

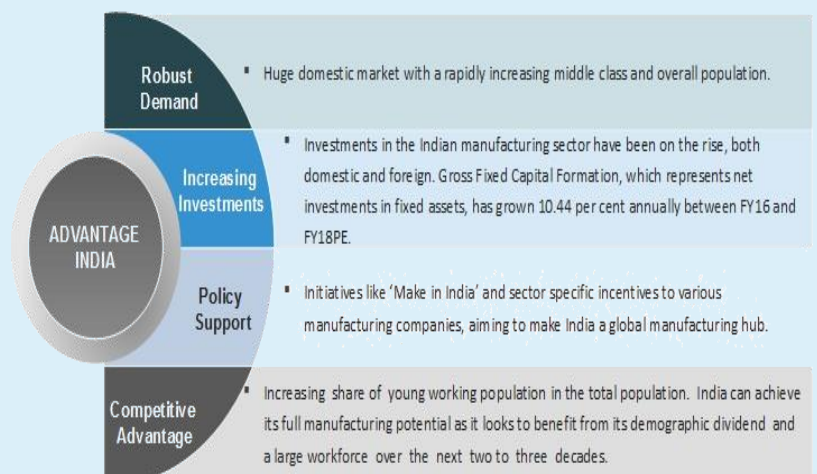
EXIM FOR MANUFACTURING INDUSTRY

Introduction to Manufacturing Industry

The manufacturing sector have the sought ways to convert raw materials into the desired finished goods. It covers a wide variety of pursuits such as foods, chemicals, textiles, machines, and equipment. This includes all refined metals and minerals derived from extracted ores as well as all lumber, wood, and pulp products.

Industry 4.0, the fourth industrial revolution, is revolutionizing manufacturing by providing manufacturers with the opportunity to utilize advanced manufacturing capabilities and information technology (IT) throughout the product lifecycle. As a result, manufacturers are benefitting from increased visibility into operations, substantial cost savings, faster production times and the ability to provide excellent customer support.

Manufacturing has been a key component of India's Merchandise Exports.



Note: PE – Provisional Estimate

Features: EXIM for Manufacturing Industry

In India, to generate excessive foreign exchange, Government of India actively provides benefit schemes to exporters, these schemes have governed under FTP (Foreign trade policy) which is revised in five-year interval and can be amended in each year's Finance Act.

Foreign trade policy is governed under Ministry of commerce join hand to hand with Ministry of Finance. DGFT (Directorate General of foreign Trade) is the supreme authority under FTP.

FTP is a set of guidelines or instructions issued by the CG in matters related to import and export of goods in India. Its primary purpose is not merely to earn foreign exchange but also to simulate grater economic activity.

FTP was earlier called as EXIM policy.



Schemes covered under “EXIM for Manufacturing Industry”



Brief of Schemes:

ADVANCE AUTHORISATION (AA) & DUTY-FREE IMPORT AUTHORIZATION

Incentive schemes have been given in FTP to exporters for comfort in imports and managing working capital, Duty-free import authorization (DFIA) and Advance Authorization (AA) are those schemes in which exporters have a specific amount as a reservation for duty-free import.

DFIA & AA allot to import those inputs which will be used to manufacture finish goods, the government allows importing goods within a certain period which may extend if demanded by the concerned party.

In acknowledgment, exporters have some duties to fulfill within a specified period which also can be extended if requested by the exporter.

There are some differences between Advance Authorization and Duty-free Import Authorization which are listed as below:

- AA can be applied pre-export but, DFIA must be applied post Export
- AA can be utilized on the product for which SION is not defined by the government but, DFIA can only be utilized against those finish goods for which SION is defined
- Under AA importer gets an exemption from customs as well as from GST, under DFIA duty exemption is limited to customs only
- AA comes with actual user condition on another side DFIA can be utilized by anyone as it can be traded in the open market

Benefits

- Comprehensive details of Imports and Exports made under the licenses
- Crucial analyses of final position for each license.
- Multi-dimensional functionality. (i.e, Import-to-Export and Export-to-Import as well)

Features

- Sticks to law, detailed picture of compliance
- Product group wise tracing of Import and Export under licenses
- Incorporation of SION in Export transaction
- Posting of Tax relieved based on license selection on BOE

MERCHANDISE EXPORT FROM INDIA SCHEME (MEIS)

After the routine export process, DGFT shall grant Duty Credit Scrips as rewards under Merchandise Exports from India. Exporters can sale those scrips in the open market or can utilize to procure goods (Import/Domestic purchase) without payment of any custom/GST this be a reimbursement of infrastructure inabilities and shall be used as a tool for providing an edge in internationally competitive markets.

Benefits

- Eliminates the time-consuming manual tasks
- One step solution for MEIS scrips
- Easy to deal with licenses i.e, duty credit scrips
- Tracing of current position of licenses under a single form

Features

- Automatic calculation with reference to the DGFT standards and customs Law
- Different functionalities for scrip consumption.
- Country group wise MEIS rate specification for accurate scrip calculation
- File number, License number wise shipping bill transaction bifurcation for better filling with DGFT

EXPORT PROMOTION CAPITAL GOODS

- EPCG is a term used in India under exports and imports. EPCG means Export Promotion Capital Goods. EPCG is one of the schemes provided by the government of India to importers and exporters to promote exports
- Unlike DFIA and AA, EPCG is not based on raw material importation, EPCG provides an exemption of duty payment on import of capital goods which will be used in the manufacturing of finish products which will have to export in a certain range of period as specified by the government which may extend on license holder's request
- Shipment under the advance authorization, DFIA, drawback scheme or reward scheme would also be counted for the fulfillment of the export obligation under the EPCG scheme
- Both physical, as well as deemed exports, shall be counted towards fulfillment of the export obligation
- Incentive for early fulfilment of export obligation

Benefits

- A matchup with the number of exports made under each block year with an annual average amount of exports
- Tracing Import of goods with the saved amount of taxes in Import cycle with respect to each license
- License-wise bank guarantee details capturing
- Entire scheme tracking covered within routine activities

Features

- Integration of scheme with routine transactions
- Automation of compliances
- Provides ready to analyze data
- Featuring various inquiry forms in relation to export-import transactions



Duty Drawbacks

- Duty drawback governed under section 74 and 75 of Customs Act,1962. And not under foreign trade policy
- The Drawback is the refund, reduction or waiver in whole or in part of customs duties assessed or collected upon the importation of an article or materials which are subsequently exported
- Finance Ministry has in time to time declared as well as alter rate of the duty drawback which calculated on assessable value of export