

## **EXPORT PROMOTION COUNCIL FOR HANDICRAFTS**

### **ANALYSIS OF THE FOREIGN TRADE POLICY 2009- 2014 ANNOUNCED ON 27.08.2009 WITH REFERENCE TO HANDICRAFTS EXPORTS**

Foreign Trade Policy 2009-2014 was announced by Hon'ble Minister of Commerce and Industry on 27<sup>th</sup> August, 2009. The major **highlights of the FTP** is placed at **Annexure I**. A special thrust has been given to labour intensive handicrafts sector which is witnessing job losses in wake of the recession. A brief analysis on the provisions made in the new FTP in particular with the handicraft sector are placed below:

#### **PROVISIONS SPECIFIC TO HANDICRAFTS SECTOR**

**1. Three handicrafts clusters provided status of 'Towns of Export Excellence'(TEE) (New Provision)**

Jaipur, Srinagar & Anantnag have been announced as Towns of Export Excellence for the handicrafts sector. This would enable upgradation of infrastructure and would provide incentives and focus support.

**2. All handicrafts exports to be treated as 'Special Focus Products' and entitled to 5% duty credit scrip as per S. No. 1B (vi) (g) of the new Foreign Trade Policy. (New Provision covering all items of handicrafts – however, a limited number of items were earlier covered under VKGUY)**

All handicrafts exports would now be treated as 'Special Focus Products' and entitled to higher incentives as per Sl. No. 3.15.2 . Special Focus Products covered under Table 2 & Table 5 of Appendix 37D, **shall be granted** i.e. duty credit scrip equivalent to 5% of FOB value of exports w.e.f. 27.08.2009.

**3. 43 items added to the 'New Special Focus Products' list.**

EPCH had requested for inclusion of all handicraft for focused promotion by way of higher incentives. The O/o DGFT under the New Foreign Trade policy has now included 43 additional items as 'New Special Focus Products' including Handicrafts items not elsewhere specified. The efforts have yielded good results.

These 43 items appears in Table No. 5 of Appendix 37D of the new Handbook Book of Procedures Vol-I. They shall be entitled to duty credit scrip @ 5% of fob value.

**The *handicraft items not elsewhere specified* are now also eligible under "New Special Focus Products' scheme as per entry No. 43 of Table 5 of Appendix 37D of Handbook of procedures. Earlier only selected items were eligible for the same. This entry will cover all new and innovative handicrafts items.**

**Export Promotion Council for Handicrafts shall now certify that the exported product is a handicrafts product, if any doubt arises.**

**4. EPCG at zero custom duty for Technological Upgradation.**

The recommendation of EPCH to reduce the custom duty on EPCG (Export Promotion Capital Goods) from 3% to 0% has been accepted.

Now EPCG shall be available at 0% custom duty for handicrafts sector .The export obligation shall be six times of the custom duty saved to be fulfilled in six years. The scheme shall be in operation till 31.03.2011.

**5. Status holder to get duty credit scrip.**

To accelerate exports and encourage technological upgradation, additional Duty Credit Scrips shall be given to

Status Holders @ 1% of the FOB value of past exports. The duty credit scrips can be used for procurement of capital goods with Actual User condition. This facility shall also be available for handicrafts. This facility shall be available upto 31.3.2011.

All status holders will get duty credit scrips at the rate of 1% of the value of past exports. The duty credit scrips can be used for procurements of capital goods but subject to actual user condition.

#### **6. Support for Green products and products from North East**

Focus Product Scheme benefit extended for export of 'Green Products'; and for exports of some products originating from North East.

#### **7. MDA/MAI**

Higher allocation for Market Development Assistance (MDA) and Market Access Initiative (MAI) schemes is being provided. Special funds have been earmarked for the handicrafts sector.

### **GENERAL PROVISIONS MADE IN FTP INCLUDING HANDICRAFT**

8. **Focus Market Scheme** - 26 new markets have been added under Focus Market Scheme. These include 16 new markets in Latin America and 10 in Asia-Oceania.

The incentive available under Focus Market Scheme (FMS) has been raised from 2.5% to 3%.

9. **Market Linked Focus Product Scheme (MLFPS)** - Market Linked Focus Product Scheme (MLFPS) has been greatly expanded by inclusion of products classified under as many as 153 ITC(HS) Codes at 4 digit level. Some major products include; Pharmaceuticals, Synthetic textile fabrics, value added rubber products, value added plastic goods, textile madeups, knitted and crocheted fabrics, glass products,

certain iron and steel products and certain articles of aluminium among others. Benefits to these products will be provided, if exports are made to 13 identified markets (Algeria, Egypt, Kenya, Nigeria, South Africa, Tanzania, Brazil, Mexico, Ukraine, Vietnam, Cambodia, Australia and New Zealand).

10. **DEPB** - To impart stability to the Policy regime, Duty Entitlement Passbook (DEPB) Scheme is extended beyond 31-12-2009 till 31.12.2010.

DEPB rate shall also include factoring of custom duty component on fuel where fuel is allowed as a consumable in Standard Input-Output Norms.

11. **Import of Samples** - To facilitate duty free import of samples by exporters, number of samples/pieces has been increased from the existing 15 to 50. Customs clearance of such samples shall be based on declarations given by the importers with regard to the limit of value and quantity of samples.

12. **EDI** - To further EDI initiatives, Export Promotion Councils/Commodity Boards have been advised to issue RCMC through a web based online system. It is expected that issuance of RCMC would become EDI enabled before the end of 2009.

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