

Foreign Trade Policy 2015-2020 Announcement on 1.4.2015

Speech of CIM

1. I am happy to release the Foreign Trade Policy for the period 2015-2020.
2. India is now significantly more integrated with the global economy than 15 years ago. Foreign trade today plays an important part in the Indian economy.
3. We must now aim higher. We want to make India a significant participant in world trade by the year 2020. India must assume a position of leadership in the international trade discourse.
4. The state of the external environment and new features of the global trading landscape such as mega regional agreements and global value chains will profoundly affect India's trade.
5. But our biggest challenge is to address constraints within the country such as infrastructure bottlenecks, high transaction costs, complex procedures, and constraints in manufacturing. While the external factors are largely outside our control, there is a lot we can do to strengthen our own capabilities and set our house in order.
6. Government has taken a number of very important initiatives such as 'Make in India', 'Digital India' and 'Skills India'. The foreign trade policy is closely integrated with these initiatives. The new Policy provides a framework for increasing exports of goods and services as well as generation of employment and increasing value addition in the country, in keeping with the 'Make in India' vision of Hon'ble Prime Minister. The focus of the new policy is to support both the manufacturing and services sectors, with a special emphasis on improving the 'ease of doing business'.
7. Our objective is to provide a stable and sustainable policy environment for foreign trade in both merchandise and services.
8. We aim to help various sectors of the Indian economy to gain global competitiveness.

9. We want India to be known for its world class products. So we must focus on quality and standards and produce zero defect products. 'Brand India' must be synonymous with quality and reliability.
10. Foreign trade policy cannot be formulated or implemented in isolation of other government economic policies or by any one department in isolation. Going forward, a 'whole-of-government' approach will be required.
11. We have taken a major initiative to mainstream State and UT Governments and various Departments and Ministries of the Government of India in the process of international trade. The Department of Commerce is helping State Governments to prepare export strategies. Many of the State Governments have nominated Export Commissioners. Senior officials have been appointed as designated focal points for exports and imports in several Central Government departments.
12. This will bring in much needed coordination and policy coherence across the Government and across the country.
13. Market diversification is a key aspect of the policy. In future when we enter into various forms of trade agreements, we will look for promising markets and sources of critical inputs. To our traditional markets in the developed world we will focus on exporting products with a higher value addition, supplying high quality inputs for the manufacturing sector in these markets and optimizing applied customs duties on inputs for India's manufacturing sector. This will strengthen backward manufacturing linkages which are vital for India's participation in Global Value Chains.
14. In the ongoing Doha Round of trade negotiations, India will continue to work towards fulfilling its objectives and to work with like-minded members to remove any asymmetries in the multilateral trade rules which place a developing country at a disadvantage. The current WTO rules as well as those under negotiation envisage the eventual phasing out of export subsidies. This is a pointer to the direction that export promotion efforts will have to take in future, i.e. towards more fundamental systemic measures rather than incentives and subsidies alone.
15. There is a need to ensure that our products and services are internationally competitive. A roadmap has been developed on measures required to raise the

quality standards of the merchandise produced and enhance India's capacity to export to discerning markets.

16. In an increasingly competitive world, branding plays an indispensable role in global positioning. Branding campaigns are being planned for promoting exports from sectors such as services, pharmaceuticals, plantations and engineering as well as of commodities and services in which India has traditional strengths, such as handicrafts and yoga.
17. Specific measures will be taken to facilitate the entry of new entrepreneurs and manufacturers in global trade through extensive training programmes.
18. We have based the FTP for 2015-2020 on certain principles, such as, encouraging the export of labour intensive products, Agricultural products, high tech products with high export earning potential and eco-friendly and green products and work on focussed market diversification. Technology intensive manufacturing will be supported. Other focus areas are defence, pharma, environment friendly products, products meeting BIS standards and technical textile related products.
19. Coming now to the specifics, FTP 2015-20 introduces two new schemes. The 'Merchandise Exports from India Scheme' (MEIS) is for export of specified goods to specified markets. The 'Services Exports from India Scheme' (SEIS) is for increasing exports of notified services. These replace multiple schemes earlier in place, each with different conditions for eligibility and usage of scrips.
20. No conditionality will be attached to any scrips issued under these schemes. Duty credit scrips issued under MEIS and SEIS, and the goods imported against these scrips, are fully transferable.
21. The foreign trade policy supports 'Make in India' through measures to encourage procurement of capital goods from indigenous manufacturers under EPCG Scheme by reducing Export Obligation (EO) by 25%. This will promote the domestic capital goods manufacturing industry and enable them to develop their productive capacities for both local and global consumption. Further, there is a higher level of rewards under the MEIS for export items with high domestic content and value addition.

22. E-Commerce exports of employment creating sectors have been supported under the 'Merchandise exports from India Scheme' through courier or foreign post offices.
23. Special Economic Zones have been facing some challenges in recent times. In order to boost exports from SEZs, government has now decided to extend benefits of both the reward schemes (MEIS and SEIS) to units located in SEZs. It is hoped that this measure will give a new impetus to the development and growth of SEZs in the country.
24. Trade facilitation and enhancing the ease of doing business are the other major focus areas in this new FTP. One of the major objectives of the FTP is to move towards paperless working in a 24x7 environment.
25. The Services sector has emerged as a prominent sector in India in terms of its contribution to national and State incomes, trade flows and FDI inflows. The Department of Commerce is working on an ambitious reform agenda, which is being pursued through an inter-ministerial mechanism. In addition, the 'Services Exports from India Scheme' (SEIS) is aimed at encouraging exports of the notified services.
26. Through this policy we aim to enable India to respond to the challenges of the external environment, keep in step with a rapidly evolving international trading architecture and make trade a major contributor to the country's economic growth and development. The confluence of several favourable factors gives India an unprecedented window of opportunity to set its house in order and face the challenges thrown up by an ever changing global economic environment.
27. I urge the Government and industry to work in tandem to deal with the challenges and to respond to the tremendous opportunities before us.
28. On our part I assure you that we will have regular interactions with all stakeholders, including State Governments to achieve our national objectives.

Thank you.