

Salient features of the Foreign Trade Policy 2015-2020

Foreign Trade Policy 2015-2020 announced on 1st April 2015 by Commerce and Industry Minister for the period April 2015 to March 2020 has not provided any additional benefits to the textiles sector, though measures announced for improving ease of doing business and simplified procedures would be beneficial to the textile sector, among others. On the basis of the announcements made on 1st April and notifications issued so far, some details are given below:

Focus Market Scheme, Focus Product Scheme, Market Linked Focus Product Scheme and a couple of other schemes have been amalgamated into one single scheme called Merchandise Exports from India Scheme (MEIS). There is also a similar scheme for services exports called Service Export from India Scheme (SEIS). In the case of MEIS importing countries have been divided into three groups. Group A covers 30 developed countries –EU 28, USA and Canada. Group B has a total of 139 countries which include China, Japan, Turkey and Vietnam, among major textiles importing countries. Group C has a total of 70 countries which include South Asian and some south East Asian countries among others.

The rates of reward available under MEIS have been indicated separately for countries in Group A, Group B and Group C. Some broad observations are as follows:

Cotton yarn is not included for reward under MEIS.

Manmade Fibre Yarn, Woven Fabrics and Knitted Fabrics generally have 2% reward in Group A countries and Japan. This would mean that these products would not be eligible for any reward under MEIS in China, Bangladesh, Turkey, Vietnam, South Korea etc. which are the major countries for these products.

In the case of garments 2% reward has been provided for most of the products for Group A countries and Japan.

Made ups by and large have 2% reward in Group A countries and Japan. For a couple of specified products, 5% has been provided in all the three groups of countries (Knitted bead spreads, for example)

Handloom products have 5% reward in the countries in all the three groups in the case of fabrics and made ups, but not in the case of garments.

Jute products by and large have 5% reward in countries in all the three groups.

EPCG scheme continues with some changes. Imports under the scheme will not have exemption from anti dumping duties or safe guard duties. Export obligation continues to be 6 times of duties foregone in 6 years, plus average export performance of the past. But if capital goods are sourced from domestic producers against EPCG authorisation, the export obligation will be 75%, as against 90% earlier.

Status holders have been regrouped. Instead of Export House, Trading House etc., these will now be called one star to five star Export Hoses and their status will be decided on the basis of their export performance in Dollar terms as under:

One Star - USD 3 million

Two Star - USD 25 million

Three Star- USD100 million

Four Star - USD 500 million

Five Star - USD 200 million

The Foreign Trade Policy Statement says that a programme for providing interest subvention on identified sectors for a period of 3 years has been worked out and budget allocation in 2015-16 has been made available. The sectors have not been indicated and there has not been any announcement as such of this subvention – probably because that has to be done by RBI/Finance Ministry. In any case, it appears that only MSMEs may be covered by this when the announcement comes.
