

## Quadrant II - Notes

**Paper Code: CEG 104**

**Module Name: Export-import policies and their impact on exports and imports**

**Module No:45**

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### **EXIM Policies in India**

India's trade was characterized by canalization, quotas, tariffs and quantitative restrictions in the pre-reform period. The NEP initiated in 1991 brought several reforms. Since independence till 1991, India had an inward looking/trade restrictive/ protective trade policy and the objective was to enable the growth of weak and upcoming industries and make them competitive at international level.

EXIM policy refers to foreign trade policy of the country. It is announced once every 5 years. EXIM policy of the Government of India is regulated by the Foreign Trade Development and Regulation Act 1992. The aim of EXIM policy is to promote and maintain exports, regulate and manage imports and also to earn foreign currency. The first three-year EXIM policy of India was announced in 1985-88 and the first five year EXIM policy was announced in 1992-97.

The 1985-88 policy stated that in order to improve the BOP position, India needs to have export promotion and not import curtailment.

#### **New EXIM policy 1992**

The policy was launched on 31 March 1992 to increase openness and speed up the trade liberalization. It introduced three main changes in agricultural trade, that is reduction of tariff rates, abandonment of channeling of trade except for few commodities and removal of QRs on agricultural trade.

#### **Features of EXIM Policy 1992**

1. import licensing was liberalized,
2. rationalization of tariff rates,
3. Liberalized exchange rate management (LERM) system,
4. import of capital goods at a concessional import duty under (EPCG) scheme,
5. provision of more credit for the purpose of exports at low rates of interest,
6. encouragement to foreign investments,
7. introduction of EPZ in agriculture and extension of export-oriented units.

### **EXIM policy 1997-2002**

The Policy aimed to increase the economic growth of the country by taking maximum advantages of expanding global markets, increasing employment opportunities and delivering quality products at reasonable prices.

### **EXIM policy 2002-2007**

The main thrust of the policy was promotion of exports by increasing exports of SSI, cottage and handicraft industry, textile, gems and jewelry. The policy was scrapped in 2004 due to the change in the Central Government.

### **Exim Policy 2004-2009**

Features- Export Promotion Capital Goods Scheme, software Technology Parks, Bio-Technology Parks, Electronic Hardware and Technology Parks, Special Economic Zones, Free Trade and Warehousing Zones. The policy aimed at doubling India's merchandise share in the world trade from 0.7% in 2004 to 1.5% in 2009. Institutions were set up like the EXIM Bank, Export Promotion Council etc.

### **EXIM Policy 2009-14**

Objectives - reverse the trend of declining exports, double goods and service exports by 2014 and many relaxations were given to various sectors to ensure the growth of exports.

### **EXIM Policy 2015-2020**

Focused on increasing exports in order to reduce trade deficit, boost domestic production and support the initiatives of 'Make in India' and 'Digital India'. Many schemes like Focus Product Scheme, Market Linked Focus Product Scheme, Focus Market Scheme, Visesh Krishi Gram Udyog Yojana (VKGUJ) got replaced by 'Merchandise Exports from India Scheme (MEIS) and 'Served from India' was replaced by Service Exports from India Scheme (SEIS).

To boost domestic manufacturing support 'Make in India' initiatives, export obligations has been reduced to 25%. To promote 'Digital India', online procedures to upload digitally signed document by CA/CS/Cost Accountants have been developed along with mobile Apps for filing tax and stamp duties. Business leaders who have excelled in international trade and have successfully contributed to India's foreign trade are proposed to be recognized as 'status Holders' and given special privileges to facilitate their trade transactions.

