


# FOREIGN TRADE POLICY INITIATIVES FOR MARINE PRODUCT EXPORTS

**Elias Sait,  
Secretary General,  
Seafood Exporters' Association of India.**

- ▶ Foreign trade today plays a significant part in India's economy, so much so that foreign trade policy deserves a special focus and dedicated attention as a key constituent of India's economic policies.
  - ▶ The current WTO rules as well as those under negotiation envisage the eventual phasing out of export subsidies. This is a pointer to the direction that export promotion efforts will have to take in future, i.e. towards more fundamental systemic measures rather than incentives and subsidies alone.
- 

- ▶ To provide a stable and sustainable policy environment for foreign trade in merchandise and services;
- ▶ To link rules, procedures and incentives for exports and imports with other initiatives such as Make in India , Digital India and Skills India to create an Export Promotion Mission for India;
- ▶ To promote the diversification of India's export basket by helping various sectors of the Indian economy to gain global competitiveness with a view to promoting exports;
- ▶ To create an architecture for India's global trade engagement with a view to expanding its markets and better integrating with major regions, thereby increasing the demand for India's products and contributing to the government's flagship "Make in India" initiative;
- ▶ To provide a mechanism for regular appraisal in order to rationalise imports and reduce the trade imbalance.
- ▶ To promote the sectors of the Indian economy to gain global competitiveness with a view to promoting exports;

## OBJECTIVES OF FTP

- ▶ Objective
- ▶ Objective of Merchandise Exports from India Scheme (MEIS) is to offset infrastructural inefficiencies and associated costs involved in export of goods/products, which are produced/manufactured in India, especially those having high export intensity, employment potential and thereby enhancing India's export competitiveness.

KEY FTP SUPPORTS FOR MARINE PRODUCTS  
EXPORTS- **MERCHANDISE EXPORTS FROM  
INDIA SCHEME (MEIS)**

- ▶ **Entitlement under MEIS**

- ▶ Exports of notified goods/products with ITC[HS] code, to notified markets as listed in Appendix 3B, shall be rewarded under MEIS. Appendix 3B also lists the rate(s) of rewards on various notified products [ITC (HS) code wise]. The basis of calculation of reward would be on realised FOB value of exports in free foreign exchange, or on FOB value of exports as given in the Shipping Bills in free foreign exchange, whichever is less, unless otherwise specified.
- ▶ For marine products the MEIS entitlement is 5%, the highest rate.

KEY FTP SUPPORTS FOR MARINE  
PRODUCTS EXPORTS- **MEIS**

## Ineligible categories under MEIS

(i) EOUs / EHTPs / BTPs/ STPs who are availing direct tax benefits / exemption.

- ▶ (ii) Supplies made from DTA units to SEZ units
- ▶ (iii) Export of imported goods covered under paragraph 2.46 of FTP;
- ▶ (iv) Exports through trans-shipment, meaning thereby exports that are originating in third country but trans-shipped through India;
- ▶ (v) Deemed Exports;
- ▶ (vi) SEZ/EOU/EHTP/BPT/FTWZ products exported through DTA units;

KEY FTP SUPPORTS FOR MARINE PRODUCTS  
EXPORTS- **MEIS**

## Issues of our sector.

- ▶ Since October 2014, some products like Pomfret, Lobsters and certain fishes have been removed from entitlement for reason of restriction, which is not true. Appeals pending with MOC/DGFT.
- ▶ A few ITC HS Codes as per MEIS list not matching in their description with ITC HS Codes of Import Policy.
- ▶ Some relevant ITC HS codes not included to be in tune with IUU regulations.
- ▶ Above affecting Frozen Cuttle-fish and a few other fishes export MEIS entitlements. Matter with DGFT.

KEY FTP SUPPORTS FOR MARINE  
PRODUCTS EXPORTS- **MEIS**

- ▶ All exporters of goods, services and technology having an import export code (IEC) number shall be eligible for recognition as a status holder. Status recognition depends upon export performance. An applicant shall be categorized as status holder upon achieving export performance during current and previous two financial years, as indicated in paragraph 3.21 of Foreign Trade Policy. The export performance will be counted on the basis of FOB value of export earnings in free foreign exchange.
- ▶ For granting status, export performance is necessary in at least two out of three years.

## KEY FTP SUPPORTS FOR MARINE PRODUCTS EXPORTS- STATUS HOLDERS



<b>Status Category</b>	<b>Export Performance FOB / FOR (as converted) Value (in US \$ million)</b>
<b>One Star Export House</b>	<b>3</b>
<b>Two Star Export House</b>	<b>25</b>
<b>Three Star Export House</b>	<b>100</b>
<b>Four Star Export House</b>	<b>500</b>
<b>Five Star Export House</b>	<b>2000</b>

**KEY FTP SUPPORTS FOR MARINE PRODUCTS EXPORTS- STATUS HOLDERS**

### ▶ 3.24 Privileges of Status Holders

- ▶ Authorisation and Customs Clearances for both imports and exports may be granted on selfT declaration basis;
- ▶ InputOutput norms may be fixed on priority within 60 days by the Norms Committee;
- ▶ Exemption from furnishing of Bank Guarantee for Schemes under FTP, unless specified otherwise anywhere in FTP or HBP;
- ▶ Exemption from compulsory negotiation of documents through banks. Remittance / receipts, however, would be received through banking channels;
- ▶ Two star and above Export houses shall be permitted to establish Export Warehouses as per Department of Revenue guidelines.

KEY FTP SUPPORTS FOR MARINE  
PRODUCTS EXPORTS- STATUS HOLDERS

## Privileges of Status Holders ( Contd.)

- ▶ The status holders would be entitled to preferential treatment and priority in handling of their consignments by the concerned agencies.
- ▶ Manufacturers who are also status holders (Three Star/Four Star/Five Star) will be enabled to self certify their manufactured goods (as per their IEM/IL/LOI) as originating from India with a view to qualify for preferential treatment under different preferential trading agreements, viz. (PTA), (FTAs), (CECAs) (CEPA).
- ▶ Manufacturer exporters who are also Status Holders shall be eligible to self certify their goods as originating from India as per Hand Book of Procedures.
- ▶ Status holders shall be entitled to export freely exportable items on free of cost basis for export promotion subject to an annual limit of Rs 10 lakh or 2% of average annual export realization during preceding three licencing years whichever is higher.

KEY FTP SUPPORTS FOR MARINE  
PRODUCTS EXPORTS- STATUS HOLDERS

## Advance Authorisation

- ▶ Advance Authorisation is issued to allow duty free import of input, which is physically incorporated in export product (making normal allowance for wastage). In addition, fuel, oil, catalyst which is consumed / utilised in the process of production of export product, may also be allowed.
- ▶ Advance Authorisation is issued for inputs in relation to resultant product, on the following basis:
- ▶ As per Standard Input Output Norms (SION) notified (available in Hand Book of Procedures);

OR

On the basis of self declaration as per paragraph 4.07 of Handbook of HBP.

KEY FTP SUPPORTS FOR MARINE PRODUCTS  
EXPORTS- ADVANCE AUTHORISATION

## Conditions for Advance Authorisation.

- ▶ Advance Authorisation can be issued either to a manufacturer exporter or merchant exporter tied to supporting manufacturer.
- ▶ Advance Authorisation for Annual Requirement shall only be issued for items notified in Standard Input Output Norms (SION), and it shall not be available in case of adhoc norms under paragraph 4.03 (b)(ii) of FTP.
- ▶ Exporters having past export performance (in at least preceding two financial years) shall be entitled for Advance Authorisation for Annual requirement.
- ▶ Entitlement in terms of CIF value of imports shall be upto 300% of the FOB value of physical export and / or FOR value of deemed export in preceding financial year or Rs 1 crore, whichever is higher.

KEY FTP SUPPORTS FOR MARINE  
PRODUCTS EXPORTS- ADVANCE  
AUTHORISATION

## Conditions for Advance Authorisation.(Contd.)

- ▶ Value Addition for the purpose of this shall be:  $A / B \times 100$ ,  
where  $A = \text{FOB value of export realized} / \text{FOR value of supply received}$ .  
 $B = \text{CIF value of inputs covered, plus value of any other input used}$ .
- ▶ Minimum value addition required to be achieved under Advance Authorisation is 15%.
- ▶ Imports under Advance Authorisation are exempted from payment of Basic Customs Duty, Additional Customs Duty, Education Cess, Anti-dumping Duty, Safeguard Duty and Transition Product Specific Safeguard Duty, wherever applicable.
- ▶ Goods imported under Advance Authorisation shall be subject to “actual user” condition and are not transferable .

KEY FTP SUPPORTS FOR MARINE PRODUCTS  
EXPORTS- ADVANCE AUTHORISATION



## Duty Free Import Authorisation is issued

- ▶ to allow duty free import of inputs.
- ▶ Duty Free Import Authorisation shall be exempted only from payment of Basic Customs Duty.
- ▶ Duty Free Import Authorisation shall be issued on post export basis for products for which Standard Input Output Norms have been notified.
- ▶ Application is to be filed with concerned Regional Authority before effecting export under Duty Free Import Authorisation.
- ▶ Minimum value addition of 20% shall be required to be achieved.
- ▶ The goods are transferable. Regional Authority shall issue transferable DFIA with a validity of 12 months from the date of issue. No further revalidation shall be granted by Regional Authority.
- ▶ After completion of exports and realization of proceeds, request for issuance of transferable Duty Free Import Authorisation may be made to concerned Regional Authority within a period of twelve months from the date of export or six months (or additional time allowed by RBI for realization) from the date of realization of export proceeds, whichever is later.

KEY FTP SUPPORTS FOR MARINE PRODUCTS  
EXPORTS- **DUTY FREE IMPORT AUTHORISATION  
SCHEME (DFIA)**

## EPCG Scheme

- ▶ allows import of capital goods for pre- production, production and post-production at Zero customs duty.
- ▶ Import under EPCG Scheme shall be subject to an export obligation equivalent to 6 times of duty saved on capital goods, to be fulfilled in 6 years reckoned from date of issue of Authorisation.
- ▶ Second hand capital goods shall not be permitted to be imported under EPCG Scheme.
- ▶ covers manufacturer exporters with or without supporting manufacturer(s), merchant exporters tied to supporting manufacturer(s) and service providers.
- ▶ EO under the scheme shall be, over and above, the average level of exports achieved by the applicant in the preceding three licensing years for the same and similar products within the overall EO period including extended period, if any; except for categories mentioned in paragraph 5.13(a) of HBP. Marine products are exempt from average turnover.

KEY FTP SUPPORTS FOR MARINE PRODUCTS  
EXPORTS- EPCG SCHEME



- ▶ Duty Free entitlement of 1% of FOB value of exports of previous year for import of specified inputs, on actual-user condition.
- ▶ Incremental scrips discontinued. But scrip entitlement on incremental exports of 2013-14 not released yet by DGFT.

## OTHER FTP SUPPORTS FOR MARINE PRODUCTS EXPORTS

Thank

You

