CHAPTER 8
RECENT POLICY CHANGES

--RECENT REFORMS IN TRADE POLICY
(1992-97)

--INTERCONNECTION OF REFORMS IN INDUSTRIAL AND FINANCIAL SECTOR WITH TRADE POLICY

LATEST TRADE POLICY (1997-2002)
RECENT POLICY CHANGES

In the present analysis it is proposed to show how interconnected trade reform is with the developments in the other sectors. In turn, reforms in the industrial, financial and other sectors, impinge on the trade policy of a country. Singh had proved that supply factors acted as a constraint on the growth of exports. In the initial years of independence, these policies served the purpose of protecting the nascent and fledgling economy from the onslaught of imports. Over time, these very same policies, played the role of overprotection, which made them inefficient. One of the main factors responsible for the stagnation of Indian industry was the industrial policy framework, including both domestic industrial policies and trade policies and their effort in creating a high cost industrial structure in the economy.

India had, even after the attainment of Independence, retained several controls over the industrial and foreign trade sectors of the economy. Some of these controls were in fact expanded. The comprehensive framework of controls consisted of:

- The Industrial (Development and Regulation) Act of 1952
  - in the industrial sector;

- Special controls on several industries and Price and Distribution Controls (partial or total) over specified industries including iron and steel, coal, cement, fertilizers, textiles and drugs and pharmaceuticals;

- Imports and Exports (Control) Act of 1947;

- Monopolies and Restrictive Trade Practices (MRTP) Act;

- Foreign Exchange Regulation Act (FERA);

- Nationalisation of banks and dominance of State-owned term-lending Development Financial Institutions;

- Capital Issues (Continuation of Controls) Act.
The grip of the "Licence-Permit" Raj over the industrial and foreign trade sectors of the economy had been generally tightening up to at least mid-1970s. Some attempts at liberalising the licensing system were started since the mid-seventies. For example, in 1975 for 15 engineering industries, there was automatic approval for an increase in licensed capacity at the rate of 5 per cent per annum subject to a maximum of 25 per cent in a five-year period. This was in addition to the normal permissible expansion in production by 25 per cent of the approved capacity.

In 1980, 19 more industries were allowed this facility. The FERA Act of 1973, allowed export-oriented units and high-tech industries to have foreign equity up to 74%. Export Processing Zones could have 100 per cent foreign equity participation, while all other units had to dilute their holding to 40%, while there was an intermediate step of 51% equity. In 1982, the scope of operations of FERA companies in India was widened by enlarging the list of permissible industries for such companies.

After a relative slowdown for almost a decade, the next wave of active liberalisation began in 1985. These included delicensing of 25 specified industries in 1985. Relaxation in the MRTTP Act, by raising the earlier threshold limit of Rs.20 crores to Rs.100 crores, "broad-banding"-i.e. production of related goods automatically, and relaxation or abolition of price and distribution controls over cement and aluminium industries, some liberalisation in the Foreign Trade sector.

There were attempts at liberalisation of the Capital Markets by introducing partially convertible debentures, introduction of the joint-sector mutual fund in July 1989 and venture capital fund companies in 1988. The fiscal reforms included the bringing out of a Long Term Fiscal Policy document by the Government in 1985. The measures included changes in Central Excise duties, the introduction of the new (MODVAT) Modified Value Added Tax Scheme, as well as reduction in the excise duties.

It can be observed that some feeble efforts were made at sporadic intervals to deregulate. It has been observed
that, "A broad consensus emerged that the earlier efforts at reforms through liberalisation measures from 1975 to 1990 were at best slow and ad hoc and uneven which in fact showed occasional reverses." However, even these measures led to positive results. A Centre for Monitoring of the Indian Economy study pointed out that the industrial investment climate improved due to the measures undertaken in the industrial, fiscal and financial sectors.

**POST-JULY 1991 ECONOMIC REFORMS**

The Post-July 1991 economic reforms, covered structural economic reforms in several key sectors of the economy. It is first proposed to quickly go over the changes in other sectors, and then to examine the changes in Trade Policy with slightly more detail to examine whether these changes fell in line with the other changes.

The main emphasis in 1991 was to restore international confidence in India's ability to manage its deteriorating balance of payments reflected in dwindling foreign exchange reserves. The crisis had arisen consequent to the Gulf War, when the Indian economy was affected in several ways. While the remittances from Non-Resident Indians and other inflows dropped, the prices of petroleum products shot up, resulting in a balance of payments problem.

The major macro-economic stabilisation measures taken by the Government at that time, included devaluation of the exchange rate in two steps on July 1, 1991 and July 3, 1991, fiscal-corrections and a tight monetary policy. The fiscal corrections included reduction in export subsidies, disinvestment of Government equity and additional taxation.

The Industrial Policy of July 1991 abolished industrial licensing for all except 18 industries/groups. This licensing was retained for considerations like security, strategic and environmental concerns. The Phased Manufacturing Programme, forcing indigenisation was abolished. The MRTP Act of 1969 was radically amended. Investment limits in the small-scale and ancillary industries were enhanced from Rs. 35 lakhs to Rs. 60 lakhs and from Rs. 45 lakhs to Rs. 75 lakhs respectively. Policy
reforms were contemplated including disinvestment to make the Public Sector more productive and efficient.

The policies for attracting Foreign Direct Investment and Technology were liberalised. An automatic system of approval for foreign direct investment up to 51% (majority) was permitted in 35 high priority industries in 1993-94. Restrictions on the use of foreign brand names and trade marks in the Indian market were also removed in 1992. A high-level Board called the Foreign Investment Promotion Board was constituted. It was authorised to clear proposals for foreign investment exceeding 51% in the sectors, where automatic approval was allowed. It was competent to consider and approve any level of equity in all other sectors. NRIs (Non-Resident Indians) were also given all the benefits of the new policies towards Foreign Direct Investment.

Tax Reforms were based on the recommendations of the Tax Reforms Committee (TRC) set up by the Government in August 1991 under Dr. Rajah Chelliah. The peak import tariff rates were substantially lowered, as also certain direct taxes and excise duties on some goods. An effort was made to restructure and simplify the system of indirect taxation. This was continued in the budgets of 1992-93 and 1993-94.

The restructuring of the financial sector was initiated - this included the commercial banks, development financial institutions and the capital market. The Committee on the Financial System under Mr. Narasimhan identified several measures, which were then implemented. These include the deregulation of the interest rate structure. Special schemes were introduced to strengthen rural credit for farming and non-farming activities through the NABARD (National Bank for Agricultural and Rural Development).

The devaluation in 1991 was intended to make exports more competitive, and profitable. The first package involving overhaul of the trade policy regime in July 1991 resulted in the abolition of the REP scheme. The exim scrips introduced instead were designed to link up financing imports to the export earning of exports. The subsequent package introduced in August 1991, aimed at shifting the
focus of decision-making by exporting and importing units to market-based signals. In one sweep the new trade policy abolished several licensing categories, decanalised several import and export products and simplified several schemes. The Exim Scrip was fully transferable in the market-place. The new policy permitted established exporters to open foreign currency accounts.

In the (1992-93) Budget, the Liberalised Exchange Rate Management System (LERMS) was introduced after scrapping Exim Scrips. While 60% of the foreign exchange proceeds could be converted at the specially determined market exchange rate. 40% of the proceeds from exports had to be surrendered to the RBI at the prevailing official rate; in the 1993-94 Budget, the Rupee became convertible on current account.

The 1992-97 Exim Policy announced on 31st March, 1992, was a landmark policy. As the Commerce Minister mentioned in his speech, it was recognised that "trade can flourish only in a regime of freedom." The analysis which follows tries to examine to what extent each of the objectives of the policy, which have been highlighted were met.

**Goal of self-reliance and a dynamic economy.**

The policy laid emphasis on technological upgradation and also to a certain extent to the protection of the indigenous industry. It attempted to provide access to raw materials, components and capital goods. The new Exim Policy also moved towards fewer restrictions, greater freedom to trade and less administrable controls.

**Stability a key element in the new policy**

A five year policy was announced. The earlier policies were for three years. The revised time-span of the policy was expected to lend stability and enable exporters to be reassured of a stable trade regime. This was expected to enable the exporters to plan out their strategies effectively. It was also indicated that changes would be made once in every quarter. Some exporters have pointed out that this was only partly complied with, as between April
1992 and March 1997, the Commerce Ministry, issued more than 400 public notices and over 100 notifications.  

**Licensing Minimised**

The policy drastically reduced the existing areas of licensing, reduced quantitative restrictions and other regulatory measures including the canalisation of imports and exports. Most goods could be imported and exported freely except for 3 small negative lists, one for imports, and the other for exports. The negative lists were the smallest ever. Amongst imports, 3 items were banned, 68 items restricted and 8 items canalised. Amongst exports, 7 items were banned, 62 items subject to restrictions and 10 items canalised. Export of 46 items was permitted with minimum regulation. This provided a large dose of import liberalisation, and the opening up of the economy except for consumer goods.

It could be seen that the licensing was dramatically reduced from the figures in Table 8.1

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Licences Issued</th>
<th>Value of Licences Issued</th>
<th>Share of total imports covered by licensing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
<td>114653</td>
<td>19300 Crs.</td>
<td>44.45%</td>
</tr>
<tr>
<td>1991-92</td>
<td>67478</td>
<td>18155 Crs.</td>
<td>37.8 %</td>
</tr>
<tr>
<td>1992-93</td>
<td>73224</td>
<td>21334 Crs.</td>
<td>33.8 %</td>
</tr>
<tr>
<td>1993-94</td>
<td>41572</td>
<td>22677 Crs.</td>
<td>31.0 %</td>
</tr>
<tr>
<td>1994-95</td>
<td>57492</td>
<td>29131 Crs.</td>
<td>32.0 %</td>
</tr>
</tbody>
</table>

Source: Office of C.C.(I & E)

The policy promised to prune the negative lists of imports further by permitting freer imports of even consumer goods, depending upon the degree of improvement of India's balance of payments over time.

**Import of Capital Goods Liberalised**

The Commerce Minister had acknowledged in his speech^4

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that "there is growing interdependence among technology, investment and production. Trade Policy should, therefore, be the spearhead for better technology, greater investment and more efficient production." The Policy in turn gave special emphasis on facilitating growth of exports through liberal imports of machinery and technology for export-oriented industries. The EPCG Scheme had been strengthened under which imports were allowed at two concessionary rates of 15 per cent and 25 per cent subject to export obligations to be fulfilled in 5 years or 4 years. Domestic manufacturers of capital goods, who may be required to import components, could also avail of the EPCG scheme at the concessional rate of customs duty at 15 per cent of the c.i.f. value.

**Widening of scope of the Duty-Exemption Scheme**

The scope of the scheme was widened. Exporters had the choice to opt for advance import licences under the DE (Duty Exemption) Scheme either under quantity based or (for the first time introduced) value-based norms. This value based advance license was to give greater flexibility to exporters to import and export goods within the overall value limits, and without any quantitative restrictions, except for sensitive goods. All licenses were transferable. Special self certification Advance Licenses were available to Export Houses, Trading Houses and Star Trading Houses.

**Deemed Exports Definition Streamlined**

Deemed exports are supplies made by domestic units. Supplies to E.O.U./EPZ units, supplies against EPCG licenses and supplies against Advance Licenses are all taken to be deemed exports. Deemed exports had also been extended benefits such as duty-exemption schemes, duty-drawback schemes and exemption from terminal excise duties.

**Special Import Facilities**

2 categories were to be eligible for special import licenses. These were deemed exports, export houses, trading houses, Star Trading Houses and manufacturers with ISO 9000 or BIS 14000 certification.
EOUs/Units under EPZs

These schemes were liberalised. The schemes were extended to agriculture, horticulture, aquaculture, poultry and animal husbandry. Special incentives have been provided to agro-exports, recognising the potential of such exports. The EOUs and EPZs dealing with the group of agro-exports (broadly defined) have been permitted to sell 50 per cent (compared to 25 per cent for other similar units) of their output in the D.T.A. Permission to install machinery on lease was allowed.

Awareness/Emphasis on Quality Upgradation

The compulsory pre-shipment inspection procedures were undertaken during the year to enable the manufacturers and exporters to take up the responsibility of ensuring the quality of their products themselves. Star Trading Houses and Export Houses as well as industrial units in the EPZs and EOUs have been exempted from the purview of compulsory pre-shipment inspection. Laboratories, Testing Houses were to be upgraded and accredited.

A scheme was to be introduced by the Central Government to recognise and suitably reward manufacturers, who have acquired the ISC 9000 (series) or the BIS 14000 (series) or any other internationally recognised equivalent certification of quality. They would be eligible for the grant of special import licenses.

Functions of 19 Export Promotion Councils laid out

The functions of the 19 EPCs was specified. The EPCs were to be professional autonomous bodies and non-profit organisations. The idea was to ultimately make them self-sustaining.

Joint Ventures Established Abroad

The revised guidelines provided for grant of automatic approval for investment upto $ 2.00 million U.S.D and speedy clearance for other applications. Greater operational freedom has also been provided. Indian Joint Ventures and wholly owned subsidiaries abroad have been recognised as an
important instrument for promoting exports.

Joint ventures abroad have 3 major advantages. They enable the country to enhance foreign exchange earnings by way of dividends, other entitlements and additional exports. These projects also enable the country to enhance foreign exchange earnings, by way of dividends, other entitlements and additional imports. They allow Indian entrepreneurs to be exposed to the international environment. They can serve as a conduit for the transfer of new technology into the country. In 1993-94, amongst the 167 joint ventures which are in operation, 97 (58%) were in the manufacturing sector, and 70 (42%) projects were in the non-manufacturing sector.

34 Thrust Items Identified for Extreme Focus Plan

The Board of Trade established by the Ministry of Commerce with the representatives of industry has identified thrust products (called "extreme focus" products) and thrust markets for special attention in the national drive for export promotion. There were 34 products which constituted the Extreme Focus Sectors. These included aquaculture, floriculture, industrial castings and forgings, Rice, Software Packages, System Software, CAD/CAM, gold jewellery and fresh fruits.

Continuance of Economic Liberalisation in the April 1993 Policy

An important new measure was the introduction of partial convertibility of the rupee on trade account. This was followed by the introduction of full convertibility of the rupee on trade account for inward remittances with effect from March 1, 1994. In April 1993, the policy was further deregulated by removing 144 items from the negative list of exports. The procedures relating to imports and exports was also further simplified. The same Exim policy emphasized exports of agro-based (and "allied") products and of "services" broadly defined. The allied sectors to agriculture include aquaculture, animal husbandry, floriculture, pisciculture, poultry and sericulture.

In March 1994, imports of all second hand capital goods with a residual life of over 5 years were allowed for
imports. A new category of Superstar Trading Houses was created for consistently topmost export units based on specified export performance. For recognition of Export Houses/Trading Houses/Star Trading Houses and Superstar Trading Houses exports of computer software and professional services have been encouraged.

The import of consumer goods have been indirectly and selectively liberalised through the route of Special import licenses available to selected categories of exporters listed above. Certain steps were taken to counter inflationary trends. These include the imports of sugar, raw cotton and edible oils which have been permitted under the Open General License (OGL) in the import policy of 1993-94 and 1994-95.

**Other Support Measures**

In October 1992, the Ministry of Surface Transport passed the Multimodal Transportation of Goods Ordinance, 1992. This provides the basis for multimodal transport operation and for a combined transport document in accordance with international practices. This is a significant step, as it is widely perceived that the inadequate infrastructure, particularly in the transport sector, is stifling growth.

**Inland Container Depots/Container Freight Stations (ICDFs/CFSs)**

Container handling facilities had been created only in 24 places. Private sector participation was allowed in 1992-93 in the setting up of Inland Container Depots and Container Freight Stations. An Inter-Ministerial Committee (IMC) was established for clearing such proposals.

The Indian Trade Classification based on the Harmonised Commodity Description and Coding System ITC(HS: was adopted by DGCI&S for compilation of foreign trade statistics with effect from April 1987. This was revised in 1992 and was published under the title "Indian Trade Classification". Initiative has been taken by the Ministry of Commerce to promote Electronic Data Interchange (EDI) in India. The EDI aims at "paperless trading".
In 1992-93, Government took a decision to increase the permissible investment level in plant and machinery of export-oriented small scale garment manufacturing units from Rs.75 lakhs to Rs.3 crores, subject to an export obligation of 50% of which 50% was to go to non-quota countries.

In 1993-94, a centrally sponsored "Export Promotion Industrial Parks" Scheme was established. Under this Scheme, State Governments were provided financial assistance in setting up and maintaining appropriate infrastructural facilities. The units set up in such Parks are required to undertake to export a minimum of 25 per cent of their production.

Apart from the revised guidelines for establishing joint-ventures, (JVs) and wholly-owned subsidiaries (WOSs) abroad during 1992, changes in FERA were carried out in 1993-94 which dispensed with the requirement under which prior permission of the Government for setting up joint ventures/wholly owned subsidiaries abroad was required.

FIEO is providing exporters a facility for sending domestic faxes and international E-mail at low cost. In early 1997, FIEO's website on Internet was inaugurated. After installation at Delhi Customs, EDI is being installed at Nhava Sheva Port as well as the Air Cargo Complex at Mumbai.

**EXIM POLICY OF 1997-2002**

In his statement, the Commerce Minister outlined the approach to the Exim Policy, which coincides with the 9th Plan period 1997-2002 as follows:

1. Consolidation of the gains made so far;

2. Restructuring the schemes to achieve further liberalisation and increased transparency in the changed trading environment;

3. Strengthening the domestic industrial growth and exports;

4. Enabling higher level of employment with due
recognition of the key role played by the SSI Sector.

He also recognised that the Exim Policy recognises that trade activity would help in stimulating expansion and diversification of production in the country.

OBJECTIVES OF THE POLICY

The four principal objectives laid out in the policy are:

(I) to accelerate the country's transition to a globally-oriented vibrant economy to derive maximum benefits from expanding global market opportunities.

(II) to stimulate sustained economic growth by providing access to essential raw materials, intermediates, components, consumables and capital goods required for augmenting production.

(III) to enhance the technological strength and efficiency of Indian agriculture, industry and services, thereby improving their competitive strength while generating new opportunities and encourage the attainment of internationally accepted standards of quality.

(IV) to provide consumers with good quality products and reasonable prices.

- In all 542 items have been shifted from one category of imports to another;
- Restrictions have been placed only on a few items on the ground of environmental safety-strategic importance, public health and security reasons;
- 5 items have been shifted from the free list to the restricted list;
- 60 items have been shifted from the Special Import Licence (SIL) list to the Free list;
- 150 items have been put into the SIL list.

These changes fulfill all the four objectives. With liberal imports, there is bound to be better industrial production, better quality production and sustained economic growth.
Export promotion capital goods (EPCG) scheme

Under the EPCG Scheme, there are presently two windows open. One is at 15% rate of duty while the second is at Zero Duty, for capital goods of value exceeding Rs 20 crores. The threshold level has been reduced from 15% to 10%. Under the Zero Duty Scheme, the threshold has been reduced from Rs 20 crores to Rs 5 crores. This is as shown in the Table 8.2 below:

Table 8.2

<table>
<thead>
<tr>
<th>Customs Duty</th>
<th>Export Obligation</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F.O.B. Basis</td>
<td>N.F.E Basis</td>
</tr>
<tr>
<td>10%</td>
<td>4 times c.i.f.</td>
<td>Not applicable 5 Years</td>
</tr>
<tr>
<td>Zero Duty (if c.i.f. value is Rs.20 crores or more)</td>
<td>6 times c.i.f. 5 times c.i.f. value of c.g. 8 Years</td>
<td></td>
</tr>
<tr>
<td>Zero Duty (if the c.i.f. value is Rs.5 crores or more *)</td>
<td>6 times the c.i.f. value 5 times the c.i.f. value of c.g. 6 years</td>
<td></td>
</tr>
</tbody>
</table>

* this is for agriculture, aquaculture, animal husbandry, floriculture, horticulture, pisciculture, viticulture, poultry and sericulture


Zero Duty EPCG facility is also being extended to service providers like hotels, hospitals, air-cargo complexes etc. This step again signifies movement towards technological upgradation of the quality. However, there have been several divergent opinions regarding this. In the context of the sectors for which this opening up has been done for the Zero Duty window, there is agreement that agriculture and the allied sectors are important enough to
require special treatment.

Some exporters have however expressed disappointment that the general reduction was from 15% to 10% and not lower. Others have expressed dismay that due to the existing limit of Rs.20 crores, small-scale units would not benefit. There has also been some concern expressed by the domestic capital goods manufacturing industry in India. Their apprehension is that the Zero rate of duty would adversely affect them. In their view, in particular, the import of second-hand goods would result in the inflow of obsolete and old technology.

Some exporters have indicated that they would have preferred the scheme to be less complicated. There are two types of duty, three types of export obligation periods and three types of export obligations (some on n.f.e. basis and some on f.c.b. basis). This makes the understanding of the scheme more difficult.

One positive development is that the Special Imprest License facility is being allowed to the domestic capital goods manufacturers for supplies under the Zero Duty EPCG Scheme. Similarly drawback facilities as permitted for deemed exports will be available for supplies under the EPCG license.

DUTY EXEMPTION SCHEME

While the quantity-based advance license QABAL would continue, in order to do away with the multiplicity of schemes, two related schemes, the Value Based Advance License (VABAL) and the Special Value Based Advance License for Electronics, have been replaced by a new scheme - Duty Entitlement Pass-Book Scheme (DEPB). This is expected to be easy to administer and more transparent. Under this scheme, exporters would be eligible to claim credit as a specified percentage of f.o.b. value of exports made in freely convertible currency. Credits would be available for export products at rates specified by the DGFT's office. These could be allowed on (1) post-export basis and (2) pre-export basis. Manufacturer-exporters and merchant-exporters with a three year record are entitled to the DEPB Scheme. On post-shipment basis, the credits could be transferred within the...
Procedures have also been simplified. The export obligation period has been extended from 12 months to 18 months. Further extension of 6 months would be on payment of 1% of the value of unfulfilled exports. The DEPB would start functioning only after the notification of the eligible export products and the rates. It is only after that that the efficacy would be known. There had been a great amount of concern regarding the VABAL scheme, where the element of misuse was reportedly high. There were similarly some areas of misuse under the Pass Book Scheme.

The extension of the export-obligation period from 12 months to 18 months has the advantage of dispensing with the need for exporters to apply again to have the period extended. However, it has a decided disadvantage in that, it would delay the realisation of export proceeds on the whole, which is not in the country's interest. Moreover, payment of 1% of the value of unfulfilled exports may not be an adequate deterrent.

**DEEMED EXPORTS**

The policy extends the facilities of deemed exports to the oil and gas sectors. In the case of deemed exports, exporters are eligible for the following benefits in respect of the manufacture and supply of goods. These include:

(a) Special Imprest Licenses/Advance Intermediate License.
(b) Deemed Exports Drawback Scheme;
(c) Refund of Terminal Excise Duty;
(d) Special Import License at the rate of 6% of the f.o.b. value (excluding all taxes and levies).

In respect of the disbursement of collection of drawback, 75% of the claimed amount for private companies and 80% in the case of public sector undertakings would be disbursed instantly pending fixation of the brand rate. This is a procedural simplification.

To promote the export of gold jewellery, a number of nominated agencies would be permitted to stock gold. At present, this is only being done by HHEC, SB1, MMTC and STC.
This measure is expected to boost the exports of gem and jewellery, which is a growth sector and which is expected to have good potential. EOU/EPZ units are being permitted to sell 10% of their output in the Domestic Tariff Area against SIL on payment of duty.

The Special Imprest License, SIL would be utilised for the import of Gem and Jewellery. Thus, anyone wanting to utilise the SIL for such imports, could as well be allowed to use it for sale by the EOU/EPZs. This could fetch a premium on these licences for the EOU/EPZ units apart from allowing export quality products to enter the domestic market.

Special incentives for the export of SSI products and from North-East States

Additional SIL of 1% is to be given to Export Houses/Trading Houses EH/TH, in cases where the export of products from the North Eastern States constitute 10% or more of the total exports made. Additional SIL would be also be given for:

(a) exploration of new markets;
(b) exports of S.S.I. units;
(c) for S.S.I. units holding ISO 9000 series or IS/ISO 9000 series at lower limits of Rs.3 crores and Rs.1 crore instead of Rs.5 crores and Rs.2 crores stipulated earlier.

Double weightage for SSI exports is to be given for recognition as EH/TH/STH/SSH. These provisions have certain positive aspects. The logic is to provide an incentive for agro-exports, SSI-exports, exports from the north-east and for quality. The SIL entitlement for exporters otherwise holding ISO 9000 series or IS/ISO 9000 series has been increased from 2% of f.o.b. to 5% of f.o.b.

Export House/Trading House/Star Trading House/Super Star Trading House

The existing eligibility criterion for the recognition of Export House/Trading House/Star Trading House based on the average annual
export performance of the preceding 3 licensing years was Rs.10 crores, Rs.50 crores, Rs.250 crores and Rs.750 crores respectively. This has been increased to Rs.20 crores, Rs.100 crores, Rs.500 crores and Rs.1500 crores respectively. This is as shown below.

Monetary Policy

In its latest slack season policy of 1st April 1997, the Reserve Bank of India has taken some dramatic steps to help export credit. The interest rate on post-shipment rupee export credit up to 90 days has now been changed to a ceiling rate of 13 per cent per annum rather than a fixed rate of 13 per cent. Banks can lower the rate for good customers. Interest rates on export credit beyond 90 days, and up to six months, however remains unchanged.

It can be seen, that by and large, the changes in the industrial policy, monetary policy, fiscal policy and trade policy have been made in tandem. It is however not certain that the pace is adequate, or that the steps taken are adequate.
Notes

1. Singh, M. (1964)- He analysed the factors affecting India's export performance in the decade of the fifties, using an empirical analysis. The study highlighted the importance of supply factors and domestic pull factors in constraining the growth of Indian exports.

4. Speech of the Commerce Minister of March 1992
5. Takhat Ram, (Impex Times)- Page 5, Volume XIV, March 10, 1997-No.3
8. In this statement made on 31.3.1997, the Commerce Minister, Mr. B. Ramaiah said, "The 1992-97 Exim Policy focussed on liberalisation, openness, transparency and globalisation. The policy also provided incentives through export promotion schemes and simplified procedures.
10. While the purpose of this is to have a selective classification, it may be pointed out that the criterion was changed only in the year 1994-95 when the category of Super Star Trading Houses was established