

## CHAPTER 1B

### SPECIAL FOCUS INITIATIVES

#### 1B.1

#### Special Focus Initiatives

- (a) With a view to continuously increasing our percentage share of global trade and expanding employment opportunities, certain special focus initiatives have been identified/continued for Market Diversification, Technological Upgradation, Support to status holders, Agriculture, Handlooms, Handicraft, Gems & Jewellery, Leather, Marine, Electronics and IT Hardware manufacturing Industries, Green products, Exports of products from North-East, Sports Goods and Toys sectors. Government of India shall make concerted efforts to promote exports in these sectors by specific sectoral strategies that shall be notified from time to time.
- (b) Further Sectoral Initiatives in other sectors will also be announced from time to time.

#### (i) Market Diversification

During 2008-09 to 2011-12, weaker demand in developed economies, triggered by falling asset prices and increased economic uncertainty had pulled down the growth of India's exports to developed countries. To insulate Indian exports from the decline in demand from developed countries, in this Policy focus is on diversification of Indian exports to other markets, specially those located in Latin America, Africa, parts of Asia and Oceania. To achieve diversification of Indian exports, following initiatives have been taken under this Policy.

- (a) 29 new countries have been included within the ambit of Focus Market Scheme.
- (b) The incentives provided under Focus Market Scheme have been increased from 2.5% to 3%.
- (c) There has been a significant increase in the outlay under 'Market Linked Focus Product Scheme' by inclusion of more markets and products. This ensures support for exports to all countries in Africa and Latin America, and major Asian markets like China and Japan.

**(ii) Technological Upgradation**

To usher in the next phase of export growth, India needs to move up in the value chain of export goods. This objective is sought to be achieved by encouraging technological upgradation of our export sector. A number of initiatives have been taken in this Policy to focus on technological upgradation; such initiatives include:

- (a) EPCG Scheme at zero duty has been introduced for certain engineering products, electronic products, basic chemicals and pharmaceuticals, apparel and textile, plastics, handicrafts, chemicals and allied products and leather and leather products. This scheme is being expanded to cover more export product groups including marine products, sports goods, toys, rubber & rubber products, additional chemicals / allied products and additional engineering products. The scheme is also being extended upto 31.3.2014.
- (b) The existing 3% EPCG Scheme has been considerably simplified, to ease its usage by the exporters.
- (c) The facility of EPCG Scheme for Annual Requirement has been introduced to reduce documentation and transaction time.
- (d) To encourage value added manufacture export, a minimum 15% value addition on imported inputs under Advance Authorisation Scheme has been stipulated.
- (e) A number of products including automobiles and other engineering products have been included for incentives under Focus Product and Market Linked Focus Product Schemes.
- (f) Steps to encourage Project Exports shall be taken.

**(iii) Support to status holders**

The Government recognized 'Status Holders' contribute approx. 60% of India's goods exports. To incentivise and encourage the status holders, as well as to encourage Technological upgradation of export production, additional duty credit scrip @ 1% of the FOB

value of past export shall be granted for specified product groups including leather, specific sub-sectors in engineering, textiles, plastics, handicrafts and jute. This duty credit scrip can be used for import / domestic procurement of capital goods by these status holders. The SHIS scrip shall be subject to actual user condition. However, transferability amongst status holders having manufacturing facility has been allowed. The status holder incentive scrip scheme has been expanded to cover more export product groups including marine products, sports goods, toys, specified chemicals and allied products and additional engineering products. The scheme is also being extended upto 31.3.2013.

**(iv) Agriculture and Village Industry**

- (a) Vishesh Krishi and Gram Udyog Yojana
- (b) Capital goods imported under EPCG will be permitted to be installed anywhere in AEZ.
- (c) Import of restricted items, such as panels, are allowed under various export promotion schemes.
- (d) Import of inputs such as pesticides are permitted under Advance Authorisation for agro exports.
- (e) New towns of export excellence with a threshold limit of Rs 150 crore shall be notified.
- (f) Additional flexibility for agri-infra scrip by way of limited transferability to other status holders and the units in Food Parks allowed.
- (g) List of items allowed for import for “Park Houses” notified in Appendix 37 F.

**(v) Handlooms**

- (a) 2% bonus benefits under focus product scheme.
- (b) Specific funds are earmarked under MAI / MDA Schemes for promoting handloom exports.
- (c) Duty free import entitlement of specified trimmings and

embellishments is 5% of FOB value of exports during previous financial year. Handloom made-ups have also been included for the entitlement.

- (d) Duty free import entitlement of hand knotted carpet samples is 1% of FOB value of exports during previous financial year.
- (e) Duty free import of old pieces of hand knotted carpets on consignment basis for re-export after repair is permitted.
- (f) New towns of export excellence with a threshold limit of Rs 150 crore shall be notified.
- (g) Machinery and equipment for effluent treatment plants is exempt from customs duty.

**(vi) Handicrafts**

- (a) Duty free import entitlement of tools, trimmings and embellishments is 5% of FOB value of exports during previous financial year. Entitlement is broad banded, and shall extend also to merchant exporters tied up with supporting manufacturers.
- (b) Handicraft EPC is authorized to import trimmings, embellishments and consumables on behalf of those exporters for whom directly importing may not be viable.
- (c) Specific funds are earmarked under MAI & MDA Schemes for promoting Handicraft exports.
- (d) CVD is exempted on duty free import of trimmings, embellishments and consumables.
- (e) New towns of export excellence with a reduced threshold limit of Rs 150 crore shall be notified.
- (f) Machinery and equipment for effluent treatment plants are exempt from customs duty.
- (g) All handicraft exports would be treated as special Focus

products and entitled to higher incentives.

- (h) In addition to above, 2% bonus benefits under Focus Product Scheme for Handicraft exports.

**(vii) Gems & Jewellery**

- (a) Import of gold of 8k and above is allowed under replenishment scheme subject to import being accompanied by an Assay Certificate specifying purity, weight and alloy content.
- (b) Duty Free Import Entitlement (based on FOB value of exports during previous financial year) of Consumables, Tools and additional items allowed for:
  - (i) Jewellery made out of:
    - a) Precious metals (other than Gold & Platinum) – 2%
    - b) Gold and Platinum – 1%
    - c) Rhodium finished Silver – 3%
  - (ii) Cut and Polished Diamonds – 1%
- (c) Duty free import entitlement of commercial samples shall be Rs. 300,000.
- (d) Duty free re-import entitlement for rejected jewellery shall be 2% of FOB value of exports.
- (e) Import of Diamonds on consignment basis for Certification/ Grading & re-export by the authorized offices/agencies of Gemological Institute of America (GIA) in India or other approved agencies will be permitted.
- (f) Personal carriage of Gems & Jewellery products in case of holding/participating in overseas exhibitions increased to US\$ 5 million and to US\$ 1 million in case of export promotion tours.
- (g) Extension in number of days for re-import of unsold items in case of participation in an exhibition in USA,

increased to 90 days.

- (h) In an endeavour an endeavour to make India a diamond international trading hub, it is planned to establish “Diamond Bourse(s)”.

**(viii) Leather and Footwear**

- (a) Additional 2% bonus benefits under Focus Product Scheme.
- (b) Finished Leather exports to be incentivised under Focus Product Scheme.
- (c) Duty free import entitlement of specified items is 3% of FOB value of exports of leather garments during preceding financial year.
- (d) Duty free entitlement for import of trimmings, embellishments and footwear components for footwear (leather as well as synthetic), gloves, travel bags and handbags is 3% of FOB value of exports of previous financial year. Such entitlement shall also cover packing material, such as printed and non-printed shoeboxes, small cartons made of wood, tin or plastic materials for packing footwear.
- (e) Machinery and equipment for Effluent Treatment Plants shall be exempted from basic customs duty.
- (f) Re-export of unsuitable imported materials such as raw hides & skins and wet blue leathers is permitted.
- (g) CVD is exempted on lining and interlining material notified at S.No 168 of Customs Notification No 21/2002 dated 01.03.2002.
- (h) CVD is exempted on raw, tanned and dressed fur skins falling under Chapter 43 of ITC (HS).
- (i) Re-export of unsold hides, skins and semi finished leather shall be allowed from Public Bonded warehouse without payment of export duty.

**(ix) Marine Sector**

- (a) Imports for technological upgradation under EPCG in fisheries sector (except fishing trawlers, ships, boats and other similar items) exempted from maintaining average export obligation.
- (b) Duty free import of specified specialised inputs/chemicals and flavouring oils is allowed to the extent of 1% of FOB value of preceding financial year's export.
- (c) To allow import of monofilament longline system for tuna fishing at a concessional rate of duty and Bait Fish for tuna fishing at Nil duty.
- (d) A self removal procedure for clearance of seafood waste is applicable subject to prescribed wastage norms.
- (e) Marine sector included for benefits under zero duty EPCG scheme.

**(x) Electronics and IT Hardware Manufacturing Industries**

- (a) Export of electronic goods to be incentivized under Focus Product Scheme.
- (b) Expedient clearance of approvals required from DGFT shall be ensured.
- (c) Exporters /Associations would be entitled to utilize MAI & MDA Schemes for promoting Electronics and IT Hardware Manufacturing Industries exports.
- (d) Electronics Sector included for benefits under SHIS scheme.

**(xi) Sports Goods and Toys**

- (a) Duty free import of specified specialised inputs allowed to the extent of 3% of FOB value of preceding financial year's export.

- (b) Sports goods and toys shall be treated as a Priority sector under MDA / MAI Scheme. Specific funds would be earmarked under MAI / MDA Scheme for promoting exports from this sector.
- (c) Applications relating to Sports Goods and Toys shall be considered for fast track clearance by DGFT.
- (d) Sports Goods and Toys are treated as special focus products and entitled to higher incentives.
- (e) In addition to above, 2% bonus benefits under Focus Product Scheme for Sports Goods & Toys.
- (f) Sports Goods & Toys included for benefits under zero duty EPCG and SHIS schemes.

**(xii) Green products and technologies**

India aims to become a hub for production and export of green products and technologies. To achieve this objective, special initiative will be taken to promote development and manufacture of such products and technologies for exports. To begin with, focus would be on items relating to transportation, solar and wind power generation and other products as may be notified which will be incentivized under Reward Schemes of Chapter 3 of FTP.

**(xiii) Incentives for Exports from the North Eastern Region**

In order to give a fillip to exports of products from the north-eastern States, notified products of this region would be incentivized under Reward Schemes of Chapter 3 of FTP.