



FICCI flo

The Power to Empower

INFORMATION DOSSIER ON

EMPOWERING WOMEN THROUGH TRADE & BUSINESS

FOREWORD

Human capital is among a country's greatest assets. But it must be managed well to derive economic benefit.

Women account for half the world's population and that means they comprise half of the world's potential talent base. And it is no surprise that, if the power and potential of the 50 percent of the demography is ignored, it will have serious consequences.

Women's economic contributions can transform economic outcomes. Thus, investing in women is not just the right thing to do. It's also smart economics.

According to the **World Bank**, trade can dramatically improve women's lives, creating new jobs, enhancing consumer choice, and increasing women's bargaining power in society.

It is event more relevant in a world order that is recovering from a major pandemic shock and slowdown. In order to expand women's role in the economy and decrease gender-based disparities, it is critical to give women more and better employment opportunities.

Trade policy was largely understood as being gender neutral. However, women still face a wide range of barriers that prevent them from gaining from greater trade opportunities.

A study by **World Trade Organisation titled, 'Women and Trade: The role of trade in promoting gender equality'** has documented that these challenges range from policy and legal obstacles and gender biased sociocultural norms to higher tariff and nontariff barriers and lack of access to technology, finance, and education.

The report also highlights that these challenges are magnified by a lack of sex-disaggregated data. Given the complexity and specificity of the relationship between trade and gender, sex-disaggregated data are necessary to assess how different policies and obstacles affect women and men differently.

There is no doubt that trade policy itself is a critical determinant in lowering the trade costs faced by women and improving women's access to international

markets. Thus, better policies can help women overcome the challenges of trade and maximize its benefits.

Since its inception in 1983, FLO has been playing an active role as an enabler of women empowerment through entrepreneurship development and professional excellence.

Every initiative and every project that FLO has undertaken this year has been driven by the goal of creating sustainable economic possibilities for women at all levels. This year, my focus is on empowering women, with special emphasis on, "**Transforming Women's Participation in India's Growth Trajectory".**

FLO has also been working with other international women's organisations to promote B2B collaborations, sharing of best practices, through its international affiliations.

Under the aegis of the National Initiative, **Empowering Women Though Trade & Business**, FLO has been working towards creating a worldwide forum for the exchange of information, experience, visibility, and connectivity among women business owners, setting the stage for new opportunities and joint ventures among women entrepreneurs and business leaders.

In conjunction with the objectives of this initiative, this dossier with **Government Policies for Women Entrepreneurship & Trade** has been prepared. It is a handy document for existing and potential women entrepreneurs to encapsulate the policies by the government to foster entrepreneurial development for women.

It is an endeavour by FLO to bring together relevant information in a one stop document and thereby, facilitate women's economic empowerment.

Sincere thanks to Dharitri Patnaik, National Head, Empowering Women Though Domestic & International Trade and her team for taking this initiative forward and creating this dossier.

Jayanti Dalmia

President, FLO
2022-23

CONTENT

INTRODUCTION

Gender equality and women's empowerment are essential to building healthy and resilient businesses. Holding back half the population from achieving their full potential at work does not make good business sense. When women do not have access to family planning, lack proper prenatal care, or suffer from intimate partner violence, this results in lost productivity and high rates of absenteeism or turnover, all of which affect companies. When laws restrict women's access to financial services, the market misses out on new entrepreneurs and companies lose out on potential new consumer markets. When women face barriers to professional advancement, companies limit opportunities for product and process innovation.

FICCI Ladies Organisation (FLO), the women's wing of FICCI since its inception in 1983 has been working for the economic entrepreneurship and professional excellence among women through workshops, seminars, conferences, training and capacity building programmes etc.

The objective of the organization is to encourage and facilitate women to showcase their talents, skills, experiences and energies across sectors and verticals of the economy, for a truly inclusive economic growth trajectory.

FLO represents over 8000 women entrepreneurs and professionals across 19 locations in India. FLO has been working with other international women's organizations to promote B2B collaborations, sharing of best practices, through its international affiliations.

The gender divide is visible in the international trade. Barriers include legal and regulatory barriers, access to capital, cultural barriers and the provision of training to build the necessary knowledge and skills.

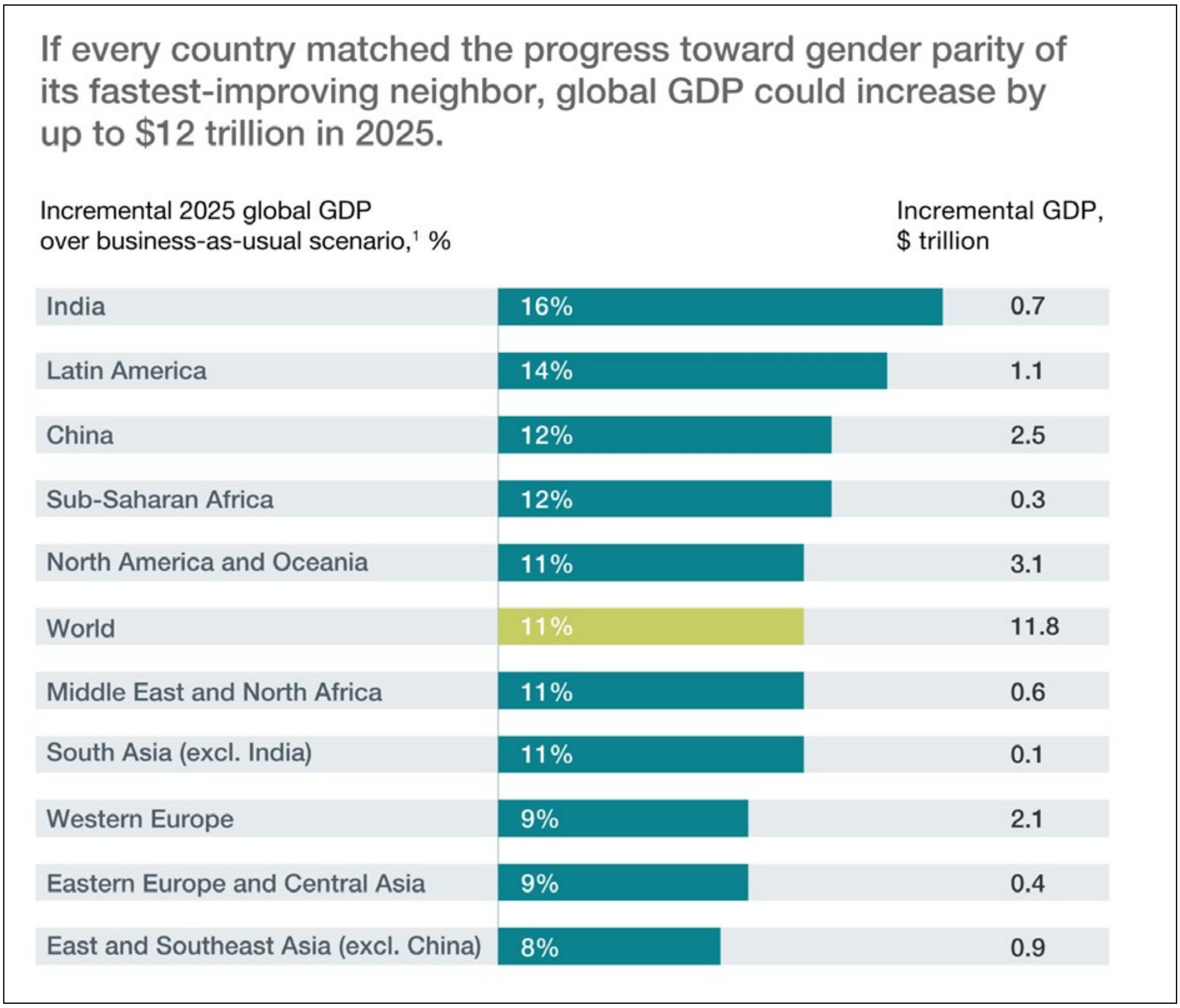
FLO through its Empowering Women in Trade & Business initiative has created a worldwide forum for the exchange of information, experience, visibility, and connectivity among women business owners, setting the stage for new opportunities and joint ventures among women entrepreneurs and business leaders. FLO connects with women's organizations in all the major regions of the world.

Problems faced by Women traders

- **Limited access to funding**
- **Meeting regulations, standards & certifications**
- **Custom tariff and duties**
- **Lack of foreign market intelligence and advantage of international**
- **Business networks.**
- **Language & cultural barriers**
- **Adopting to consumer demands or changes in preferences**
- **Risk of scams and fraud**
- **Logistics and distribution channels**
- **Payment methods**
- **Segregation of education and jobs based on gender**
- **Large presence of women owned company in sectors with lower barriers of**
- **entry and lower connections to global value chains**

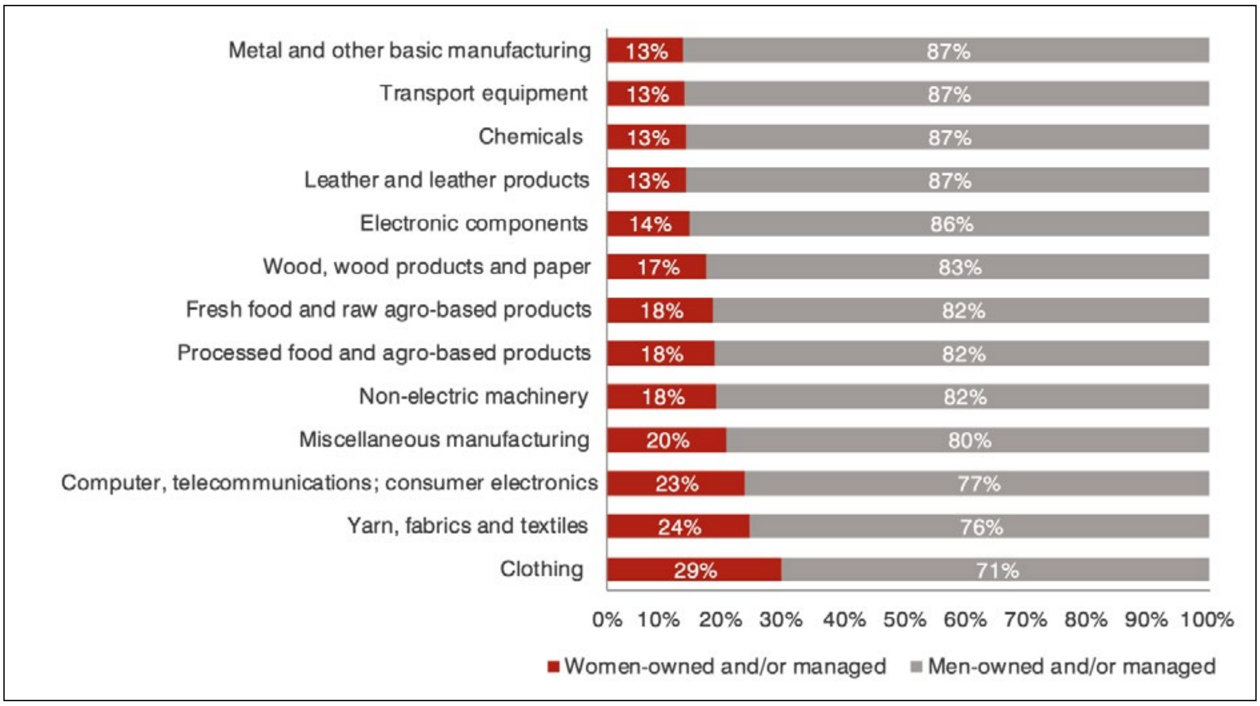
WOMEN IN TRADE: GLOBAL LANDSCAPE

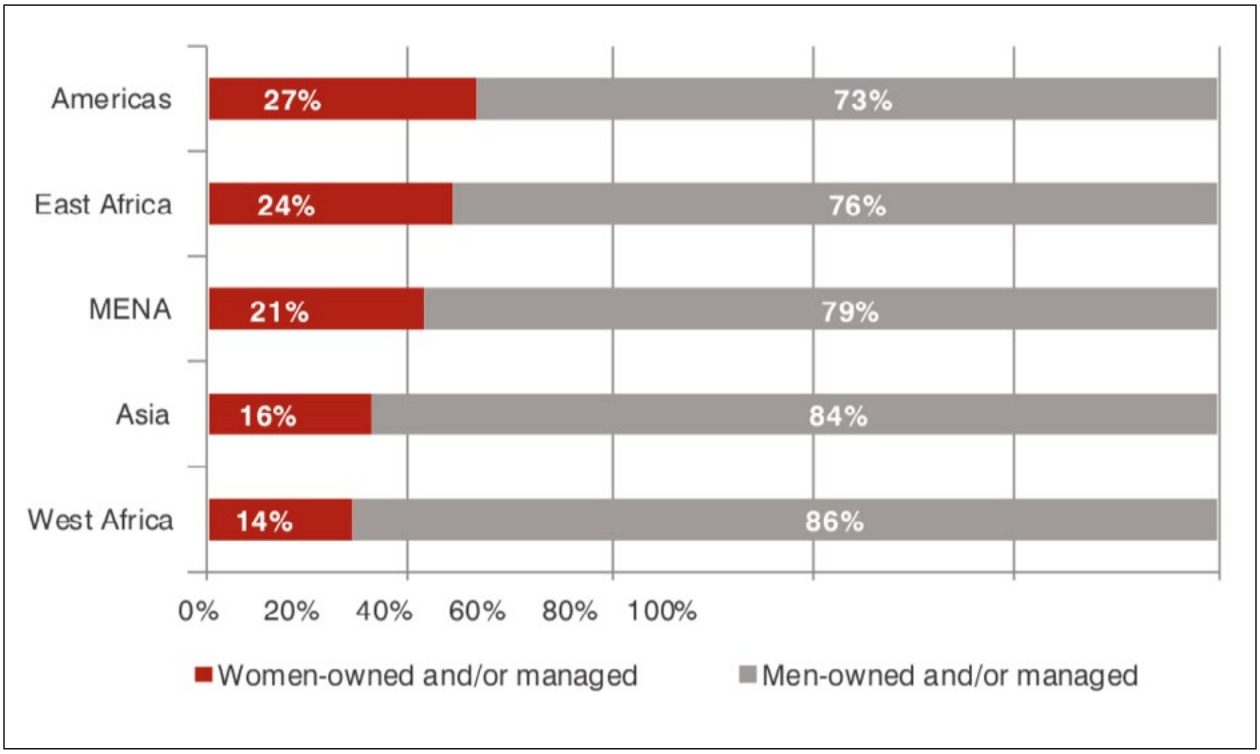
A “best in region” scenario in which all countries progress towards gender party then global GDP could add as much as $12 trillion in 2025. In a “full potential” scenario, gender parity will result in adding as much as $28 trillion could be added to global annual GDP by 2025.



Women in Trading – by sector

- Women entrepreneurship is highest in the textile and clothing (29%).
- Computers, telecommunications and consumer electronics (23%)
- Non-electric machinery (18%)
- Trading companies in the metal and other basic manufacturing, transport
- Equipment, and chemicals (13%)
- In the agricultural sector – fresh and processed food and agro-based
- Products (18%)





Source: International Trade Centre

TRADE ECOSYSTEM IN INDIA

India's nominal gross domestic product (GDP) at current prices is estimated at Rs. 232.2 trillion (US$ 3.1 trillion) in 2021-22. India's trade and external sector had a significant impact on the GDP growth and expansion in per capita income. India's overall exports (Merchandise and Services combined) in April-March 2021-22 are estimated to be US$ 669.7 billion, witnessing a growth of 34.5% over the same period last year and an increase of 27.2% over April to March 2019-20. India has been able to beat the overall export target of US$ 650 billion despite the global economic slowdown caused by the Covid-19 pandemic and the recent geopolitical developments in Europe. The key reasons for stellar export performance are sharp recovery in key markets, increased consumer spending, accumulated savings and disposable income due to the announcement of fiscal stimulus by major economies, global commodity price rise, and an aggressive export push by the government. The United States of America (USA) remained the top export destination, followed by United Arab Emirates (UAE) and China.

According to Minister for Commerce and Industry and Consumer Affairs and Food and Public Distribution and Textiles, Mr. Piyush Goyal, India is keen to increase its exports and provide more jobs for young, talented, and well-educated people as well as create opportunities for both semi-skilled and unskilled workers.

India witnessed a revival in domestic demand resulting in strong import growth as we recovered from covid pandemic. During the year 2021-22, India's overall imports (Merchandise and Services combined) were estimated to be US$ 756.7 billion, growing 47.8% over the same period last year and 25.5% over the year 2019-20, crossing the pre-pandemic level. China, UAE, and the USA were the largest import sources for India.

The Government of India in its budget FY 2022-23 has laid down a roadmap for the growth and development of Indian economy over the next 25 years. A comprehensive and holistic strategy focusing on individual skills, trade ecosystem- infra and logistics development and government policies – is essential to reinvigorate the export environment in the country. The vision of Government of India lays down the following:

- The government has focused extensively on generating employment and Skill development of the individuals in the country to create a sustainable Business environment.
- Along with the development of skill sets it is also crucial to develop modern infrastructure and logistics to support exporters and create a world class trade ecosystem. A national master plan PM Gatishakti to revamp the infrastructure and logistics environment in the country has been launched.
- India continues to be one of the fastest growing economies in the word despite the setbacks faced by the Covid pandemic. Its real GDP growth is expected to be 9.2% for 2022-23 while the World Bank has predicted an economic growth of 8.7% for the upcoming FY 2022-23. India was ranked as one of the top manufacturing destinations in the Asia-Pacific region.
- The government in the recent years has actively implemented various fiscal and monetary policies to enhance the trade ecosystem in the country. The aim is to promote domestic manufacturing and enhance country's exports to make India a 5 trillion economy by 2025.

- The government has launched many skill development initiatives and schemes in the country however, to skill, upskill and reskill individuals a technology supported skill development platform, DESH-Stack was announced under the recent budget. The e-portal aims to provide online training to labours, manufacturers, exporters, etc in the country.
- Infrastructure and logistics development are directly co-related with increase in exports hence interventions are vital to deliver long term and sustainable results for the export environment. Towards this end, the government has also laid a national master plan PM Gatishakti to revamp the infrastructure and logistics environment in the country. The plan focuses on 'one station, one product' scheme to improve local supply chain, development of roads, railways, ports, airports and other logistics and infrastructural development to ensure efficient and fast movement of goods.
- Government has introduced many policy changes to create a supportive environment for traders and businesses in the country. The government announced the notion of 'one nation, one registration' which will help streamline the registration process of land, etc for businesses in the country to facilitate ease of doing business.
- To promote domestic manufacturing and enhance exports the government introduced numerous custom duty changes resulting in increase in custom duty for competitive raw materials and decrease in duty for inputs imported for domestic manufacturing. Other policy changes include launch of EODB 2.0, revamp of SEZ legislation, extension of credit support schemes for MSMEs like Emergency Credit Linked Guarantee Scheme.

The Government has taken the following measures since 2014 to boost India's export:

- A new Foreign Trade Policy (FTP) 2015-20 was launched on 1st April 2015. The policy, inter alia, rationalized the earlier export promotion schemes and introduced two new schemes, namely Merchandise Exports from India Scheme (MEIS) for improving export of goods and 'Services Exports from India Scheme (SEIS)' for increasing exports of services. Duty credit scrips issued under these schemes were made fully transferable.
- The mid-term review (2017) of the Foreign Trade Policy (2015-20) was carried out and corrective measures were undertaken.
- Foreign Trade Policy (2015-20) extended by one year i.e. upto 31-3-2022 due to the COVID-19 pandemic situation.
- A new Logistics Division was created in the Department of Commerce for integrated development of the logistics sector.
- Interest Equalization Scheme on pre and post shipment rupee export credit was introduced from 1.4.2015 to provide cheaper credit to exporters.
- The Government started implementing a Niryat Bandhu Scheme with an objective to reach out to the new and potential exporters including exporters from Micro, Small & Medium Enterprises (MSMEs) and mentor them through orientation programmes, counseling sessions, individual facilitation, etc., on various aspects of foreign trade for enabling them to get into international trade and boost exports from India.
- Assistance provided through several schemes to promote exports, namely, Trade Infrastructure for Export Scheme (TIES) and Market Access Initiatives (MAI) Scheme.

- A comprehensive "Agriculture Export Policy" was launched on 6th December, 2018 to provide an impetus to agricultural exports.
- A Central Sector Scheme, 'Transport and Marketing Assistance for Specified Agriculture Products' was launched for providing assistance for the international component of freight to mitigate the freight disadvantage for the export of agriculture products.
- Remission of Duties and Taxes on Exported Products (RoDTEP) scheme and Rebate of State and Central Levies and Taxes (RoSCTL) Scheme have been implemented with effect from 01.01.2021.
- Common Digital Platform for Certificate of Origin has been launched to facilitate trade and increase Free Trade Agreement (FTA) utilization by exporters.
- 12 Champion Services Sectors have been identified for promoting and diversifying services exports by pursuing specific action plans.
- Districts as Export Hubs has been launched by identifying products with export potential in each district, addressing bottlenecks for exporting these products and supporting local exporters/ manufacturers to generate employment in the district.
- Active role of Indian missions abroad towards promoting India's trade, tourism, technology and investment goals has been enhanced.
- Package has been announced in light of the COVID pandemic to support domestic industry through various banking and financial sector relief measures, especially for MSMEs, which constitute a major share in exports.

This above information was given by the Minister of State in the Ministry of Commerce and Industry, Smt. Anupriya Patel, in a written reply in the Rajya Sabha on 4th February 2022.

TRADE AGREEMENTS

Trade agreements are an accord between two or more countries for specific terms of trade, commerce, transit or investment. They mostly involve mutually beneficial concessions.

Depending on the terms and concession agreed on by the participating bodies, there are several types of trade agreements-

Free Trade Agreement

A free trade agreement is an agreement in which two or more countries agree to provide preferential trade terms, tariff concession etc. to the partner country. Here a negative list of products and services is maintained by the negotiating countries on which the terms of FTA are not applicable hence it is more comprehensive than preferential trade agreement. India has negotiated FTA with many countries e.g. Sri Lanka and various trading blocs as well e.g. ASEAN.

Preferential Trade Agreement

In this type of agreement, two or more partners give preferential right of entry to certain products. This is done by reducing duties on an agreed number of tariff lines. Here a positive list is maintained i.e. the list of the products on which the two partners have agreed to provide preferential access.

Tariff may even be reduced to zero for some products even in a PTA. India signed a PTA with Afghanistan.

Comprehensive Economic Partnership Agreement

Partnership agreement or cooperation agreement are more comprehensive than an FTA. CECA/CEPA also looks into the regulatory aspect of trade and encompasses and agreement covering the regulatory issues. CECA has the widest coverage. CEPA covers negotiation on the trade in services and investment, and other areas of economic partnership. It may even consider negotiation on areas such as trade facilitation and customs cooperation, competition, and IPR.

India has signed CEPAs with South Korea and Japan.

Comprehensive Economic Cooperation Agreement

CECA generally covers negotiation on trade tariff and TQR rates only. It is not as comprehensive as CEPA. India has signed CECA with Malaysia.

Framework agreement

Framework agreement primarily defines the scope and provisions of orientation of the potential agreement between the trading partners. It provides for some new area of discussions and set the period for future liberalisation. India has previously signed framework agreements with the ASEAN, Japan etc.

Early Harvest Scheme

An Early Harvest Scheme (EHS) is a precursor to an FTA/CECA/CEPA between two trading partners. For example early harvest scheme of RCEP has been rolled out. At this stage, the negotiating countries identify certain products for tariff liberalization pending the conclusion of actual FTA negotiations. An Early Harvest Scheme is thus a step towards enhanced engagement and confidence building.

Following are some of the trade agreements where India is playing a role.

Global System of Trade Preferences (GSTP)

Under agreement establishing GSTP, tariff concessions are exchanged among developing countries, who have signed agreement. Presently, 46 countries are members of GSTP and India has exchanged tariff concessions with 12 countries on a limited number of products. EIC is sole agency authorized to issue Certificate of origin under GSTP. The Sao Paulo Round of the GSTP was concluded among 8 countries but only Cuba, India and Malaysia have ratified the Protocol as of October, 2014.

Participating countries under Global System of Trade Preferences (GSTP) are Algeria, Argentina, Bangladesh, Benin, Bolivia, Brazil, Cameroon, Chile, Colombia, Cuba, Democratic People's Republic of Korea, Ecuador, Egypt, Ghana, Guinea, Guyana, India, Indonesia, Iran, Iraq, Libya, Malaysia, Mexico, Morocco, Mozambique, Myanmar, Nicaragua, Nigeria, Pakistan, Peru, Philippines, Republic of Korea, Romania, Singapore, Sri Lanka, Sudan, Thailand, Trinidad and Tobago, Tunisia, Tanzania, Venezuela, Viet Nam, Yugoslavia, Zimbabwe.

Asia Pacific Trade Agreement: APTA

APTA is a preferential trading arrangement designed to liberalize and expand trade in goods progressively in Economic and Social Commission for Asia and Pacific (ESCAP) region through liberalization of tariff and nontariff barriers. At present, Bangladesh, Sri Lanka, South Korea, India and China are exchanging tariff concessions under APTA. The 43rd Standing Session in May, 2014 saw the accession of Mongolia into APTA. It is the only existing PTA between India and China.

Participating countries under Asia Pacific Trade Agreement (APTA) are Bangladesh, China, India, Lao PDR, Republic of Korea, and Sri Lanka.

India-MERCOSUR PTA

The India-MERCOSUR PTA provides for five Annexes. MERCOSUR is an economic grouping among the South American countries. It comprises of Argentina, Brazil, Paraguay, Uruguay, and Venezuela. On the side lines of G-20 (2005) India MERCOSUR finalised the PTA. The PTA widely covers 5 areas- Offer List of MERCOSUR for tariff concession on Indian products in MERCOSUR and vis a vis. Indian offer list for concession in India contains 450 products while MERCOSUR offer list for concession covers 450 products. The PTA also discusses Rules of Origin, Safeguard Measures and Dispute Settlement Procedure (DSP).

The major products covered in Indian offer list are meat and meat products, organic & inorganic chemicals, dyes & pigments, raw hides and skins, leather articles, wool, cotton yarn, glass and glassware, articles of iron and steel, machinery items, electrical machinery and equipment, optical, photographic & cinematographic apparatus. The major product groups covered in the offer list of MERCOSUR are food preparations, organic chemicals, pharmaceuticals, essential oils, plastics & articles, rubber and rubber products, tools and implements, machinery items, electrical machinery and equipment. India – MERCOSUR PTA came into effect from 1st June, 2009.

GOVERNMENT OF INDIA'S TRADE SCHEMES AND POLICIES

1. Import Replenishment (REP) Licenses

Under this scheme, the exporters are allowed to import raw materials and components used in the manufacture of export products. The policy contains a list of items of import for which REPs are to be granted. Deemed exporters are also granted REP license.

Deemed exports mean, producers who supply the inputs to final exporters. They are considered as indirect exporters and are eligible for certain export benefits. Certain supplies of import substitution are also termed as deemed exports. They qualify for grant of REP but not other benefits.

In India, When there was an import restriction earlier, the Import Replenishment licenses were sold at a premium. Now, with liberalization of imports, the scheme is no longer attractive. The holder of REP license is permitted to import canalized items, capital goods, samples and tools.

2. Import – Export Pass Book Scheme

This scheme enables, the Export House, Trading Houses and manufacturer — exporters having good track record of exports, to import duty free raw materials. The scheme has extended its coverage even to well-established manufacturers.

3. Duty Exemption Scheme

Duty exemption scheme allows the duty free import of certain components, raw materials, consumables and spares for export production. It covers categories of advance license, blanket advance license and advance customs clearance permits. It provides benefits to indirect exporters. The license holder of this scheme is also eligible for REP license.

4. 100% Export Oriented Units

These units are exempted from import licensing formalities. They are allowed to import capital goods, raw materials, components, consumables and spares under the Open General License on the condition that their entire production should be exported and operations are carried out under customs bonded factory.

A 100% export oriented unit can be set up in Free Trade Zones (FTZs), promoted by Government with infrastructure facilities. Examples are Madras Export Processing Zone (MEPZ), Santacruz Electronic Processing Zone (SEPZ), besides similar zones are in Kandla (Gujarat), Noida (Delhi), Cochin. Units in FTZ and 100% Export oriented units have been given special status.

Under Income Tax Act, there is complete tax holiday for 5 years for these units. The EOU/EPZ scheme has been liberalized to include units which export 50% of their production for agriculture, aquaculture, horticulture, floriculture, animal husbandry, poultry and sericulture units.

The taxation system lays down a number of benefits to small-scale industries. Various tax benefits are available to small business units, both at the Centre and State level. The Central government levies direct taxes, whereas indirect taxes are levied by the State government. State government provides benefits in sales tax, water tax, octroi duty and electricity tariff, etc.

5. Tax exemption on earnings

The profits earned on export earnings are deducted by 50% for calculation of tax. It can be availed of by an individual or company. There are also deductions available for earnings in foreign exchange by approved hotels or travel agents. There is a provision of deduction in respect of expenditure incurred by the companies for promoting sales outside India.

6. Exemption of Sales Tax

There is an exemption from sales tax, excise duty and import duty for exports. Exemption of excise duty can be obtained by way of rebate or duty drawback. When the exports earning are negative, no duty drawback is paid on claims.

7. Cash assistance to exporters

Cash assistance is given to enable exporters to compete in the international market. It is given as a percentage on the FOB value of exports. There is International Price Reimbursement Scheme. This scheme is designed to match the differences in the international prices of steel, aluminum, pig iron, etc.

8. Liberalized Exchange Rate Management System (LERMS)

Under Liberalized Exchange Rate Management System, the Government allows partial convertibility of rupee for all the approved transactions. In this system, exporters of goods and services who receive remittances from abroad would be able to sell bulk of their foreign exchange receipts at market determined rates from the authorized dealers.

9. Export Promotion Capital Goods Scheme (EPCG)

This scheme permits the import of capital goods at a concessional rate of customs duty, subject to export obligation to be fulfilled over a period of time. The scheme is applicable to service sector also. Second hand capital goods are allowed to be imported under certain conditions. The importer has to obtain the EPCG licence.

The capital goods cannot be sold for 5 years. Small industries can import capital goods through National Small Industries Corporation of India Ltd (NSIC) and State Small Industries Corporation (SSIC). Application for imports of capital goods, raw materials, components and consumables should be routed through the DIC.

EXPORT PROMOTION SCHEMES

Foreign Trade Policy 2015-20 and other schemes provide promotional measures to boost India's exports with the objective to offset infrastructural inefficiencies and associated costs involved to provide exporters a level playing field. Brief of these measures are as under:

1. Exports from India Scheme

i. Merchandise Exports from India Scheme (MEIS)

Under this scheme, exports of notified goods/ products to notified markets as listed in Appendix 3B of Handbook of Procedures are granted freely transferable duty credit scrip's on realized FOB value of exports in free foreign exchange at specified rate. Such duty credit scrip's can be used for payment of basic custom duties for import of inputs or goods.

Exports of notified goods of FOB value up to Rs 5, 00,000 per consignment, through courier or foreign post office using e-commerce shall be entitled for MEIS benefit. List of eligible category under MEIS if exported through using e-commerce platform is available in Appendix 3C.

MEIS has since been withdrawn w.e.f. 1st January, 2021. A new Scheme called Remission of Duties and Taxes on Exported Products (RoDTEP) has been introduced which shall refund the embedded duties suffered in export goods. For details, please Click Here.

ii. Service Exports from India Scheme (SEIS) :

Service providers of notified services as per Appendix 3D are legible for freely transferable duty credit scrip @ 5% of net foreign exchange earned.

2. DUTY EXEMPTION & REMISSION SCHEMES

These schemes enable duty free import of inputs for export production with export obligation. These schemes consists of:-

2.1 Advance Authorization Scheme

Under this scheme, duty free import of inputs are allowed, that are physically incorporated in the export product (after making normal allowance for wastage) with minimum 15% value addition. Advance Authorization (AA) is issued for inputs in relation to resultant products as per SION or on the basis of self declaration, as per procedures of FTP. AA normally have a validity period of 12 months for the purpose of making imports and a period of 18 months for fulfillment of Export

Obligation (EO) from the date of issue. AA is issued either to a manufacturer exporter or merchant exporter tied to a supporting manufacturer(s).

2.2 Advance Authorization for annual requirement

Exporters having past export performance (in at least preceding two financial years) shall be entitled for Advance Authorization for Annual requirement. This shall only be issued for items having SION.

2.3 Duty Free Import Authorization (DFIA) Scheme

DFIA is issued to allow duty free import of inputs, with a minimum value addition requirement of 20%. DFIA shall be exempted only from the payment of basic customs duty. DFIA shall be issued on post export basis for products for which SION has been notified. Separate schemes exist for gems and jewellery sector for which FTP may be referred.

2.4 Duty Drawback of Customs

The scheme is administered by Department of Revenue. Under this scheme products made out of duty paid inputs are first exported and thereafter refund of duty is claimed in two ways:

i) All Industry Rates : As per Schedule

ii) Brand Rate : As per application on the basis of data/documents

2.5 Interest Equalization Scheme (IES)

The Government announced the Interest Equalization Scheme @ 3% per annum for Pre and Post Shipment Rupee Export Credit with effect from 1st April, 2015 for 5 years available to all exports under 416 tariff lines [at ITC (HS) code of 4 digit] and exports made by Micro, Small & Medium Enterprises (MSMEs) across all ITC(HS) codes. With effect from November 2, 2018, the rate of Interest Equalization for MSME has been increased to 5%. The Scheme has also been extended to Merchant Exporters who will now avail the benefit @ 3% for all exports under 416 tariff lines w.e.f. January 2, 2019.

3. EPCG SCHEME

3.1 Zero duty EPCG scheme

Under this scheme import of capital goods at zero custom duty is allowed for producing quality goods and services to enhance India's export competitiveness. Import under EPCG shall be subject to export obligation equivalent to six times of duty saved in six years. Scheme also allows indigenous sourcing of capital goods with 25% less export obligation.

3.2 Post Export EPCG Duty Credit Scrip Scheme

A Post Export EPCG Duty Credit Scrip Scheme shall be available for exporters who intend to import capital goods on full payment of applicable duty in cash.

4. EOU/EHTP/STP & BTP SCHEMES

Units undertaking to export their entire production of goods and services may be set up under this scheme for import/ procurement domestically without payment of duties. For details of the scheme and benefits available therein FTP may be required.

5. OTHER SCHEMES

5.1 Towns of Export Excellence (TEE)

Selected towns producing goods of Rs. 750 crores or more are notified as TEE on potential for growth in exports and provide financial assistance under MAI Scheme to recognized Associations.

5.2 Market Access Initiative (MAI) Scheme

Under the Scheme, financial assistance is provided for export promotion activities on focus country, focus product basis to EPCs, Industry & Trade Associations, etc. The activities are like market studies/surveys, setting up showroom/warehouse, participation in international trade fairs, publicity campaigns, brand promotion, reimbursement of registration charges for pharmaceuticals, testing charges for engineering products abroad, etc. Details of the Scheme is available at www.commerce.gov.in

5.3 Status Holder Scheme

Upon achieving prescribed export performance, status recognition as one star Export House, two Star Export House, three star export house, four star export house and five star export house is accorded to the eligible applicants as per their export performance. Such Status Holders are eligible for various non-fiscal privileges as prescribed in the Foreign Trade Policy.

In addition to the above schemes, facilities like 24X7 customs clearance, single window in customs, self assessment of customs duty, prior filing facility of shipping bills etc are available to facilitate exports.

5.4 Gold Card Scheme

The Gold Card Scheme was introduced by the RBI in the year 2004. The Scheme provides for a credit limit for three years, automatic renewal of credit limit, additional 20% limit to meet sudden need of exports on account of additional orders, priority in PCFC, lower charge schedule and fee structure in respect of services provided by Banks, relaxed norms for security and collateral etc,. A Gold Card under the Scheme may be issued to all eligible exporters including those in the small and medium sectors who satisfy the pre-requisite conditions laid by individual Banks.

KEY SCHEMES FOR EXPORTERS & CONTACT DETAILS

1. Market Development Assistance Scheme

Description: Entrepreneurs get funding for participating in trade fairs. It assists exporters for export promotion activities.

Nature of assistance: The scheme offers funding up to 90 per cent in respect of to and fro air fare for the participation by MSME entrepreneurs in overseas fairs/trade delegations. The scheme also provides funding for producing publicity material (up to 25 per cent of costs) sector specific studies (up to Rs 2 lakh) and for contesting anti-dumping cases (50 per cent up to Rs 1 lakh). Who can apply: Exporters, entrepreneurs, etc. From where to apply: FIEO, Export Promotion Council and Ministry of Commerce

2. Export Oriented Unit (EOU) Scheme

Description: EOU Scheme provides an internationally competitive duty-free environment coupled with better infrastructural facilities for export production.

Nature of assistance: The units are allowed to import or procure locally without the payment of duty all types of goods including capital goods, raw materials, components, packing materials, consumables, spares and various other specified categories of equipment.

Who can apply: Exporters, entrepreneurs, etc.

From where to apply: FIEO, Export Promotion Council and Ministry of Commerce

3. Market Access Initiative (MAI) Scheme

Description: MAI Scheme is an Export Promotion Scheme, envisaged to act as a catalyst to promote India's exports on a sustained basis.

Nature of assistance: The scheme is formulated on focus productfocus country approach to evolve specific market and specific product. These activities are eligible for financial assistance - marketing projects abroad, capacity building, support for statutory compliances, studies, project development, etc.

Who can apply: Exporters, entrepreneurs, etc.

From where to apply: FIEO, Export Promotion Council

4. Software Technology Park (STP) Scheme

Description: STP Scheme is a 100 per cent export-oriented scheme for undertaking software development for export using.

Nature of assistance: The approvals are given under single window clearance mechanism. All imports of hardware and software in STP units are completely duty free, and import of second-hand capital goods and re-export of capital goods are also permitted.

Who can apply: Exporters, entrepreneurs, etc.

From where to apply: FIEO, Export Promotion Council and Ministry of Commerce

5. Services Exports from India Scheme (SEIS)

Description: The SEIS has been introduced to increase exports of notified services.

Nature of assistance: The rewards under SEIS shall be admissible for exports made/services rendered on or after the date of notification of this policy. The duty credit scrips shall be granted as rewards under SEIS. The duty credit scrips and goods imported/domestically procured against them shall be freely transferable.

Who can apply: Exporters, entrepreneurs, etc.

From where to apply: FIEO, Export Promotion Council and Ministry of Commerce

6. The Merchandise Exports from India Scheme (MEIS)

Description: The MEIS has been introduced for the export of specific goods to specified markets.

Nature of assistance: Rewards for the export of notified goods to notified markets under MEIS shall be payable as percentage of realised FOB value.

Who can apply: Exporters, entrepreneurs, etc.

From where to apply: FIEO, Export Promotion Council and Ministry of Commerce

7. Export Promotional Capital Goods (EPCG) Scheme

Description: The objective of the EPCG Scheme is to facilitate import of capital goods for producing quality goods and services to enhance India's export competitiveness.

Nature of assistance: EPCG Scheme allows import of capital goods for preproduction, production and post-production at zero customs duty.

Who can apply: Importers, entrepreneurs, etc.

From where to apply: FIEO, Export Promotion Council and Ministry of Commerce

IMPORT INCENTIVES UNDER SPECIAL SCHEMES

The Government of India offers many incentives to Indian importer under special schemes. These schemes are mostly available on those imported product, which will be latter on used for manufacturing of goods meant for export. This not only stimulates the industrial growth and development but also brings the foreign currency after the final export process. The following are some of the important import incentives offered by the Government of India, which significantly reduce the effective tax rates for the import companies:

Preferential Rates

Any type of import incentive under preferential rate is only applicable for the import o goods from certain preferential countries such as Mauritius, Seychelles and Tonga provided certain conditions are satisfied. The certificate of origin is very important in order to avail of the benefits of such concessional rates of duty.

DEPB

Duty Entitlement Pass Book in short DEPB is basically an export incentive scheme. The objective of DEPB scheme is to neutralize the incidence of basic custom duty on the import content of the exported products. Notified on 1/4/1997, the DEPB Scheme consisted of (a) Post-export DEPB and (b) Pre-export DEPB. The pre-export DEPB scheme was abolished w.e.f. 1/4/2000. Under the post-export DEPB, which is issued after exports, the exporter is given a Duty Entitlement Pass Book at a pre-determined credit on the FOB value. The DEPB allows import of any items except the items which are otherwise restricted for imports.

Duty Drawback

Duty Drawback rates in India is the special rebate given under the Section 75 of Indian Customs Act on exported products or materials. Duty drawback rates or concession are only applicable on products which are used in the processing of goods manufactured in India and then exported to foreign countries. Duty Drawback is not given on inputs obtained without payment of customs or excise duty. In case of re-export of goods, it should be done within 2 years from the date of payment of duty when they were imported. 98% of the duty is allowable as drawback, only after inspection. If the goods imported are used before its re-export, the drawback will be allowed as at reduced per cent.

All industry drawback rates are fixed by Directorate of Drawback, Dept. of Revenue, Ministry of Finance and Government of India and are periodically revised - normally on 1st June every year. Section 37 of Central Excise Act allows Central Government to frame rules for purpose of the Act. Under these powers, 'Customs and Central Excise Duties Drawback Rules, 1995' have been framed.

DFRC

Under the Duty Free Replenishment Certificate (DFRC) schemes, import incentives are given to the exporter for the import of inputs used in the manufacture of goods without payment of basic customs duty. Such inputs shall be subject to the payment of additional customs duty equal to the excise duty at the time of import. Duty Free Replenishment Certificate (DFRC) shall be available for exports only up to 30.04.2006 and from 01.05.2006 this scheme is being replaced by the Duty Free Import Authorisation (DFIA).

DFIA

Effective from 1st May, 2006, Duty Free Import Authorisation or DFIA in short is issued to allow duty free import of inputs which are used in the manufacture of the export product (making normal allowance for wastage), and fuel, energy, catalyst etc. which are consumed or utilised in the course of their use to obtain the export product. Duty Free Import Authorisation is issued on the basis of inputs and export items given under Standard Input and Output Norms (SION).

Deemed Exports

Deemed Export is a special type of transaction in which the payment is received before the goods are delivered. The payment can be done in Indian Rupees or in Foreign Exchange. As the deemed export is also a source of foreign exchange, so the Government of India has given the benefit duty free import of inputs.

Agri Export Zones

Various importers that come under the Agri Export Zones are entitled to all the import facilities and incentives.

Served from India

In order to create a powerful "Served from India" brand all over the world, the government has provided different type of import incentive to the invisible export providers. Under the Served from India Scheme, import incentive is given for import of any capital goods, spares, office equipment and professional equipment.

Manufacture under Bond

Under the Manufacture under Bond Scheme, all factories registered to produce their goods for export are exempted from import duty and other taxes on inputs used to manufacture such goods. Against this the manufacturer is allowed to import goods without paying any customs duty. The production is made under the supervision of customs or excise authority.

Export Promotion Capital Goods Scheme (EPCG)

EPCG is a special type of incentive given to the EPCG license holder. Capital goods imported under EPCG Scheme are subject to actual user condition and the same cannot be transferred /sold till the fulfillment of export obligation specified in the license. In order to ensure that the capital goods imported under EPCG Scheme, the license holder is required to produce certificate from the jurisdictional Central Excise Authority (CEA) or Chartered Engineer (CE) confirming installation of such capital goods in the declared premises. Under Export Promotion Capital Goods (EPCG) scheme, a license holder can import capital goods such as plant, machinery, equipment, components and spare parts of the machinery at concessional rate of customs duty of 5% and without CVD and special duty.

RECOMMENDATIONS

Decentralization:

To meet the desired goals, it is imperative to take a holistic approach and decentralize decision-making at the grassroots level, thus not limiting export promotion to the Centre. The decentralization at various levels like state, district and village levels helps in bridging the gap between the policymakers and citizens. Set up more one stop help desks at block and district levels to encourage and support grassroots entrepreneurs.

Policy Development:

Policies should take into account individual skills, trade ecosystem – infra and logistics development and implementation. Policies and schemes should boost the export environment in the country.

Skill Development:

We need to develop individual skills of laborers, manufacturers, and exporters to be competitive in the global market. Entrepreneurial mindset in launching Start-Ups and innovation in methods of production and marketing is key to being in the global market place.

Convergence:

The gaps in the ecosystem may be overcome by convergence and coordination of various stakeholders.

Technology:

Technology led data management to augment trade is important. Data on financial resources, labour, and digitization of processes will lead to ease of doing business. Invest India has a tech driven platform but new innovative ways of doing business can be explored.

Women centric policies:

- Government can create trade policies and agreements that enhance women's participation in trade.
- Ensure legislative and administrative reforms that guarantee women's rights to ownership and control over resources.
- Govt. could set aside 5-10% of public procurement to women-owned enterprises.
- Financial institutions to mandatorily set aside 5% of their loan financing for women-owned enterprises.
- Ease of doing business to include a new chapter on States with the most conducive business atmosphere for women-owned enterprises.

SOURCES

Ministry of Commerce & Industry, Government of India: https://commerce.gov.in

World Trade Organisation:
https://www.wto.org

Director General of Foreign Trade :
https://www.dgft.gov.in
www.eximguru.com
https://www.cbic.gov.in
https://www.indiantradeportal.in

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Disclaimer
The graphics and designs used are generic. This document has been compiled from various government and other external websites for the purpose of spreading information among women entrepreneurs. FLO does not take responsibility of the accuracy of the schemes mentioned.

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