

**THE COTTON TEXTILES EXPORT PROMOTION COUNCIL,**  
**MUMBAI**

**HIGHLIGHTS OF THE ANNUAL SUPPLEMENT 2008 TO**  
**THE FOREIGN TRADE POLICY, 2004-2009**

Shri Kamal Nath, Hon'ble Union Minister of Commerce and Industry announced the Annual Supplement 2008 to the Foreign Trade Policy 2004-2009 on 11<sup>th</sup> April, 2008. Some of the Highlights of the Supplement which have a bearing on manufacturing and exports of Textile Products are as follows:-

**GENERAL**

- In 2007-2008 India's exports have exceeded US \$ 155 billion.
- Since 2004, India's exports are not just double but they were 2 ½ of times.
- Achieved an average cumulative annual growth rate (CAGR) of 23%, year on year, way ahead of the average growth rate of international trade.
- India's total trade in goods and services is now equivalent to almost 50% of our GDP, which is unprecedented in India's modern economic history.
- Exports are not just about earning Foreign Exchange but about boosting our manufacturing sector, creating large scale economic activity and generating fresh employment opportunities.

**INTEREST SUBVENTION**

- Interest subvention provided last year to sectors affected by Rupee appreciation and to SMEs, has been extended by one more year. (affected sectors include textile sector)

## **DUTY ENTITLEMENT PASSBOOK SCHEME (DEPB)**

- DEPB Scheme is being extended till May 2009 with a view to impart continuity and stability of our Foreign Trade regime.
- Service Tax on the remaining export related services will be resolved shortly. (the Government has already notified 15 export related services for grant of refund of Service Tax to exporters)

## **EXPORT PROMOTION CAPITAL GOODS (EPCG) SCHEME**

- Import duty for import of Capital goods under the EPCG Scheme is being reduced from the present level of 5% to 3%.
- Reduced average export obligation under EPCG Scheme for sectors which have witnessed decline in exports in the previous year.
- All exports made towards fulfillment of export obligation under EPCG Scheme will now be eligible for incentives/rewards under promotional schemes.
- Average export obligation under EPCG Scheme for Premier Trading Houses shall, as an option, be calculated, based on the average of last 5 years export, instead of the present 3 years.

## **EXPORT ORIENTED UNITS (EOUs)/ SEZ/s**

- Income Tax benefit to 100 % EOUs under Section 10B of I.T Act being extended for one more year, beyond 31-03-2009.
- In case of textiles and granite sector EOUs, payment of only Excise Duty on DTA sale, in case the use of duty paid imported inputs is upto 3% of FOB value of exports.
- Any waste or scrap or remnant generated during manufacturing or processing activities of an SEZ unit/Developer/Co-developer to be disposed in DTA freely, subject to payment of applicable Customs Duty.

## **FOCUS MARKET & FOCUS PRODUCT SCHEME**

- An enhanced Duty Credit Scrip of 2.5% (instead of the normal 1.25%) would be allowed under Focus Product Scheme for exports of High value added manufactured products. The list of products will be notified separately.
- The list of countries under Focus Market Scheme has been increased and 10 more countries have been included in the list. The countries are; Mongolia, Bosnia-Herzegovina, Albania, Macedonia, Croatia, Honduras, Djibouti, Sudan, Ghana and Colombia.
- Focus Market & Focus Product Schemes would also be calibrated so that products of general high export intensity, presently not covered under Focus product scheme but which have low penetration in countries, not covered under Focus Market Scheme would be considered for export incentives as a Focus products for that particular country.

## **OTHER MEASURES TO FACILITATE EXPORTS**

- To ensure that Terminal Excise Duty (TED) and Central Sales Tax (CST) refund is made to the exporters in time, it has been decided that interest rate @6% per annum shall be paid to the exporter, in case refund is not made within one month from the due date. This interest on delayed refund will be paid on all such claims that have become due on or after 01-04-2007.
- The requirement of submission of non-availment of MODVAT certificate in case of quantity based advance licence issued prior to 01-04-2002 has been withdrawn.
- With a view to reducing costs and adhering to delivery schedules, a few additional ports have been included under Export Promotion Schemes. Some more ports are also under consideration.

## **MEASURES TO REDUCE TRANSACTION COST TO EXPORTERS**

- Advance Authorization Scheme and EPCG Scheme will be EDI enabled through the electronic message exchange with effect from 01-07-2008. This will do away the present requirement of physical verification and registration at Customs end.
- W.e.f. 01-01-2009, all existing EDI ports will be treated as a single port and there will be no requirement of TRA under Advance Authorization Scheme.
- Payment of duty under EPCG Scheme through debit of duty credit scrip under the promotional schemes or DEPB w.e.f. 01-01-2009
- Reduction in application fee for Duty Credit Scrip and for EPCG Authorization from Rs.5 per thousand to Rs. 2 per thousand. The application fee for Importer – Exporter Code Number has been reduced from Rs 1000/- to Rs. 250/-.
- Reduction of fee in case of supplementary claims from 10% to 2%.

## **PROCEDURAL SIMPLIFICATION**

- EOUs shall be allowed to pay Excise Duty on monthly basis, instead of the present system of paying duty on consignment basis, subject to conditions/documentation to be notified by Department of Revenue.
- Prorata enhancement / reduction in CIF value or duty saved amount beyond 10% has been allowed under EPCG Scheme by Regional Authorities under DGFT .
- Central Excise Authorities to issue installation certificate under EPCG Scheme within 30 days of intimation by the exporter.

- To facilitate faster clearance of deemed export benefits, Central Excise Authorities to endorse supply invoice within 21 days of supply.
- Introduced split-up facility under DFIA Scheme
- Increase in the limit of duty free import of samples from Rs. 75000/- to Rs. 1, 00, 000/-.