

An Analytical study of EXIM Policies of India since Independence: A Focus on ‘Ayurveda’

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Abstract

The objective of this paper is to highlight the objectives of various EXIM policies since independence and furthermore it aims to understand the role of ‘Ayurveda’ in Export and import of India. It employs exploratory research design considering the secondary data collected from various sources especially the websites. The collected data has been analyzed and further classified in a descriptive manner to formulate the findings of the study. Being role and the contribution of ‘Ayurveda’ products are increasing day by day domestically and globally, therefore this study is practically viable nowadays and especially the post covid-19 times. This paper is original work of the authors however completely based on secondary data and it adds value to the further studies to be conducted in the same domain.

Keywords- EXIM Policies, Ayurveda Products, EXIM Bank, Analytical Study

Paper Type – A Research Article

1. Introduction

Export Import Policy or simply an EXIM Policy is a set of guidelines and instructions related to the import and export of goods. The Government of India notifies the EXIM Policy for a period of five years (1997 2002) under Section 5 of the Foreign Trade (Development and Regulation Act), 1992. The current policy covers the period 2015-2020. The Export Import Policy is updated every year on the 31st of March and the modifications, improvements and new schemes become effective from 1st April of every year. All types of changes or modifications related to the EXIM Policy is normally announced by the Union Minister of Commerce and Industry who coordinates with the Ministry of Finance, the Directorate General of Foreign Trade and its network of regional offices.

This purpose of this paper to demonstrate the features, objectives and the highlights of various EXIM policies of India and their relevance to 'AYURVEDA'.

2. Objectives of the Study

The basic objectives of this study are as follows:

- To highlight the major EXIM policies of India since independence with their features, objectives and influence on the economic development of the country.
- To demonstrate the impact and influence of 'Ayurveda' in EXIM policy of India.

3. Research Methodology

As far as the objectives of this research study are concerned, this study has utilized 'Exploratory Research Design' completely based on secondary data. The author has used the 'keyword search analysis' technique through 'Google' to collect the content related to EXIM policies of Indian and impact of 'Ayurveda' on the same. Furthermore the data has been analyzed and synthesized to fulfill the objectives of the research.

4. Data Analysis & Findings

The EXIM Policy of India contains several policy measures and related decisions taken by the government (central) in the sphere of imports and exports to/from the country. In addition, it also describes the various export promotion measures, policies and procedures related thereto. The Foreign Trade Policy is prepared and announced by the Central Government (Ministry of Commerce) of the country. 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 favorable balance of payments position. Whilst the trade policies during 1950s and 1960s were designed to lay emphasis on self reliance and self sufficiency of the country; the policies during (and post) 1970s were driven by the objectives of export led growth and increased efficiency and competitiveness. In the year 1962, the Government of India appointed a special EXIM Committee to review the previous export import policies of the Government. Later, Mr. V. P. Singh, the then Commerce Minister 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. The trade policy, however during this period was of a restrictive sort. In this context, the year 1991 is considered as a 'watershed' as far as the trade sector of the country is concerned. It was in/during this year that the country evidenced massive trade liberalization measures and departed from the prevalent protectionist trade policies. The period, after the year 1991 is therefore considered as the post reform period. In this chapter we are going to describe various EXIM policies since 1992. The major EXIM policies of India under the consideration of this study are as follows:

- EXIM Policy 1992 -1997
- EXIM Policy 1997 -2002
- EXIM Policy 2002 -2007
- EXIM Policy 2004 -2009
- EXIM Policy (Interim) 2009 -2010
- EXIM Policy 2011-2014
- NEW EXIM Policy 2015-2020

4.1 EXIM Policy 1992-1997

Foreign Trade Policy Reforms of 1991 were mainly focused on Liberalization, Privatization and Globalization. Under this purview, the Government of India for the first time introduced 5 year Export Import Policy (EXIM) on April 1, 1992 to dismantle various protectionist and regulatory policies and to accelerate India's transition towards a globally oriented economy. The objectives of this policy are as follows:

- Government of India tries to strengthen the base for export production for the development of the country.
- An EXIM policy is being constructed to facilitate technological up gradation which will help in more production of goods and services and maximum utilization of economy resources.
- To reduce imports to conserve foreign exchange but relaxing import regulations on essential items.
- EXIM policies are simplify procedural complexities was needed to be simplified.
- It helps to integrate with world economy through multilateral and bilateral trade arrangements.

4.2 EXIM Policy 1997 -2002

With time the EXIM Policy 1992-1997 became old, and a New Export Import Policy was need for the smooth functioning of the Indian export import trade. Hence, the Government of India introduced a new EXIM Policy for the year 1997-2002. This policy has further simplified the procedures and educed the interface between exporters and the Director General of Foreign Trade (DGFT) by reducing the number of documents required for export by half. Import has been further liberalized and better efforts have been made to promote Indian exports in international trade. The salient features which lead to formation of EXIM Policy 1997-2002 are as follows:

- Several items were shifted from Special Import License (SIL) to Open General List (OGL)
- Exporters were permitted to maintain foreign currency account Introduction of several schemes
- Export Promotion Capital Goods (EPCG) and Cash Compensatory Scheme (CCS)
- Liberalized Exchange Rate Management System introduced (LERMS)
- Introduction of Electronic Hardware Technology Park (EHTP) & Export Oriented Unit(EOU)
- Current Account Convertibility (CAC) allowed for the first time
- Electronic Data Interchange (EDI) introduced

Objectives of the EXIM Policy 1997 -2002 are as follows:

- 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 motivate sustained economic growth by providing access to essential raw materials, intermediates, components, consumables and capital goods required for augmenting production.
- To improve the technological strength and efficiency of Indian agriculture, industry and services thereby improving their competitiveness..
- To create new employment. Opportunities and encourage the attainment of internationally accepted standards of quality.
- To give quality consumer products at practical prices.

4.3 EXIM Policy 2002 -2007

The EXIM Policy 2002 - 2007 deals with both the export and import of merchandise and services. It is worth mentioning here that the EXIM Policy: 1997 - 2002 had accorded a status of exporter to the business firm exporting services with effect from 1.4.1999. Objectives of the EXIM Policy are as follows:

- To encourage economic growth of India by providing supply of essential raw materials, intermediates, components, consumables and capital goods required for augmenting production and providing services.
- To improve the technological strength and efficiency of Indian agriculture, industry and services, thereby improving their competitive strength while generating new employment opportunities and encourage the attainment of internationally accepted standards of quality; and
- To provide consumers with good quality products and services at internationally competitive prices while at the same time creating a level playing field for the domestic producers.

4.4 EXIM POLICY 2004 - 2009

Foreign Trade Policy 2004-09 The Government of India announced a new Foreign Trade Policy for the period 2004- 09 , replacing the hitherto nomenclature of EXIM Policy by Foreign Trade Policy (FTP). The various objectives for EXIM Policy 2004-2009 are as follows:

- To double percentage share of India's trade in global merchandise trade within the next five years.
- To act as an effective instrument of economic growth by giving a thrust to employment generation.

Various Strategies are adopted to achieve these objectives are:

- Unshackling of controls and creating an atmosphere of trust and transparency to unleash the innate entrepreneurship of businessmen, industrialists and traders.
- Simplifying procedures and bringing down transaction costs.
- Neutralizing incidence of all levies and duties on inputs used in export products, based on the fundamental principle that duties and levies should not be exported.
- Facilitating development of India as a global hub for manufacturing, trading and services.

- Identifying and nurturing special focus areas which would generate additional employment opportunities.

4.5 EXIM POLICY 2009- 2010

EXAM POLICY 2009-2010 (INTERIM) supplement of foreign trade policy 2004 -2009 for the year 2009- 2010 was announced by Commerce Minister Kamal Nath on February 26 2009.

4.6 EXIM POLICY 2011- 2014

The various features of this policy are as follows:

- Promotion scheme for leather, textile etc. for export more effectively.
- Benefit of 5% under FPS has been notified for the export of handmade carpets.
- Technical textile and stapling machines has been added under Focus Product Scheme
- Simplification of DEPB and EPCG schemes
- Gem and Jewellery export Promotion Council and Star Trading Houses have been added under the list of nominated Agencies for the purpose of import of precious metals.
- Import restriction on workers corals has been removed to address the grievances of gem and jewellery exporters.
- Bhilware in Rajasthan and Surat in Gujarat have been recognized as Town of Export Excellence, for textile and diamond respectively.
- Export of blood samples is now permitted without license after obtaining no objection certificate from the Director General of health service(DGHS).
- Simplified export procedure for issue of Free Sale Certificate.
- Independent office of DGFT being opened at Srinagar.
- Krishnapatnam seaport includes the purpose of export promotion scheme
- Electronic message transfer facilities for Advance Authorized the nation and EPCG scheme establish for shipment from EDI ports. Requirement of hard copy of the Shipping bill dispensed with for Export Obligation discharge

4.7 EXIM POLICY 2015-2020

The new exam policy has been formulated focusing increase in export scenario, boosting production and support supporting the concept like Make in India and Digital India.

Salient features of New Policy are

- Two new schemes namely Merchandise export from India scheme (MEIS) and Service Export from India scheme (SEIS) has been introduced replacing multiple schemes existing earlier.
- MEIS to promote export of notified goods to notified market and SEIS for benefit of all exporters in India
- Reduced export obligation by 25% and give boost to domestic manufacturing supporting the "Make in India" concept.
- Both MEIS and SEIS firm will get subsidized office space in SEZs, along with other benefits.
- As a step to Digital India concept, online procedures to upload digitally signed documents by CA/CS/Cost Accountant are developed and further mobile apps for filling tax, stamp duty has been developed.
- Benefits of MEIS would be eligible for E-Commerce of handicraft, handloom, books etc. Export upto 25000 per consignment will get SEIS benefits.
- Duty credit scrip's to be freely transferable and usable for the payment of custom duty, excise duty and service tax.
- Reorganization of status holders has been changed from Rupee to US dollar earning. The position status holder will recognize and reward those entrepreneurs who helped in India to become a major export player.
- Manufacturers who are also status holder will be enable to self-certify their manufactured goods as originating from India.
- Repeatedly submission of physical copies of documents available on Export Import profile is not required.
- Agriculture and village industry products to be supported across the globe at the rates of 3% and 5% under MEIS.
- Export obligation period for export items related to Defence, military stores, Aerospace and nuclear energies to be twenty four month. Certificate of independent Chartered Engineers for redemption of EPGG authorizations is no longer required.

- Impact on the economy

The EXIM policy 2015 -2020 has expected to double the share of India in the world trade are from present level of 3% by the year 2020. Simplifying the existing multiple schemes, the new policy has come up with the two schemes MEIS and SEIS that reduces the complexities and encourage entrepreneur. Similarly use of technology to perform the compliance reduces the transaction cost and Manual errors. This policy has also focused away from the reliance on subsidiaries. By extending benefits under EPCG on domestic procurement and offering them more products under MEIS ,the policy further seeks to incentive the export .Generation of the new employment and providing quality products at a reasonable price to the consumer are expected to be delivered by the policy.

5. Conclusion

India's Ayurveda is recognized all over the world as one of the most vital determinants of economic development of a country as well. It is playing a key role in foreign trade as well and acting as a crucial indicator in economic growth of the country as well. This research study becomes important and significant as today's export promotion strategies must reflect the changing trends in India's foreign trade environment. The Government of India introduced a series of reforms to liberalize and globalize the Indian Economy. Reforms of foreign trade and EXIM policies were critical elements in structural reform of India. The EXIM policy regime in India, in regard to liberalization of the foreign sector has witnessed very significant change. The latest foreign trade policy of 2021 will definitely boost the 'Ayurveda' in future due to the pandemic impact.

6. Limitations of the Study

The major limitation of this study has been the dependency on the 'Google search' for collecting the secondary data. As very less research has been conducted till date related to the impact of 'Ayurveda' in the export and import business of India.

7. Scope for Future Research

The scope of the research is tremendous being very less research has been conducted till date on the topic and demonstrating the role of 'Ayurveda' in export and import business of India.

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