

## Corpsec Hotline

April 12, 2005

### ADVANTAGE EXPORTS: INDIA'S FOREIGN TRADE POLICY 2004-09

Commerce and Industry minister Mr. Kamal Nath announced on April 8, 2005 the Annual Supplement 2005 ("Supplement") to the five-year foreign trade policy for 2004-09. By announcing the minister aims to generate employment in the country from the export sector and seeks to provide a greater role for imports as a tool of economic activity.

The important proposals in the Supplement are as follows:

- Advance License Scheme: This scheme, which was available only to status holders, shall now be extended to all categories of exporters having a past track record. Further, in order to simplify the scheme, three categories of advance licences shall be merged into a single category.
- Bank Guarantee: The quantum of bank guarantee for 'other manufacturers' and 'established service providers' shall be reduced to 15 per cent.
- Commodity Cess: In order to reduce the burden of indirect taxes, the cess levied on export of all agricultural and plantation commodities levied under various Commodity Board Acts shall be abolished.
- Duty-free Replenishment Certificate (DFRC): The list of sensitive items restricted for imports under the DFRC shall be reduced to eight items.
- Export Promotion Capital Goods (EPCG) Scheme: In order to accelerate performance, exporters who complete 75 per cent of their export obligation within 4 years (as compared to fulfilling 100 per cent with 8 years as per the conditions of the scheme) shall be exempt from the balance export obligation. The scheme also provides for added benefits for the agriculture sector.
- Export Oriented Units (EOUs): The de-bonding norms for EOUs shall be simplified with a move to self-assessment of liability. EOUs can claim income-tax exemption within a year from the date of exports.
- Gems and Jewellery Export: Entitlement of duty free imports of samples of gems and jewellery shall be enhanced to INR 300,000.
- Inter-state Trade Council: In order to facilitate coordination between the various states and the center o policy issues and boost international trade, the Supplement has announced setting up of an inter-state trade council.
- Served from India Scheme: Goods imported under this scheme shall be transferable within group companies and managed hotels, which would help them in bulk sourcing and better utilization of entitlement.
- Target Plus Scheme: This scheme shall be made operational, making the exporters who have a minimum turnover of INR 100 million eligible for duty credit.

The above proposals are in addition to the procedural simplifications announced in the Supplement.

With these measures, the commerce and industry ministry hopes to achieve a 15 per cent increase in the export target to US\$92 billion for the current year (as compared to the year 2004 where the exports touched US\$ 80 billion) and to make India as a preferred destination of manufacturing outsourcing.

Source: Business Standard, weekend edition dated April 9/10, 2005

You can direct your queries or comments to [Vikram Shroff](#) and [Kishore Joshi](#)

### DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

## Research Papers

### Little International Guide (India) 2024

November 08, 2024

### Unmasking Deepfakes

October 25, 2024

### Are we ready for Designer Babies

October 24, 2024

## Research Articles

### The Bitcoin Effect

November 14, 2024

### Acquirers Beware: Indian Merger Control Regime Revamped!

September 15, 2024

### Navigating the Boom: Rise of M&A in Healthcare

August 23, 2024

## Audio

### Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

### Renewable Roadmap: Budget 2024 and Beyond - Part I

August 26, 2024

### Renewable Roadmap: Budget 2024 and Beyond - Part II

August 26, 2024

## NDA Connect

Connect with us at events, conferences and seminars.

## NDA Hotline

[Click here to view Hotline archives.](#)

## Video

### "Investment return is not enough" Nishith Desai with Nikunj Dalmia (ET Now) at FI8 event in Riyadh

October 31, 2024

### Analysing SEBI's Consultation Paper on Simplification of registration for FPIs

September 26, 2024

