

HIGHLIGHTS OF ANNUAL SUPPLIMENT (2010-11) OF THE FOREIGN TRADE POLICY 2009-14

India's percentage share in world apparel exports has seen a fluctuating pattern over the last 3 years. From 3.07 per cent in 2006, it declined to 2.83 per cent in 2007 and further increased to 3.00 per cent in 2008. In 2009-10, apparel exports were estimated to be US\$ 10.70 billion, a decline of 2.09 per cent from the previous year. In the first quarter of 2010-11, exports have declined by 8.1% compared to last year.

Apparel export in the total export accounted 5.9% in 2009-10 which remain unchanged from the previous year, however, there had been decline in the total export of India to world in 2009-10 from previous financial year.

For the financial year 2010-11 US\$ 12 billion worth of apparel export has been targeted. Against this backdrop policy measures announced in the FTP may help in achieving the export target.

Higher Support for Market and Product Diversification

- 256 new products added under FPS (at 8 digit level), which shall be entitled for benefits @ 2 per cent of FOB value of exports to all markets. **(product list at Appendix 1)**
- Nearly 300 products (at 8 digit level) from the readymade garment sector incentivized under MLFPS for further 6 months from October, 2010 to march, 2011 for exports to 27 EU countries.
- Market focus scheme introduced for the market diversification is continued. Markets like Brazil, Argentina, Chile and Mexico in Latin America and South Africa, Nigeria, Tanzania, Algeria, Kenya and Namibia – are these new or the continued markets – incomplete. **(Market List in Appendix 1)**

Support for Technological up-gradation

- Zero duty EPCG scheme, introduced in August 2009 and valid for only two years up to 31.03.2011, has been extended by one more year till 31.03.2012, to give a boost to technological up-gradation.
- Additional Towns of Export Excellence (TEEs) announced in which Bhiwandi (Maharashtra) has been named for Textile.

Stability / continuity of the foreign Trade Policy

- The popular and exporter friendly Duty Entitlement Passbook (DEPB) scheme has been extended beyond 31.12.2010 till 30.06.2011.
- Availability of concessional Export Credit:
Interest subvention of 2 per cent for pre-shipment credit for export sector namely, Handicraft, carpet and SMEs for all export sectors, have been allowed till 31.03.2011 in the budget 2010-11. This facility has now been extended for additional products pertaining to sector like Engineering, leather and textiles.

Procedural simplification and Reduction of Transaction Cost

- Exporters shall now have the flexibility to get a high value EPCG authorization by filing their EPCG application on Annual basis, without the need to file the application for individual capital goods from time to time. It will reduce transaction time and cost.
- To impart flexibility to exporters and to facilitate smooth clearance of consignments, a single customs notification for the two variants of Advance Authorization scheme namely advance authorization for physical exports & deemed exports shall be issued. It will also eliminate the ambiguity in clubbing of such exports.
- Adhoc Norms ratified under Advance Authorization scheme shall henceforth apply to all cases for the same export product up to one year not only prospectively but also retrospectively.

EDI Initiatives

- To reduce the transaction cost domain of EDI is endeavored to be continuously broadened.
- To remove redundancy of repeated submissions of RCMC, an 'e-RCMC' initiative has been commenced.
- Facility of a data preparation module for Advance Authorization and Export Promotion Capital Good (EPCG) has been provided on an offline mode,
- Additional licensed certifying authorities for electronic fund transfer (EFT) operations have been included in the gamut of EDI operations.
- The online message exchange for Annual Advance Authorization and Duty Free Import Authorization (DFIA) shall also be made operational with customs w.e.f. 1.12.2010.

Textile sector

- Duty free import of specified trimmings, embellishment etc shall be available @ 3 per cent on exports of polyester made-ups in line with the facility available to sectors like Textiles & Leather. It will promote export of products such as micro cloth, which has become popular in home textiles.

- Readymade Garment sector granted enhanced support under MLFPS for a period of further 6 months from October, 2010 to March, 2011 for exports to 27 EU countries.

Effect of Annual supplement of FTP 2009-14 on Export of Apparel sector:

Impact of the annual supplement on the export performance was reported in the economic times and other news paper. Extension of Market Linked Focus Product Scheme (MLFPS), Zero Duty EPCG Scheme, 1 per cent Status Holders Incentive Scheme etc., was addressed in the Annual Supplement 2010-11, which will help the Indian garment export to increase from its present level. Simplification of export procedure will also help the Indian garment industry to bring down its transaction cost which will improve the delivery time of customers and profitability of Indian exporters. Interest subvention of two per cent for pre-shipment credit for export would help the garment sector to avail credit at cheaper rate so they may increase their export to the target markets.

This time emphasis of the annual supplement on the reduction of the transaction cost, procedural hassles and diversification of export market is welcomed by the industry as this will help the apparel sector of India to increase its market share in the world apparel export.

APPENDIX 1

PART-1 SECTION-1

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
DIRECTORATE GENERAL OF FOREIGN TRADE

PUBLIC NOTICE NO. 2/(RE2010)/2009-14 DATED: 23rd August 2010

Subject: Amendments in the Reward/Incentive Schemes of Chapter 3 of FTP 2009-14:-
Appendix 37A, Appendix 37D of Handbook of Procedure Vol. 1

5. In **Appendix 37D** of Focus Product Scheme, the following is added in the Product Category.

Sr. No.	PRODUCT CATEGORY	ADMISSIBLE DATE OF EXPORT / PERIOD
7	TABLE 7: FOCUS PRODUCT(S) / SECTOR(S) -BONUS BENEFITS	1.4.2010

6. In **Appendix 37D** of Focus Product Scheme, the following is added in **Table 7** for exports made from 1.4.2010 onwards:

TABLE 7: FOCUS PRODUCT(S)/SECTOR(S) - BONUS BENEFITS			
Sr. No.	FPS Product Code	ITC (HS) Code	Description
1 to 67	1 to 67		ALL HANDICRAFT ITEM DESCRIPTIONS AS IN SR. NOS. 12 TO 78 OF TABLE 2 OF APPENDIX 37D.
68 to 111	68 to 111		ALL HANDICRAFT ITEM DESCRIPTIONS AS IN SR. NOS. 1 TO 44 OF TABLE 5 OF APPENDIX 37D.
112 to 121	112 to 121		ALL TOYS & SPORTS GOODS ITEM DESCRIPTIONS AS IN SR. NOS. 1 TO

			10 OF TABLE 2 OF APPENDIX 37D.
122 to 137	122 to 137		ALL LEATHER PRODUCTS DESCRIPTIONS AS IN SR. NOS. 1 TO 15 OF TABLE 1 OF APPENDIX 37D.
138 to 140	138 to 140		ALL LEATHER PRODUCTS DESCRIPTIONS AS IN SR. NOS. 61 TO 63 OF TABLE 4 OF APPENDIX 37D.
141	141		ALL HANDLOOM PRODUCTS CODES COVERED AS IN SR. NOS. 28 OF TABLE 1 OF APPENDIX 37D.
143	143		PRODUCT DESCRIPTION AS IN SR. NO. 75 OF TABLE 4 OF APPENDIX 37D.
144 to 155	144 to 155		BICYCLE PARTS DESCRIPTIONS AS IN SR NOS. 87 TO 97 OF TABLE 4 AND SR. NO. 96 OF TABLE 6 OF APPENDIX 37D.
156	156		SILK CARPETS DESCRIPTIONS COVERED BY SR NO. 11 OF TABLE 2 OF APPENDIX 37D (i.e. SILK CARPETS COVERED BY CODES 57023920, 57024920, 57025032, 57029920 and 57050011).

7. In **Appendix 37D** of Focus Product Scheme, the following is added at the end in **Table 4** for exports made w.e.f 1.4.2010:

TABLE 4: NEW FOCUS PRODUCTS			
Sr. No.	FPS Product Code	ITC (HS) Code	Description
99	99	7305	OTHER TUBES & PIPES, (E.G.WELDED,RIVETED ETC) HAVNG CIRCLR CRS SCTN,THE EXTRNL

			DIAMETR OF WHICH EXCDS 406.4MM, OF IRON/STL
100	100	8502	ELECTRC GENRTNG SETS & ROTARY CONVRTRS
101	101	7325	OTHER CAST ARTICLES OF IRON OR STEEL
102	102	72021100, 72021900, 72023000	FERRO MANGANESE, OTHER FERRO-MANGANESE, FERRO-SILICO-MANGANESE
103	103	84749000	PARTS OF MACHINERIES OF HEADING 8474
104	104	8461	MCHN-TOOLS FR PLNING,SHAPNG, SLOTNG, BROCHNG GEAR CUTNG/GRNDNG/ FINSNG ETC WRKNG BY REMOVNG MTL, CERMETS N.E.S./INCLUDED
105	105	8414	AIR/VACUUM PUMPS,AIR/OTHR GAS COMPRSRS & FANS; VNLTNG/ RCYCLNG HOODS INCRPRTNG A FAN,W/N FITTED WITH FILTERS
106	106	7308	STRUCTRS (EXCL PREFABRICTD BLDNGS OF HDG NO.9406) & PARTS E.G.BRIDGES ROOFS DOORS TUBES ETC USED IN STRUCTRS OF IRON & STL (This entry includes Towers of Transmission Line and Scaffolding)
107	107	731100	EMPTY LPG CYLINDERS
108	108	7303	TUBES, PIPES & HOLLOW PROFILES OF CAST IRON
109	109	852872	COLOUR TV SETS

110	110	8518	MICROPHONES&STNDS THRRFR; LOUDSPKR,W/N MNTD HEADPHONE, EARPHONE & COMBND MICROPHONE /SPKRSETS; AUDIO FRQNCY AMPLFYR; SND AMPLFYR SETS
111	111	8519	TURNTABLES (RECORDDECKS)RECORD-PLAYERS CASSETTE PLAYERS ETC NT INCORPORATING A SOUND RECORDING DEVICE
112	112	852340, 852351 & 852352	OPTICAL MEDIA PRODUCTS LIKE – CD, DVD AND SOLID NON-VOLATILE STORAGE DEVICES
113	113	85489000	UNPOPULATED PCBS
114	114	8541	DIODES,TRANSISTORS & SMLR SEMI- CONDUCTORS DEVICES ETC.W/N ASSMBLD IN MODULES/MADE UP INTO PNLS ETC MNTD PIEZO-ELCTRC CRYSTLS
115	115	8542	ELCTRNC INTEGRTD CIRCUITS & MICRO-ASSMBLS
116	116	852910	AERIALS & AERIALS REFLECTORS OF ALL KINDS PRTS SUITABLE FR USE THEREWTH
117	117	854449	DATA CABLES, LAN CABLES, AND CATEGORY CABLES OTHR ELCTRC CNDCTRS FOR A VOLTAGE <=80 V
118	118	850431	OTHR TRNSFRMRS HVNG A PWR HNDLNG CAPACITY NOT EXCDNG 1 KVA
119	119	853225	OTHR FXD CAPACTRS DIELECTRC OF PAPR/PLSTCS

120	120	853229	OTHER FIXED CAPACITORS
121	121	853310	FXD CRBN RESISTORS, COMPOSITION/FILM TYPES
122	122	853340	OTHR VARIABLE RESISTORS, INCLUDING RHEOSTATS AND POTENTIOMETERS
123	123	853400	PRINTED CIRCUITS
124	124	853641	RELAYS FR A VLTG NT EXCDG 60 V
125	125	85414020	LIGHT EMITTING DIODES (ELCTR LUMINESCENT)
126	126	854150	OTHER SEMI-CONDUCTOR DEVICES
127	127	8542	ELCTRNC INTEGRTD CIRCUITS & MICRO-ASSMBLS
128	128	76141000 & 76149000	ALUMINIUM CONDUCTOR
129	129	84714190 and 84713090	DESKTOPS AND NOTEBOOKS
130	130		MENTHOL BP/USP
131	131		MENTHOL CRYSTAL BP/USP
132	132	33019011	FENNUGREEK OLEORESINS
133	133	33019012	GINGER OLEORESINS
134	134	33019014	TURMERIC OLEORESINS
135	135	33019016	CELERY SEED OLEORESINS
136	136	33019017	NUTMEG OLEORESINS

137	137	33019021	CLOVE OLEORESINS
138	138	33019022	CAPSICUM OLEORESINS
139	139	33019023	CORIANDER OLEORESINS
140	140	33019024	CUMIN OLEORESINS
141	141	33019025	FENNEL OLEORESINS
142	142	33019029	OLEORESINS OF SPICES NOT ELSEWHERE SPECIFIED
143	143	23050010, 23050020	OIL-CAKE & OIL-CAKE MEAL OF GROUND-NUT
144	144	23069012, 23069021	OIL-CAKE & OIL-CAKE MEAL OF MUSTARD SEEDS
145	145	230610	OIL-CAKE & OTHR RESDUS OF COTTON SEEDS
146	146	230641, 230649	LOW ERUCIC ACID OF RAPE OR COLZA SEEDS, OTHER RESIDUES OF RAPE OR COLZA SEEDS
147	147	29157050, 29242990, 29161950, 29161990, 29157040, and 29171300	DEHYDRATED CASTOR OIL FATTY ACID, CASTOR OIL AMIDES, CASTROL OIL POLYOLS, CASTOR OIL ESTERS, RICINOLEIC ACID/ESTERS, 12 HYDROXY STEARIC ACID, and SEBACIC ACID/2 OCTANOL
148	148	0905	VANILLA
149	149	0906	CINNAMON & CINNAMON TREE FLOWERS
150	150	0907	CLOVES (WHOLE FRUIT,CLOVES & STEMS)
151	151	0908	NUTMEG, MACE & CARDAMOMS
152	152	0909	SEEDS OF ANISE, BADIAN, FENNEL, CORIANDER CUMIN, CARAWAY OR JUNIPER
153	153	0910	GINGER, SAFFRON, TRUMERIC (CURCUMA), THYME BAY LEAVES,

			CURRY AND OTHER SPICES
154	154	40070000	RUBBER THREAD
155	155	85176100	BASE STATIONS
156	156	84729090	PAPER PUNCHES
157	157		PACKAGED COCONUT TENDER WATER (i.e. TENDER COCONUT WATER IN CONSUMER PACKS)
158	158		COCONUT SHELL WORKED
Consequently Sr. Nos. 56, 58, 62, 63, 66, 71, 72, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 93, 94 of Table 6 of Appendix 37D are deleted.			

8. The following shall be added in **Appendix 37D, Table 6** of Focus Product Scheme for benefits on exports made from 1.10.2010 till 31.3.2011:

TABLE 6: NEW MARKET LINKED FOCUS PRODUCTS				
SL. NO.	FOCUS PRODUCT CODE	DESCRIPTION OF PRODUCT/SECTOR	ITC(HS) CODE	LINKED MARKET (S) FOR FOCUS PRODUCT (S) / SECTOR (S)
101	101	APPARELS (i.e. READYMADE GARMENTS)	61, 62	EU (27 Countries i.e. AUSTRIA, BELGIUM, BULGARIA, CYPRUS, CZECH REPUBLIC, DENMARK, ESTONIA, FINLAND, FRANCE, GERMANY, GREECE, HUNGARY, IRELAND, ITALY, LATVIA, LITHUANIA, LUXEMBOURG, MALTA, NETHERLAND, POLAND, PORTUGAL, ROMANIA, SLOVAK REP, SLOVENIA, SPAIN, SWEDEN and U K)

9. The following shall be added in **Appendix 37D, Table 6** of Focus Product Scheme for benefits on exports made from 1.4.2010 till 31.3.2011:

TABLE 6: NEW MARKET LINKED FOCUS PRODUCTS				
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SL. NO.	FOCUS PRODUCT CODE	DESCRIPTION OF PRODUCT/SECTOR	ITC(HS) CODE	LINKED MARKET (S) FOR FOCUS PRODUCT (S) / SECTOR (S)
102	102	TUBES,PIPES & HOSES OF VULCNSD RUBR OTHR THN HARD RUBR WTH/WTHOUT THR FITTINGS	4009	EU (27 Countries i.e. AUSTRIA, BELGIUM, BULGARIA, CYPRUS, CZECH REPUBLIC, DENMARK, ESTONIA, FINLAND, FRANCE, GERMANY, GREECE, HUNGARY, IRELAND, ITALY, LATVIA, LITHUANIA, LUXEMBOURG, MALTA, NETHERLAND, POLAND, PORTUGAL, ROMANIA, SLOVAK REP, SLOVENIA, SPAIN, SWEDEN and U K)
103	103	OTHR ARTCLS OF VULCNSD RUBR OTHER THAN HARD RUBBER.	4016	

10. In **Appendix 7**, the following **Towns of Export Excellence** are added.

S.No.	Town of Export Excellence	State	Product Category
22	Barmer	Rajasthan	Handicrafts
23	Bhiwandi	Maharashtra	Textiles
24	Agra	Uttar Pradesh	Leather Products

This issues in public interest.

Sd/-
(P K CHAUDHERY)
Director General of Foreign Trade
and Additional Secretary to Government of India

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