



Highlights of Annual Supplement to FTP

- 👍 Commerce & Industry Minister on 7th April, 2006 announced trade initiatives in form of Annual Supplement (AS) to put country's exports on a trajectory of quantum growth and to create large number of jobs.
- 👍 Exports emerge as major employer: Annual Supplement focuses on employment generation in the rural and semi-urban areas with thrust on traditional sectors.
- 👍 For promoting export of rural and agro products, the Vishesh Krishi Upaj Yojana is expanded.



Exports and Employment

- 👍 Exports emerge as a major source of job creation in Indian economy.
- 👍 1.4 million incremental jobs created through exports in 2004-05.
- 👍 8 million additional jobs projected through exports by 2009.
- 👍 Textiles, garments, leather goods, gems & jewellery, horticultural exports of fruits & flowers, dairy products, processed foods, pharmaceuticals, and automobiles identified as high growth sectors for employment.



Merchandise Exports

- 👍 Merchandise Exports cross 100 billion dollars in 2005-06.
- 👍 25% growth rate registered in 2005-06.
- 👍 Merchandise exports jumped by 60% from 63 billion dollars to 101 bn dollars within two years.
- 👍 Project goods export grew at 173%.



Highlights (continued...)

PRODUCT – MARKET FOCUS

👍 To focus not only on neutralising duties and levies but also provide additional stimulus to export of products having large employment potential and for greater penetration in strategic markets.

Product Focus

👍 It proposes additional duty credit facility @ 2.5% of FOB value of export turnover of notified products such as value added fish and leather products, stationery, fireworks, sports goods, handloom products bearing handloom marks and handicraft items.

Highlights (continued...)



- 👍 The scheme is to offset inherent infrastructure bottlenecks in rural and semi-urban areas.

Market Focus

- 👍 Duty credit facility @ 2.5% of the FOB value of export of all products to notified countries.
- 👍 This scheme aims at offsetting the high freight cost and other disabilities faced in accessing select international markets.



Expanding Vishesh Krishi Upaj Yojana

- 👍 Duty free scrip @ 5% of FOB value of exports under VKUY to incentivise the export of Gram Udyog products.
- 👍 The scheme is renamed as Vishesh Krishi and Gram Udyog Yojana.
- 👍 Additional benefit on use of domestic farm produce in Agricultural exports.
- 👍 This will promote in indigenous procurement of inputs for agricultural exports and help the farming community.



India as a Gem & Jewellery hub

- 👍 Measures for facilitating export of value added products catering to changing needs of market, facilitating easier product movement across the borders and allowing import of precious metal scrap for refining.
- 👍 Export of jewellery on consignment basis allowed.
- 👍 Re-import of rejected jewellery allowed.
- 👍 Import of precious metal scrap/used jewellery for melting and re-export permitted.
- 👍 Exporters will be allowed to export stones for treatment abroad and subsequent re-import without payment of customs duty.



India as an Automotive Hub

- 👍 Provision to allow import of new vehicles by auto component manufacturers for R&D purposes without homologation is being introduced.
- 👍 To further accelerate India's emergence as an important center for sourcing auto components.



India as a refuelling stop

- 👍 Supply of stores (Food, beverages etc.) and refuelling of long distance flights has emerged as a big business opportunity.
- 👍 Such export of supplies brought on equal footing with other exports for claiming duty neutralisation benefits under various export promotion schemes.
- 👍 This will enable India to offer competitive fuel prices and attract mid route stops for international flights.



Benefit of un-rebated Service Tax and FBT

- 👍 Incidence of un-rebated service tax and Fringe Benefit Tax(FBT) on exports will be factored in the various duty neutralisation and remission schemes.
- 👍 Details are being worked out and would be announced separately being announced.



Trade facilitation measures

- 👍 Interest for delayed payment of refunds would be made by the government to ensure accountability and cut delays.
- 👍 Fast track clearance procedure for units in EOUs. Now units having physical turnover of Rs15 crore can avail of the facility of receiving goods and warehousing on self-declaration basis
- 👍 Advance licencing liberalised where norms are not fixed.
- 👍 Pre-shipment certificates in lieu of test report for faster clearances.