

UNIT IV

EXPORT PROMOTION COUNCIL

From finding buyers to understanding markets to accessing subsidies and incentives, there are several functions that may be daunting for a new exporter. It means that the role of government bodies have an impact on the export performance of the economy. Fortunately, you can get assistance for many of these activities from industry bodies, including government-approved ones called Export Promotion Councils.

Export Promotion Councils are government-initiated authorities that promote and support export firms in developing their overseas trade and presence by providing technical and industry insights. Additionally, EPCs also promote government schemes, act as a data store and conduct overseas tours and studies. They also act as an intermediary between the government and the export industry and are critical in formulating the foreign policies of the country.

These Councils are registered as non-profit organizations under the Companies Act/Societies Registration Act. EPCs perform both advisory as well as executive functions. Export Promotion Councils are responsible for country's image abroad as a council of reliable suppliers of high quality goods and services. The EPCs encourage and monitor the observance of international standards and specifications by exporters. Each product has its own Export Promotion Council, hence the promoter should register under a certain EPC as per their line of product.

STRUCTURE OF EPC

The Government of India, through the Ministries of Commerce and Industries, has established an integrated structure for servicing and promoting exports. It provides guidance, information and assistance to exporters.

These are organizations specialized in a particular product or a group of products. Their main objective is to promote and promote export of such commodities or a group of products.

The Export Promotion Councils have been set up under the Indian Companies Act 1956, as non-profit organizations. There are 20 export promotion councils in India, dealing with various commodities.

MEMBERSHIP AND WORKING OF EPC

Any exporter of the product coming under the council can become the member if they are desirous of claiming export incentives and assistance of the Council. These councils receive grants from the Government under its various heads.

Each member pays an annual subscription fee. A working committee elected by the members, elects its chairman and other office bearers. The working committee discusses all the problems relating to the product coming under the council, and necessary action is also taken. Senior officials of the Government, are also appointed on the Working Committee to guide and take part in the deliberations.

FUNCTIONS / ROLE OF EPC IN INDIA'S FOREIGN TRADE

1. Providing information: To assist exporters to understand, interpret and implement the export policies and export assistance schemes of Government.

2. Providing assistance: To provide assistance in export promotional activities such as external publicity, participation in fairs and exhibitions, promotion of exclusive exhibitions and trade fairs of specific products.
3. Collecting data: To collect complete data on export growth, the problems faced by exporters, the specific help needed by the manufacturers and present the same to the Government in order to enable it to evolve appropriate export policies.
4. Acting as liaison: To carry on an effective liaison with industry and trade in order to identify the problems in export activities.
5. Sending trade delegations: To make arrangements for sending trade delegations and study teams to one or more countries for promoting the export of specific products and to circulate the reports of specific products and diversifying to new products.
6. Opening office abroad: To open offices abroad to help exporters in consolidating the existing exports and diversifying to new products.
7. Registering authority: To act as registering authority under the import policy for registered exporters and to help them in expanding overseas market for their products.
8. Motivating exporters: To create consciousness among exporters through seminars, discussion and to motivate them for export promotion.
9. Co-operation with EIC: To provide co-operation to the export inspection council on quality control and reshipment inspection of export goods.
10. Disposing applications: To provide assistance to members for speedy disposal of export assistance applications.
11. Offering guidance: To offer guidance to member on various matters like utilization of GSP, export finance, insurance of goods and joint ventures abroad.
12. Indicating export opportunities: To collect and supply market information to exporter and thereby to help them to take benefits of export opportunities available abroad.
13. Settling disputes: To help the member in settling their trade disputes through peaceful negotiations.
14. Solving transport problems: To help members to resolve their transport problems.
15. Concessions: To assist members in getting freight and other concessions for shipping conferences.
16. Issuing certificate of origin: To issue certificate of origin to Indian exporters certifying the origin of goods.

The EPCs help Indian exporters through these functions in direct or indirect ways. They provide various services to Indian exporting communities. Each EPC has its working committee which is elected by the members.

EPCs do not provide financial or other type of direct assistance. They are purely advisory in character. All exporters of products, coming under the purview of council, are entitled to become member of the council. The members have to pay an annual subscription fee for the services rendered to them by the council. All members are given Registrations-Cum-Membership Certificate (RCMC) for the respective EPC. This certificate is useful for

securing the benefits of various concessions and incentives offered by the government for export promotions.

COMMODITY BOARDS AND DEVELOPMENT COUNCILS

The Government of India has set up Commodity Board as a separate organization to promote the export of commodities. Commodity Boards regard themselves as a match to export promotion council. However, the following differences may be observed between Commodity Boards and Export Promotion Council.

DIFFERENCES BETWEEN COMMODITY BOARD AND EPC

COMMODITY BOARDS	EPC
1. It look after the export promotion of primary non- And traditional items of exports.	It is responsible for the promotion of Traditional items like engineering goods, Computers, chemicals etc.
2. It is statutory body. Act.	It is registered bodies under Indian Company Act.
3. It take up product development. of	It concerned mainly with the promotion of Exports of respective products.

FUNCTIONS AND OBJECTIVES OF COMMODITY BOARDS

The functions and objectives of Commodity Boards are given below:

1. Advising the government on policy matters such as fixing quotas for exports, entering into trade agreements with foreign countries, etc.
2. Undertaking promotional activities such as participation in exhibition and trade fairs, opening of foreign offices abroad, conducting marketing surveys, sponsoring trade delegations, etc.
3. Promoting the consumption of commodities in their jurisdiction by opening branch offices in foreign countries.
4. Resolving all problems relating to commodities in their jurisdiction.
5. Undertaking research activities to develop production and marketing activities within the country. Commodity Boards have research units of their own. Examples include Central Coffee Research Institute, Rubber Research Institute, Coir Research Institute at Alleppy, the Central Sericulture Research Station at Berhampur, etc.
6. Imparting training to workers engaged in the production of the commodity concerned. The National Coir Training and Design Centre, Institutes of Handloom Technology at Salem and at Varanasi are the training institutes set up by their respective commodity Boards.

KINDS OF COMMODITY BOARDS IN INDIA

The Government of India has established eight commodity Boards to guide production and export of commodities in their jurisdiction:

- Coffee Board
- Tea Board
- Cardamom Board

- Rubber Board
- Coir Board
- Central Silk Board
- The All India Handicrafts Board
- The All India Handloom Board.

1. **Coffee Board:** The Coffee Board was established under the Coffee Act of 1942. It aims at the development of the industry and the promotion of its exports. The Coffee Board has set up a Central Coffee Research Institutes and also six coffee demonstration farms. The results of its research activities are made available to coffee growers. The Board advertises its product in foreign trade journal and mass circulation newspaper media. It also participates in trade fairs and exhibitions to promote the export of the product.

2. **Tea Board:** The Tea Board was established by the Government of India under the Tea Act of 1955. Development of the tea industry and the promotion of its export are the main objectives of the Tea Board. The board has set up offices in India as well as abroad. It works in collaboration with the Tea councils set up in the U.K, the USA, Germany, France, Australia, New Zealand and Canada with the cooperation of other tea producing countries. The Board also arranges for pre-shipment inspection and quality control under the Tea Control Order of 1959.

3. **Cardamom Board:** The Cardamom Board was constituted under the Cardamom Act of 1965 by the Government of India. It is the statutory body with its headquarters at Ernakulam. It has set up a foreign office at Brussels which conducts exhibitions abroad and undertakes promotional campaigns.

4. **Rubber Board:** The Government of India established the Rubber Board under the Rubber Act of 1947 as a statutory body. The Board advises the government on all matters related to rubber industry. Further, it undertakes control, planning, marketing and acquisition of rubber. Rubber Board promotes the development of rubber industry in India. It is responsible for the registration of estates, issue of new planting and replanting licenses and other development schemes such as replanting subsidy. It has set up a Rubber Research Institute with well-equipped laboratories. Its publications are very useful for the rubber industry.

5. **Coir Board:** The Coir Board was incorporated under the Coir Industry Act. It aims at the development of the coir industries. It has a coir research institute at Allepely and National coir Training and Design centre. The Coir Board conducts research surveys. Encourages formation of new industry. It undertakes publicity in India and abroad through mass media and exhibitions.

6. **Central Silk Board:** The central silk board was set up in 1949 under the Central Silk Board Act. Its headquarters are located at Mumbai. It also runs the central sericulture research stations at Berhampur, Kalimpong, Mysore and Ranchi. The board performs the following functions:

- a. Developing sericulture industry.
- b. Implementing annual plans and attaining production and export targets.
- c. Organizing research, training, seed production, and export promotion.
- d. Import and export of raw silk fabrics.

7. **The All India Handicrafts Board:** The All India Handicraft Board has its headquarters in Delhi. Its activities include the following:

- a. The running of four design centres at Mumbai, Kolkata, Bangalore and New Delhi and one development centre at Bangalore.
- b. Assisting the state government in planning and executing development schemes.
- c. Development and evaluation of new designs which are commercially viable and production of proto-type.

d. Export promotion measures like participation in trade fairs and exhibitions, production of films, brochures, catalogues and other promotional aids.

8. **The All India Handloom Board**: The All India Handloom Board promotes the development of handlooms as cottage industry. Two institutes of Handloom Technology are located at Salem and Varanasi. They also offer 3 year diploma courses.

Seven weaver centres are located in Bombay, Indore, Varanasi, Calcutta, Mangalore, Bangalore and Madras. These centres conduct research to evolve attractive designs for domestic as well as foreign markets. They provide technical assistance in printing, dyeing and weaving. They also provide financial assistance and helps the industry by organizing depots abroad. They arrange pre-shipment quality control inspection.

ROLE OF COMMODITY BOARDS IN INDIA'S FOREIGN TRADE

1. Commodity boards play a constructive and positive role in the export promotion of primary and traditional commodities such as tea, coffee, rubber, handicrafts, handlooms, coir, etc. these boards offer varied services to government as well as exporters of these commodities.

2. Trade information and guidance is given to exporters. The boards participate in trade fairs and exhibitions and also sponsor trade delegations.

3. Market surveys are conducted for the benefit of exporters and timely advice is given to government on export matters. These services of commodities boards indicate the active interest which the boards take in export promotion and their positive role in promoting exports of traditional commodities. Along with exporters, services are also offered to growers, producers and cultivators of different commodities.

4. The functional areas of commodity boards are extremely board based. The functions/activities of commodity boards include market research, publicity, introduction of new methods of cultivation, introduction of new varieties and products for exports and so on.

5. They also act as a connecting links between India manufacturers/exporters and foreign importers. All these functions are directly and indirectly useful for export promotion of agro based production. The activities of commodity boards are expanding in recent years. There is diversification in functions/activities and services offered by commodity boards.

6. These boards have made substantial contribution in promoting exports of traditional Indian commodities. Their role is certainly unique and praise worthy as export promotion organizations.

SPECIAL EXPORT PROMOTION ZONES

Export Processing Zones (EPZs) can be summarized as a unit bearing clusters of specially designed zones of aggressive economic activity for the promotion of export. The main concept of Export Processing Zones was conceived in the early 1970s to promote the growth of the sickening export business of India. Further, the meaning of Export Processing Zones (EPZs) can be broadly defined as an area enjoying special government of India support with respect to fiscal incentives, tax rebates and other exclusive benefits for the growth of export.

Export Processing Zones (EPZs) also encompasses pre-defined infrastructural facilities and regulations pertaining to establishment of such zones and environmental stipulations, respectively. These Export Processing Zones of India were established to help the growth of Indian export commodities, especially from the fast growing sectors.

OBJECTIVES OF EPZs

1. Encourage and generate the economic development.
2. Encourage Foreign Direct Investments (FDI).
3. To channel the sources of foreign exchange within the system in a phased manner.

4. Foster the establishment and development of industrial enterprises within the said zones.
5. Encourage and generate wider economic activities by encouraging foreign investments for the development of the zones.
6. To channel the foreign exchange earnings for the further development of these zones and explore new areas for the development of Indian exports.
7. Encourage establishment and development of Indian industries and business enterprises and facilitate with proper infrastructure Generate employment opportunity.
8. Upgrade labour and management skills.
9. Acquire advanced technology for increased productivity.
10. Ensure world class quality of products.

STRUCTURE OF EPZs

Three-tier management system in EPZs;

1. Tier one is headed by the Ministry of Commerce headed by the Commerce Secretary, which drafts and implements policies and reviews the performance of each such zones.
2. Tier two is headed by the Board of Approval (BOA), which is responsible for examination of proposals for opening up of new enterprises in the zone and which is headed by a person of the level of Additional Secretary.
3. The Development Commissioner, who is the chief executive of the Export Processing Zone, heads the three tiers. The Development Commissioner is vested with the power for the day-to-day function of the zone. Further, he is the head of functions relating to administration, approval of investment, and he also enforces various regulatory provisions.

EXIM POLICY IN INDIA

Exim Policy or Foreign Trade Policy is a set of guidelines and instructions established by the DGFT in matters related to the import and export of goods in India. The Foreign Trade Policy of India is guided by the Export Import in known as in short EXIM Policy of the Indian Government and is regulated by the Foreign Trade Development and Regulation Act, 1992. DGFT (Directorate General of Foreign Trade) is the main governing body in matters related to Exim Policy.

The main objective of the Foreign Trade (Development and Regulation) Act is to provide the development and regulation of foreign trade by facilitating imports into, and augmenting exports from India. Foreign Trade Act has replaced the earlier law known as the imports and Exports (Control) Act 1947.

Indian EXIM Policy contains various policy related decisions taken by the government in the sphere of Foreign Trade, i.e., with respect to imports and exports from the country and more especially export promotion measures, policies and procedures related thereto. Trade Policy is prepared and announced by the Central Government (Ministry of Commerce). India's Export Import Policy also known as Foreign Trade Policy, in general, aims at developing export potential, improving export performance, encouraging foreign trade and creating favourable balance of payments position.

HISTORY OF EXIM POLICY IN INDA

In the year 1962, the Government of India appointed a special Exim Policy Committee to review the government previous export import policies. The committee was later on approved by the Government of India. Mr. V. P. Singh, the then Commerce Minister and announced the Exim Policy on the 12th of April, 1985. Initially the EXIM Policy was

introduced for the period of three years with main objective to boost the export business in India

OBJECTIVES OF EXIM POLICY

Government control import of non-essential items through the EXIM Policy. At the same time, all-out efforts are made to promote exports. Thus, there are two aspects of Exim Policy; the import policy which is concerned with regulation and management of imports and the export policy which is concerned with exports not only promotion but also regulation. The main objective of the Government's EXIM Policy is to promote exports to the maximum extent. Exports should be promoted in such a manner that the economy of the country is not affected by unregulated exportable items specially needed within the country. Export control is, therefore, exercised in respect of a limited number of items whose supply position demands that their exports should be regulated in the larger interests of the country. In other words, the main objective of the Exim Policy is:

- To accelerate the economy from low level of economic activities to high level of economic activities by making it a globally oriented vibrant economy and to derive maximum benefits from expanding global market opportunities.
- To stimulate sustained economic growth by providing access to essential raw materials, intermediates, components, consumables and capital goods required for augmenting production.
- To enhance the techno local strength and efficiency of Indian agriculture, industry and services, thereby, improving their competitiveness.
- To generate new employment.
- Opportunities and encourage the attainment of internationally accepted standards of quality.
- To provide quality consumer products at reasonable prices.

RECENT EXIM POLICY OF 2015-2020

The Foreign Trade Policy (FTP) 2015-20 was unveiled by Ms Nirmala Sitharaman, Minister of State for Commerce & Industry (Independent Charge), and Government of India on April 1, 2015.

Following are the highlights of the FTP:

- FTP 2015-20 provides a framework for increasing exports of goods and services as well as generation of employment and increasing value addition in the country, in line with the 'Make in India' programme.
- The Policy aims to enable India to respond to the challenges of the external environment, keeping in step with a rapidly evolving international trading architecture and make trade a major contributor to the country's economic growth and development.
- FTP 2015-20 introduces two new schemes, namely 'Merchandise Exports from India Scheme (MEIS)' for export of specified goods to specified markets and 'Services Exports from India Scheme (SEIS)' for increasing exports of notified services.
- Duty credit scrips issued under MEIS and SEIS and the goods imported against these scrips are fully transferable.
- For grant of rewards under MEIS, the countries have been categorized into 3 Groups, whereas the rates of rewards under MEIS range from 2 per cent to 5 per cent. Under SEIS the selected Services would be rewarded at the rates of 3 per cent and 5 per cent.
- Measures have been adopted to nudge procurement of capital goods from indigenous manufacturers under the EPCG scheme by reducing specific export obligation to 75 per cent of the normal export obligation.
- Measures have been taken to give a boost to exports of defence and hi-tech items.

- E-Commerce exports of handloom products, books/periodicals, leather footwear, toys and customised fashion garments through courier or foreign post office would also be able to get benefit of MEIS (for values up to INR 25,000).
- Manufacturers, who are also status holders, will now be able to self-certify their manufactured goods in phases, as originating from India with a view to qualifying for preferential treatment under various forms of bilateral and regional trade agreements. This 'Approved Exporter System' will help manufacturer exporters considerably in getting fast access to international markets.
- A number of steps have been taken for encouraging manufacturing and exports under 100 per cent EOU/EHTP/STPI/BTP Schemes. The steps include a fast track clearance facility for these units, permitting them to share infrastructure facilities, permitting inter unit transfer of goods and services, permitting them to set up warehouses near the port of export and to use duty free equipment for training purposes.
- 108 MSME clusters have been identified for focused interventions to boost exports. Accordingly, 'Niryat Bandhu Scheme' has been galvanised and repositioned to achieve the objectives of 'Skill India'.
- Trade facilitation and enhancing the ease of doing business are the other major focus areas in this new FTP. One of the major objective of new FTP is to move towards paperless working in 24x7 environment.
