or domestically procured raw materials, components etc. allowed under Advance authorisation scheme/DFIA
3	Appendix-5B	For Issue of EPCG authorisation
4	Appendix-5C	For Redemption of EPCG Authorization/ Issuance of Post Export EPCG Duty Credit Scrip
5	Appendix-8A	Application for certification of export performance of units in the pharmaceutical and biotechnology sectors by the regional offices of the DGFT



Sr No	Appendix / ANF Form	Details
6	Appendix-8B	Application performa for certification of export performance of units in Agro chemicals sectors by the regional offices of the DGFT
7	ANF – 3B	Application form for Service Export from India scheme
8	ANF – 3C	Application for online filing of Grant Status(Star Export houses)
9	ANF – 3D	Application form for export of goods through courier or foreign post offices using the e-commerce under MEIS

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- ▶ Engineering (EPC)
 - ▶ Project (EPC)
 - ▶ Basic chemicals , cosmetics and Dyes (EPC)
 - ▶ Chemicals and allied products (EPC)
 - ▶ Leather (EPC)
 - ▶ Sports Goods (EPC)
 - ▶ Gem and Jewellery (EPC)
 - ▶ Shellac (EPC)
 - ▶ Cashew (EPC)
 - ▶ The Plastic (EPC)
 - ▶ Pharmaceutical (EPC)
 - ▶ Indian oil seeds and produce (EPC)
 - ▶ Services (EPC)

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- ▶ Carpet (EPC).
 - ▶ Coffee Board (EPC).
 - ▶ Handloom (EPC).
 - ▶ Indian silk (EPC).
 - ▶ Jute products Development (EPC).
 - ▶ Power loom development (EPC).
 - ▶ Project (EPC).
 - ▶ Services (EPC).
 - ▶ Cotton textiles (EPC).
 - ▶ Wool and Woolens (EPC).
 - ▶ Wool Industry (EPC).



THANK YOU

This Background Material has been compiled and summarized from information available in official documents, circulars, other publicly available information and websites of the Government of India & Reserve Bank of India. This Background

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