

**EXIM Policy 2015-2020: India New Foreign Trade Policy**

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**Abstract**

India's Export and Import Policy is also termed as Foreign Trade Policy. This policy of Government of India intentionally directed to upgrade export potential, encouraging export oriented business & converting BOP into facilitated position. The foreign trade policy of nation is framed and introduced by the Central Government to strengthen the volume of foreign trade, specifically the export portion of global trade. Projects such as Make in India and Digital India will incorporate the new Export and Import Policy.

The present paper highlights the emphasized initiatives and schemes for making India a great participant in global trade by the year 2020. The new EXIM policy export obligations by 25 percent. Criteria to recognize status holder for the operation of export are also focused.

*Key words:* 2020, EXIM policy, Indian Government & export potential.

## INTRODUCTION

Mr. V. P. Singh, former Commerce Minister announced the EXIM Policy on 12<sup>th</sup> April, 1985. Initially the policy was launched for 3 years with goal of encouraging and maximizing export of India. A set of predetermined roadmap and direction related to the import and export of goods in India is Exim Policy and it is constituted by the Directorate General of Foreign Trade (DGFT). The guiding policy for transactions with other nations is governed by the Foreign Trade Development and Regulation Act, 1992. The main target of the act is to regulate foreign trade, so to bring development of imports into the country, increased exports from India, promote foreign trade and producing prosperous balance of payment position. Earlier there were the Imports and Exports (Control) Act 1947, now the Foreign Trade Act has substituted the previous law.

Indian EXIM Policy comprised of variety of policies related to exports and imports. The policy focused precisely on policies and procedures to support export. Union Minister of Commerce & Industry is authorized to make any changes and adjustment in Exim Policy in cooperation with the Ministry of Finance, the Directorate General of Foreign Trade and also along with the regional offices.

## VISION AND TARGET

The vision of India new global trade policy is to become India a strong & leading performer in world trade by 2020. Government aims at making a significant transaction in

international trade discourse in near future. Target of Government is in raising proportion of India's exports in world trade, from 2 % to 3.5 % in merchandise & services.

Table1: Target of India's exports in 2019-20

| <i>India's exports of merchandise and services in 2013-14</i> | <i>Target for exports of merchandise and services in 2019-20</i> |
|---|--|
| USD 465.9 billion   | USD 900 billion approx   |

Initiatives namely 'Make in India', 'Digital India' and 'Skills India' had been taken up to bring in world standard in products quality of India's various sectors, the government tried to minimize imports & boost the exports' capacity of the country. By increased exports, the country could balance the trade in the global market. The new policy attempted to offer a firm and dependable policy environment for global transactions in merchandise & services. The Indian Government concentrated on improving trade relationship with neighbors located in South Asia. The government destined to frame regional value chains in fabric, engineering goods, pharmaceuticals, automobile components, and plastic products sectors. South East Asia and Central Asia could become the trade zone after having substantial commercial exchange with South Asia.

## CONSIDERED INITIATIVES AND SCHEMES

### *1. DUTY EXEMPTION & REMISSION SCHEMES*

These schemes deal with duty free import of inputs, inputs to be processed for export production.

#### *Advance Authorization Scheme*

Inputs are permitted for duty free import which is comprised in the export products with value addition of 15 percent. The scheme bears 12 months validity period for making imports & 18 months period for fulfillment of EO from the date of issue.

## **2. EXPORT PROMOTION CAPITAL GOODS SCHEME**

### *Zero duty EPCG scheme*

To increment export capability of the country, quality of goods & services are planned to rise through zero custom duty on import of capital goods. The condition of six times of duty saved in six years shall be the export obligation. Here indigenous capital goods are also emphasized by allowing less export obligation of 25 per cent.

## **3. EXPORT OF DEFENCE ITEMS**

In order to support export of such highly technology oriented items, Export Obligation period for export of items comprised from defence, military store, aerospace and nuclear energy shall be 24 months from authorization issued date or co-terminus with contracted duration of the export order, whichever is later.

## **4. BASIS TO IDENTIFY STATUS HOLDER**

The new criteria are in the earnings of US dollar, before it was in Rupees. The new criteria may be listed as:

Table2: Criteria for noticing status holder

| <i>Class (in terms of Star<br/>Export House)</i> | <i>Export Performance<br/>FOB / FOR Value (in US<br/>\$ million) during current<br/>and previous 2 years</i> |
|--|--|
| One  | 3  |

|       |      |
|-------|------|
| Two   | 25   |
| Three | 100  |
| Four  | 500  |
| Five  | 2000 |

## 5. OTHER SCHEMES

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

Towns having production capacity of Rupees 750 crore or more are appraised as Towns of Export Excellence. It will be assumed as growth potency in exports and will sanction financial aid through MAI scheme.

## CONCLUSION

Foreign Trade Policy 2015-20 acquaints with two new schemes i.e. Merchandise Exports from India Scheme (MEIS) & Services Exports from India Scheme (SEIS). The Services Exports from India Scheme is introduced for raising exports potential of notified services. The new Foreign Trade Policy approaches to required raw materials, intermediates, components, consumables & capital goods schemes; to bring in economic growth in the nation. The new policy concentrates on technological improvement and maximizing the efficiency of Industry, Agriculture industry and services; so achievement of worldwide consented quality of products and services is possible.

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