

Sub : Highlights of Annual Supplement of “Announcement on the Foreign Trade Policy 2009-14” announced by the Union Commerce & Industry Minister on 13th October 2011 relating to the handicrafts sector.

The Annual Supplement of the Foreign Trade Policy (2009-14) announced by the Hon'ble Union Commerce & Industry Minister on 13th October 2011. The highlights pertaining to the handicrafts sector are as follows:-

1. Town of Export Excellence

(para 3.5 of the Foreign Trade Policy 2009-14)

The constant demand of EPCH to add Firozabad (for Glassware) and Agartala (for Cane and Bamboo products) to the list of 'Town of Export Excellence' has been accepted and now these two towns shall also fall in the list of 'Town of Export Excellence' together with Jodhpur, Jaipur, Srinagar, Anantnag, Barmer (*Appendix 7 of the H. B. of Procedure, Vol-I of 2009-14*).

2. Focus Product Scheme

(para 3.15 of the Foreign Trade Policy 2009-14)

The list of items under FPS (table 4) has been expanded to include 130 additional items. These items are mainly in the sectors of Chemical / Pharmaceuticals, Textiles, **Handicrafts**, Engineering and Electronics sector. The products included shall be entitled for duty credit scrip benefit equivalent of 2 % of FOB value of exports.

The list of handicrafts export items is attached **(Table 4)**.

3. Special Focus Market Scheme (SFMS)

(para 3.14 of the Foreign Trade Policy 2009-14)

It has been decided to introduce a Special Focus Market Scheme with a view to increase the competitiveness of exports with a geographical targeting. The scheme would provide additional 1% duty credit when exports are made to these countries. This duty credit is over and above the duty credit granted under FMS i.e if an item covered under FMS is exported to the countries listed under SFMS, then the total duty credit available would be @ 4%.

4. Procedural Simplification

The following procedural simplifications were also announced

The application of IEC has become online w.e.f 01.01.2011. This reduces the interface of exporters with the Regional Authorities of DGFT. An effort is also on to update the IEC database containing more than 7.6 lakhs IEC. All the IEC holders are being urged to cooperate in this effort and update their details on-line. This exercise would be completed by 31.03.2012

5. Continuation of ' Interest Rate Subvention of 2% by RBI

(it is not a part of 'Announcement' dated 13.10.11 but announced separately on 11.10.11)

The interest subvention of 2% on export finance has been extended beyond 31.03.2011. RBI has issued a Circular No. DBOD.Dir.(Exp).BC. No.38/04.02.001/2001-12 dated 11th October 2011 extending the period of subvention from 01.04.2011 to 31.03.2012. This will provide some relief to the exporters.