Appendix : A

Specific Liberalization Policies Pertaining to Agriculture Since 1991

<table>
<thead>
<tr>
<th>Year</th>
<th>Changes in Policy</th>
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<tbody>
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<td>1991</td>
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<td></td>
<td>▪ A system of advanced license was designed for providing agricultural exporters with duly free access to imports – Procedures simplified.</td>
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<td>▪ EXIM scrips facilities for a number of agriculture commodities and allied products like fish products, cashew, fish, fresh fruits, vegetables, cut flowers, plants, plants material, spices, packed fruits, vegetable products and decanalisation of castor oil, molasses, raw-jute and sugar in exports.</td>
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<td>▪ STC’s import monopoly on rubber was removed.</td>
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<td>1992-97</td>
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<td>▪ Duty Free Licensing Scheme for agricultural exporters provided</td>
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<td>▪ Introduction of special import license</td>
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<td>▪ Agricultural imports other than cereals, oilseeds, edible oils were decanalised.</td>
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<td>▪ Export of agricultural items except onion, and oilseeds decanalised.</td>
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<td>▪ Private export of durum wheat was allowed – Ors removed in 1994</td>
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</table>
- Imports of edible oils except coconut oil, palm oil were put on OGL
- Export control on sunflower seeds, rapeseeds and mustard were removed.
- Sugar imports were delicensed.

1997-2002:
- Import restriction on cloves, cinnamon and cassava were converted to canalized list.
- Export of sterilized milk, vegetable oil except groundnut oil delicensed.

1st April 2000:
- 80 items broadly coming under the agricultural and allied sectors were removed from the list of items having quantitative restrictions.
- Tariff policy on agricultural commodities revised.
- Creation of Agricultural Export Zones wherein the state governments may identify product agri export zone for development of export products from geographically contiguous area.
- Quantitative Restriction removed on 111 items at 8 digit level.
- Tariff Policy revised. Within the bound rates, the customs duties have been enhanced on tea, coffee, copra, coconut and desiccated coconut from 35% to 70% and on crude and refined edible oils, the rates range from 45% to 75% / 85%.
- Imports of all food products, meat and poultry products and tea wastes will be subject to domestic regulation. The import of agricultural products like wheat, rice, maize, other coarse cereals, copra and coconut oil have been placed in the category of state trading.

- To ensure that import of agricultural products does not lead to unwanted infiltration of disease and pests in the country, import of primary products of plant and animal origin will be subject to ‘Bio Security and Sanitary and Phyto-Sanitary Permit’.

- The EXIM Policy schemes like Duty Exemption Scheme and the Export Promotion Capital Goods Scheme are being made applicable to the agro sectors as well effect from 1st April, 2001
Appendix : B

HIGHLIGHTS OF FOREIGN TRADE POLICY: 2004-09

Foreign Trade Policy (FTP), announced in December 2004 for the first time, marked a departure from the earlier EXIM policies, through comprehensively addressing issues in India’s foreign trade, goals and strategies. Policy has taken an integrated view of the overall development of India’s foreign trade in a medium – term perspective and in the light of post – WTO developments.

Two –pronged objectives of the policy envisages:

- Doubling India’s percentage share of global merchandise trade by 2009.
- Enabling employment generation, especially in semi-urban and rural areas.

In order to achieve these objectives, the new foreign trade policy has clearly laid down the following key strategies:

- Unshackling of controls
- Creating an atmosphere of trust and transparency
- Simplifying procedures and bringing down transaction costs
- Identifying and nurturing different special focus areas to facilitate development of India as a global hub for manufacturing, trading and services.
Special Focus Initiatives:

- Sector with significant export prospects coupled with potential for employment generation in semi-urban and rural areas have been identified as thrust sectors and accordingly, specific sectoral strategies have been chalked out.

- Threshold limit for designated ‘Towns of Export Excellence’ has been brought down from Rs. 1000 crore to Rs. 250 crore in these thrust sectors.

Under the present policy, special focus initiatives for Agriculture, Handicrafts, Handlooms, Gems & Jewellery and Leather & Footwear sectors have been declared.

These are as follows:

Agriculture:

- A new scheme called Vishesh Krishi Upaj Yojana has been introduced to boost exports of fruits, vegetables, flowers, minor forest produce and their value added products.

- Duty free import of capital goods under Export Promotion Credit Guarantee Scheme (EPCG)

- Capital goods imported under EPCG for agriculture permitted in the Agri Export Zone.

- Import of seeds, bulbs, tubers and planting material has been liberalized.
- Export of plant portions, derivatives and extracts has been liberalized with a view to promote of medicinal plants and herbal products.

**Gems & Jewellery:**
- Duty free import of consumables for metals other than gold and platinum allowed up to 2% of FOB value of exports.
- Duty free import of commercial samples of Jewellery increase to Rs. 1 lakh.
- Import of gold of 18 carat and above shall be allowed under the replenishment scheme.

**Handlooms & Handicrafts:**
- Duty free import of trimmings and embellishments for Handlooms & Handicrafts sectors increased to 5% of FOB value of exports.
- Import of trimmings and embellishments and samples shall be exempt from CVD.
- Handicraft Export Promotion Council authorized to import trimmings, embellishments and samples for small manufacturers.
- A new Handicraft Special Economic Zone is proposed.
OTHER EXPORT PROMOTION MEASURES

Services Export Promotion Council:

- An exclusive Service Export Promotion Council is proposed in order to map opportunities for key services in strategic markets, and develop strategic market access programmes, including brand building, in co-ordination with sectoral players and recognized nodal bodies of the services industry.

Export Oriented Units (EOUs):

- EOU s shall be exempted from Service Tax in proportion to their exported goods and services.

- EOU s shall be permitted to retain 100% of export earnings in EEFC accounts.

- Income Tax benefits on plant and machinery shall be extended to DTA units which convert to EOU s.

- Import of capital goods shall be on self-certification basis for EOU s.

- For EOU s engaged in Textile & Garments manufacture, leftover materials and fabrics up to 2% of CIF value or quantity of import shall be allowed to be disposed of on payment of duty on transaction value only.

- Minimum investment criteria shall not apply to Brass Hardware and Handmade Jewellery EOU s.
Bio Technology Parks:
- Biotechnology Parks to be set up which would be granted all facilities of 100% EOUS.

Free Trade and Warehousing Zone:
- A new scheme to establish Free Trade and Warehousing Zone has been introduced to create trade-related infrastructure to facilitate the import and export of goods and services, aiming at making India a global trading hub.
- FDI would be permitted up to 100% in the development and establishment of the zones and their infrastructural facilities.
- Each zone would have minimum outlay of Rs.100 crore and five lakh sq.mts. built area.
- Units in the FTWZs would qualify for all other benefits as applicable for SEZ units.

Import of second hand Capital Goods:
- Import of second-hand capital goods shall be permitted without any age restrictions.
- Minimum depreciated value for plant and machinery to be relocated into India reduced from Rs.50 crores to Rs. 25 crores.

Procedural Simplification & Rationalization Measures:
- All exporters with minimum turnover of Rs.5 crores and good track record shall be exempt from furnishing Bank Guarantee in any of the schemes, so as to reduce their transaction costs.
All goods and services exported, including those from DTA units, shall be exempt from Service Tax.

Validity of all licences/entitlements issued under various schemes has been increased to a uniform 24 months.

Number of returns and forms to be filed have been reduced. This process shall be continued in consultation with Customs & Excise.

Enhanced delegation of powers to Zonal and Regional offices of DGFT for speedy and less cumbersome disposal of matters.

Time bound introduction of Electronic Data Interface (EDI) for export transactions. 75% of all export transaction to be on EDI within six months.