Trade Policies Of India 2016 Boon Or Caurse For Merchants Consumers Inside India

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ABSTRACT

Sound global environmental policies in relation to trade do not harm global economic welfare they promote it. Provided appropriate compensations are paid from the gains yielded by sound policies, both developed and emerging countries can enjoy improved economic welfare as a consequence of such policies. Both economic efficiency and equity are promoted. The argument is applied to mitigating global greenhouse gas emissions.

INTRODUCTION

Trade reforms from the the crux of the economic reforms in India.

policies have been aimed at creating a friendly environment by eliminating redundant procedures, transparency by simplifying the processes involved in the export sector and moving away from quantitative restrictions, there by improving the competitiveness of Indian industry and reducing the anti-export bias.

Steps have also been taken to promote exports through multilateral and bilateral initiatives and giving several incentives to exports to cope with all uncertainties at the global level.

HIGHLIGHTS OF THE FOREIGN TRADE POLICY IN INDIA

1. **Merchandise exports from India schemes (MEIS)**

Earlier there were 5 different schemes (Focus product scheme, market linked focus product scheme, focus market scheme, Agricultural infrastructure incentive scrip) for rewarding merchandise export with different kinds of duty scrip's with varying conditions (sectors specific or actual user only) attached to their use. The main features of MEIS including details of various groups of products supported under MEIS and the country groupings.

2. **Service exports from India scheme (SEIS)**

Served from India scheme has been replaced with service exports from India scheme (SEIS). SEIS shall apply to service providers located in India instead of Indian service providers. Thus SEISprovides for rewards to all service providers of notified services who are providing services from India, regardless of the constitution or profile of the service provider.

3**. States Holders**

Business leaders who have excelled in international trade and have successfully contributed to country's foreign trade proposed to be recognized as status holders and given special treatment and privileges to facilitate their trade transactions in order to reduce their transactions cost and time.

The nomenclature of exporthouse, Trading house, Star trading house, Premier trading house certificate has been changed to one, Two, Three, Four, Five star export house.

4. **Online filing of documents/ applications and paperless trade**

Online filling of various applications under FTP by the exporters/ importers. However certain documents like certificates issued by chartered accounts/ company secretary/ cost accountant etc. have to be filed in physical forms only. In order to move further towards paperless processing of reward schemes, it has been decided to develop an online procedure to upload digitally signed documents by chartered accountant/ company secretary/ cost accountant.

5. **Online inter-ministerial consultations**

It is proposed to have Online ministerial consultations for approval of export of SCOMET items. Norms fixation, Import Authorizations, Export Authorizations, in a phased manner, with the objective to reduce time for approval. As a result there would not be any need to submit hard copies of documents for these purposeses by the exporters.

6**. Facilitating & Encouraging Export of dual use items (SCOMET)**

Validity of SCOMET export authorization has been extended from the present 12 months to 24 months. It will help industry to plan their activity in an orderly manner and obviate the need to seek revalidation or relaxation from DGFT.

7. **Facilitating& Encouraging Export of Defense Exports**

Normal export obligation period under advance authorization is 18 months. Export obligation period for export items falling in the category of defense, military store, aerospace and nuclear shall be 24 months from the date of issues of authorization or co-terminus with contracted duration of the export order whichever is later. This provision will help export of defense items and other high technology items.

8**. Quality complaints and trade disputes**

In an endeavor to resolve quality complaints and trade disputes between exporters and importers a new chapter namely on quality complaints and trade disputes has been incorporated in the trade policy.

HOW TO EXPORT

Export in itself is a very wide concept and a lot of presentations is required by an exporter before starting an export business.

1.Establishing an organization

To start the export business first a sole proprietary concern/ Partnership firm/ company has to be set up as per procedure with an interactive name and logo.

2. Opening a bank account

A current account with a bank authorized to deal in foreign exchange should be opened.

3. Obtaining permanent account number (PAN)

It is necessary for every exporter and importer to obtain a PAN from the Income Tax Department.

4. Obtaining importer-exporter code (IEC) number

An IEC is a 10 digit number which is mandatory for undertaking export/ import. Application for obtaining IEC Number can be submitted to Regional authority of DGFT in form ANF 2A along with the documents listed therein.

5. **Registration cum membership certificate (RCMC)**

For availing authorization to import/ export or any other benefit or concession under FTP 2015-20, as also to avail the services/ guidance, exporters are required to obtain RCMC granted by the concerned Export Promotion Councils/ FIEO/Commodity Boards/ Authorities.

6**. Selection of products**

All items are freely exportable except few items appearing in prohibited/ restricted list. After studying the trends of export of different products from india proper selection of the products to be exported may be made.

7. Selection of markets

An overseas market should be selected after research covering market size, competition, quality requirements, payment terms etc. Exporters can also evaluate the markets based on the export benefits available for few countries under the FTP. Export promotion agencies, Indian Missions abroad, colleagues, friends, and relatives might be helpful in gathering information.

8. **Finding buyers**

Participation in trade fairs, buyer seller meets, exhibitions, B2B portals, web browsing are an effective tool to find buyers. EPC's, Indian Missions abroad, overseas chambers of commerce can also be helpful. Creating multilingual Website with product catalogue, price, payment terms and other related information would also help.

9**. Sampling**

Providing customized samples as per the demands of Foreign buyers help in getting export orders. As exports of bonafide trade and technical samples of freely exportable items shall be allowed without any limit.

10**. Pricing/costing**

Product pricing is crucial in getting buyers' attention and promoting sales in view of international competition. The price should be worked out taking into consideration all expenses from sampling to realization of export proceeds on the basis of terms of sale i.e. Free on Board (FOB), Cost, Insurance & Freight (CIF), Cost & Freight(C&F), etc. Goal of establishing export costing should be to sell maximum quantity at competitive price with maximum profit margin. Preparing an export costing sheet for every export product is advisable.

11. Negotiation with buyers

After determining the buyer's interest in the product, future prospects and continuity in business, demand for giving reasonable allowance/discount in price may be considered.

12. **Covering risks through ECGC**

International trade involves payment risks due to buyer/ Country insolvency. These risks can be covered by an appropriate Policy from Export Credit Guarantee Corporation Ltd (ECGC). Where the buyer is placing order without making advance payment or opening letter of Credit, it is advisable to procure credit limit on the foreign buyer from ECGC to protect against risk of non-payment.

ADVANTAGES

1. Optimal use of natural resources

International trade helps each country to make optimum use of its natural resources. Each country can concentrate on production of those goods for which its resources are best suited. Wastage of resources is avoided.

2. **Availability of all types of goods**

It enables a country to obtain goods which it cannot produce or which it is not producing due to higher costs, by importing from other countries at lower costs.

3. **Specialization**

Foreign trade leads to specialization and encourages production of different goods in different countries. Goods can be produced at a comparatively low cost due to advantages of division of labour.

4. **Advantages of large-scale production**

Due to international trade, goods are produced not only for home consumption but for export to other countries also. Nations of the world can dispose of goods which they have in surplus in the international markets. This leads to production at large scale and the advantages of large scale production can be obtained by all the countries of the world

5. **Stability in prices**

International trade irons out wild fluctuations in prices. It equalizes the prices of goods throughout the world (ignoring cost of transportation, etc.)

6. **Exchange of technical know-how and establishment of new industries**

Underdeveloped countries can establish and develop new industries with the machinery, equipment and technical know-how imported from developed countries. This helps in the development of these countries and the economy of the world at large.

7**. Increase in efficiency**

Due to the foreign competition the procedures is a country attempt to produce better quality of goods and at the minimum possible cost. This increases the efficiency and benefits the consumers all over the world.

DISADVANTAGES

1. **Impediment in the Development of Home Industries**

International trade has an adverse effect on the development of home industries. It poses a threat to the survival of infant industries at home. Due to foreign competition and unrestricted imports, the upcoming industries in the country may collapse.

2**. Economic Dependence**

The underdeveloped countries have to depend upon the developed ones for their economic development. Such reliance often leads to economic exploitation. For instance, most of the underdeveloped countries in Africa and Asia have been exploited by European countries.

3. **Political Dependence**

International trade often encourages subjugation and slavery. It impairs economic independence which endangers political dependence. For example, the Bruisers came to India as traders and ultimately ruled over India for a very long time.

4**. Mis-utilisation of Natural Resources**

Excessive exports may exhaust the natural resources of a country in a shorter span of time than it would have been otherwise. This will cause economic downfall of the country in the long run.

5. **Storage of Goods**

Sometimes the essential commodities required in a country and in short supply are also exported to earn foreign exchange. This results in shortage of these goods at home and causes inflation. For example, India has been exporting sugar to earn foreign trade exchange; hence the exalting prices of sugar in the country.

6**.World wars**

Foreign trade breeds rivalries amongst nations due to competition in the foreign markets. This may event fully lead to wars and disturbs world peace.

BENEFITTS TO EXPORTERS UNDER FOREIGN TRADY POLICY

The foreign trade policy provides quite a few incentives to exporters of goods and services in India considering the make in India initiative of the central government. Two schemes which merit attention here considering the benefits extended are MEIS. Merchandise service exports from India scheme. These schemes deal with exports of goods and respectively from India.

It is worthwhile nothing that the benefit of procurement under the scrip extends to capital goods as well. Trade policy and would be comprehensive enough to include with in its ambit, any plant, machinery, equipment or accessories required directly or indirectly for manufacture or production, or rendering services.

Reference

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Conclusion

Although India has steadily opened up its economy its tariffs continue to be high when compared with other countries and its investment norms are still restrictive. This leads some to see it as a highly protectionist economy.

India is now aggressively pushing for a more liberal global trade regime especially in services. It has assumed a leadership role among developing nations in global trade negotiations and played a critical part in the Doha negotiations.