

New Foreign Trade Policy May Have Simpler Export Promotion Schemes

The commerce ministry is considering rationalizing and simplifying certain export promotion schemes such as EPCG in the next foreign trade policy, which provides guideline and incentives for increasing shipments.

The ministry may also include new chapters for services, and e-commerce exports besides simplifying advance authorization and self-ratification schemes.

EPCG is an export promotion scheme under which an exporter can import certain amount of capital goods at zero duty for upgrading technology related with exports.

On the other hand, advance authorization is issued to allow duty free import of inputs, which is physically incorporated in export product.

Total exports of third party could be counted as export obligation instead of only proceeds realized from third party by EPCG holders, the official said.

Similarly in the advance authorization scheme, export obligation period could be enhanced from the current 18 months. For the export oriented units, the ministry is considering getting policy formulation, regulation and administration under one roof.

In the new policy, changes are expected in incentives given to goods as the current export promotion schemes are challenged by the US in the dispute resolution mechanism of the World Trade Organization (WTO).

Against this backdrop, the government is recasting the incentives to make them compliant with global trade rules, being formulated by Geneva-based WTO, a 164-nation multilateral body.

Source: The Economic Times