



*Annual Supplement 2006
Foreign Trade Policy (2004-09)*

Highlights of Annual Supplement to FTP

- 👍 Commerce & Industry Minister on 7th April, 2006 announced trade initiatives in form of Annual Supplement (AS) to put country's exports on a trajectory of quantum growth and to create large number of jobs.
- 👍 Exports emerge as major employer: Annual Supplement focuses on employment generation in the rural and semi-urban areas with thrust on traditional sectors.
- 👍 For promoting export of rural and agro products, the Vishesh Krishi Upaj Yojana is expanded.



Exports and Employment

- 👍 Exports emerge as a major source of job creation in Indian economy.
- 👍 1.4 million incremental jobs created through exports in 2004-05.
- 👍 8 million additional jobs projected through exports by 2009.
- 👍 Textiles, garments, leather goods, gems & jewellery, horticultural exports of fruits & flowers, dairy products, processed foods, pharmaceuticals, and automobiles identified as high growth sectors for employment.



Merchandise Exports

- 👍 Merchandise Exports cross 100 billion dollars in 2005-06.
- 👍 25% growth rate registered in 2005-06.
- 👍 Merchandise exports jumped by 60% from 63 billion dollars to 101 bn dollars within two years.
- 👍 Project goods export grew at 173%.



Highlights (continued...)

PRODUCT – MARKET FOCUS

- 👍 To focus not only on neutralising duties and levies but also provide additional stimulus to export of products having large employment potential and for greater penetration in strategic markets.

Product Focus

- 👍 It proposes additional duty credit facility @ 2.5% of FOB value of export turnover of notified products such as value added fish and leather products, stationery, fireworks, sports goods, handloom products bearing handloom marks and handicraft items.

PIB



Highlights (continued...)

- 👍 The scheme is to offset inherent infrastructure bottlenecks in rural and semi-urban areas.

Market Focus

- 👍 Duty credit facility @ 2.5% of the FOB value of export of all products to notified countries.
- 👍 This scheme aims at offsetting the high freight cost and other disabilities faced in accessing select international markets.



Expanding Vishesh Krishi Upaj Yojana

- 👍 Duty free scrip @ 5% of FOB value of exports under VKUY to incentivise the export of Gram Udyog products.
- 👍 The scheme is renamed as Vishesh Krishi and Gram Udyog Yojana.
- 👍 Additional benefit on use of domestic farm produce in Agricultural exports.
- 👍 This will promote in indigenous procurement of inputs for agricultural exports and help the farming community.



India as a Gem & Jewellery hub

- 👍 Measures for facilitating export of value added products catering to changing needs of market, facilitating easier product movement across the borders and allowing import of precious metal scrap for refining.
- 👍 Export of jewellery on consignment basis allowed.
- 👍 Re-import of rejected jewellery allowed.
- 👍 Import of precious metal scrap/used jewellery for melting and re-export permitted.
- 👍 Exporters will be allowed to export stones for treatment abroad and subsequent re-import without payment of customs duty.



India as an Automotive Hub

- 👍 Provision to allow import of new vehicles by auto component manufacturers for R&D purposes without homologation is being introduced.
- 👍 To further accelerate India's emergence as an important center for sourcing auto components.



India as a refuelling stop

- 👍 Supply of stores (Food, beverages etc.) and refuelling of long distance flights has emerged as a big business opportunity.
- 👍 Such export of supplies brought on equal footing with other exports for claiming duty neutralisation benefits under various export promotion schemes.
- 👍 This will enable India to offer competitive fuel prices and attract mid route stops for international flights.



Benefit of un-rebated Service Tax and FBT

- 👍 Incidence of un-rebated service tax and Fringe Benefit Tax(FBT) on exports will be factored in the various duty neutralisation and remission schemes.
- 👍 Details are being worked out and would be announced separately being announced.



Trade facilitation measures

- 👍 Interest for delayed payment of refunds would be made by the government to ensure accountability and cut delays.
- 👍 Fast track clearance procedure for units in EOUs. Now units having physical turnover of Rs15 crore can avail of the facility of receiving goods and warehousing on self-declaration basis
- 👍 Advance licencing liberalised where norms are not fixed.
- 👍 Pre-shipment certificates in lieu of test report for faster clearances.