

## CHAPTER-3

### PROMOTIONAL MEASURES

**Central Assistance to States** 3.1 In furtherance to the methodology outlined in Paragraph 1.5 the State Governments shall be encouraged to fully participate in encouraging exports from their respective states. For this purpose, suitable provisions shall be made in the Annual Plan of the Department of Commerce for allocation of funds to the states on the twin criteria of gross exports and the rate of growth of exports from different states. The States shall utilise this amount for developing complementary and critical infrastructure such as roads connecting production centres with the ports, setting up of Inland Container Depots and Container Freight Stations, creation of new State level export promotion industrial parks/zones, augmenting common facilities in the existing zones, equity participation in infrastructure projects and any other activities as may be notified by DGFT from time to time.

**Market Access Initiative** 3.2 Financial assistance shall be available under the scheme to the export promotion councils, industry and trade associations and other eligible entities, as may be notified from time to time, on the basis of the competitive merits of proposals received in this regard for the following purposes which inter-alia includes:-

Marketing studies on country product focus approach basis.

Setting up of common showrooms under one roof and warehousing facility in the identified centres on the basis of marketing studies in important cities abroad.

Participation in sales promotion campaigns through international departmental stores.

Publicity campaign for launching identified products in selected markets.

Participation in international trade fairs, seminars, buyers sellers meet.

Promotion of select brands.

Transport subsidies for select agriculture products.

Registration charges for product registration abroad for pharmaceuticals, biotechnology and agro chemicals and testing charges for engineering products.

Inland freight subsidies for units located in North East, Sikkim and Jammu & Kashmir.

Setting up of "business centre" in Indian missions abroad for visiting Indian exporters/businessmen.

**Towns of Export Excellence** 3.3 A number of towns in specific geographical locations have emerged as dynamic industrial locations handsomely contributing to India's exports. These "Industrial Clusters" rooted in history symbolise the bursting forth of the free market spirit and are essentially collective response to common

problems of competitiveness. Some have become globally renowned manufacturing bases. It is necessary to grant recognition to these industrial cluster items with a view to maximize their export profiles and help in upgrading them to move up in the higher value markets.

A number of such industrial cluster towns are exporting a substantial portion of their products which are world class. For example, Tirupur is exporting 80% of its production of hosiery. A beginning is being made to consider industrial cluster towns such as Tirupur for hosiery, woollen blanket in Panipat, woollen knitwear in Ludhiana to be eligible for the following benefits:-

Common service providers in these areas shall be entitled for facility of EPCG scheme. The recognised associations of units will be able to access the funds under the Market Access Initiative scheme in Paragraph 3.2 for creating focused technological services. Further such areas will receive priority for assistance for identified critical infrastructure gaps from the scheme on Central Assistance to States mentioned in paragraph 3.1. The units in these notified areas would be eligible for availing all the EXIM policy schemes as per their choice and the provisions of those schemes shall stand relaxed to the extent provided in this paragraph in respect of such units.

<b>Special Focus on Cottage and Handicraft Sector</b>	3.4	<p>The small scale sector alongwith the cottage and handicraft sector has been contributing to more than half of the total exports of the country. The cottage and handicrafts sector which mostly employs artisan and rural people contributes significantly to this effort. In recognition of the export performance of this sector and to further increase its competitiveness, the following facilities shall be extended to this sector.</p> <ul style="list-style-type: none"><li>i) The unit in this sector shall be eligible for funds from Market Access Initiative (MAI) scheme as given in paragraph 3.2 of this Policy. Funds shall be earmarked for this sector in the MAI scheme. The funds shall be utilised for developing their website for virtual exhibition, among other activities,</li><li>ii) Under the EPCG scheme, these units will not be required to maintain average level of exports as given in paragraph 5.5(ii) of this Policy;</li><li>iii) These units shall be entitled to the benefit of export house status on achieving lower average export performance of Rs.5 crore during the preceding three licensing years as given in paragraph 3.7.2 of this Policy; and</li><li>iv) The units in handicraft sector shall be entitled to duty free imports of specified items upto 3% of FOB value of their exports.</li></ul>
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<b>Agri Export Zones (AEZ)</b>	3.5.1	With a view to promoting agricultural export from the country and remunerative returns to the farming community in a sustained manner, AEZ as announced earlier would be set up for end to end development for export of specific products from a geographically contiguous area.
	3.5.2	AEZ would be identified by the State Government, who may evolve a comprehensive package of services provided by all State Government agencies, State agriculture universities and all institutions and agencies of the Union Government for intensive delivery in these zones.
	3.5.3	Such services which would be managed and co-ordinated by State Government would include provision of pre/post harvest treatment and operations, plant protection, processing, packaging, storage and related research & development etc. APEDA will supplement, within its schemes and provisions, efforts of State Governments for facilitating such exports.
	3.5.4	Units in AEZ would be entitled for all the facilities available for exports of goods in terms of provisions of the respective schemes.
<b>Brand Promotion and Quality</b>	3.6.1	The Central Government aims to encourage manufacturers and exporters to attain internationally accepted standards of quality for their products. The Central Government will extend support and assistance to trade and industry to launch a nationwide programme on quality awareness and to promote the concept of total quality management.
<b>State Programmes</b>	3.6.2	The Central Government will encourage and assist State Governments in launching similar programmes in their respective States, particularly for the small scale and handicraft sectors.
<b>Test Houses</b>	3.6.3	The Central Government will assist in the modernisation and upgradation of test houses and laboratories in order to bring them at par with international standards.
<b>Quality Complaints/ Disputes</b>	3.6.4	The Regional Sub-Committee on Quality Complaints (RSCQC) set up at the Regional Offices of the Directorate General of Foreign Trade shall investigate quality complaints received from foreign buyers. The guidelines for settlement of quality complaints, in particular, and such other complaints, in general, is given in Appendix- 37 of Handbook (Vol.1).
	3.6.5	<p>If it comes to the notice of the Director General of Foreign Trade or he has reason to believe that an export or import has been made in a manner gravely prejudicial</p> <ul style="list-style-type: none"> <li>(i) to the trade relations of India with any foreign country;</li> <li>(ii) to the interest of other persons engaged in exports or imports;</li> <li>(iii) has brought disrepute to the credit or the goods of the country;</li> </ul> <p>The Director General Foreign Trade may take action against the exporter or importer concerned in accordance with the provisions of the Act, the Rules and Orders made thereunder and this Policy.</p>

#### **Status Certificate**

**Export Performance Level3.7.2**

The applicant is required to achieve the prescribed average export performance level:

<b>Category</b>	<b>Average FOB / FOR value during the preceding three licensing years, in Rupees</b>
<b>Export House</b>	<b>15 crore</b>
<b>Trading House</b>	<b>100 crore</b>
<b>Star Trading House</b>	<b>500 crore</b>
<b>Super star trading house</b>	<b>2000 crore</b>

**Note :**

Units in Small Scale Industry/Tiny Sector/Cottage Sector/Units registered with KVICs or KVIBs/ Units located in North Eastern States, Sikkim and J&K/ Units exporting handloom, handicrafts, hand knotted carpets, silk carpets/ exporters holding golden status/ exporters exporting to countries in Latin America and CIS/sub Saharan Africa, units having ISO 9000 (series) status, shall be entitled for export house status on achieving average FOB/FOR value of Rs.5 crore during the preceding three licensing years. The same threshold limit shall be applicable to the service exporters and agri exporters (other than grains) for obtaining Export house status.

Export made on re-export basis shall not be counted for the purpose of recognition.

The exports made by a subsidiary of a limited company shall be counted towards export performance of the limited company for the purpose of recognition. For this purpose, the company shall have the majority share holding in the subsidiary company.

<b>Special Strategic Package for Status Holders</b>	3.7.2.1	<p>The status holders shall be eligible for the following new/ special facilities:</p> <p>Licence/certificate/permissions and Customs clearances for both imports and exports on self-declaration basis.</p> <p>Fixation of Input-Output norms on priority;</p> <p>Priority Finance for medium and long term capital requirement as per conditions notified by RBI;</p> <p>Exemption from compulsory negotiation of documents through banks. The remittance, however, would continue to be received through banking channels;</p> <p>100% retention of foreign exchange in EEFC account;</p> <p>Enhancement in normal repatriation period from 180 days to 360 days.</p>
<b>Validity Period</b>	3.7.3	<p>All status certificates issued or renewed on or after 1.4.2002 shall be valid from 1st April of the licensing year during which the application for the grant of such recognition is made upto 31<sup>st</sup> March, 2007, unless otherwise specified. On the expiry of such certificate, application for renewal of status certificate shall be required to be made within a period as prescribed in the Handbook (Vol.1). During the said period, the status holder shall be eligible to claim the usual facilities and benefits.</p>
<b>Transitional Arrangement</b>	3.7.4	<p>The status certificates expiring on 31<sup>st</sup> March, 2002 shall be deemed to have been extended upto 31<sup>st</sup> March, 2004. However, further renewal shall be granted on achieving the threshold limit prescribed in the Policy.</p>

**Service Exports** 3.8 "Services" include all the 161 tradable services covered under the General Agreement on Trade in Services where payment for such services is received in free foreign exchange. A list of services is given in Appendix-36 of Handbook (Vol.1).

The service providers as defined in paragraph 9.47, rendering services listed in Appendix-36 shall be entitled for all the facilities mentioned in the Policy. All provisions of the Policy shall apply mutatis-mutandis to such export of services as they apply to goods.

**Electronic Data Interchange** 3.9 In an attempt to speed up the transactions, reduce physical interface and to bring about transparency in various activities related to exports, electronic data interchange would be encouraged. Applications received electronically shall be cleared within 24 hours.