Foreign investment policy has been further liberalised in India. In order to augment foreign investment, Foreign Investment Promotion Board has been restructured and the procedures have been streamlined. A new Foreign Investment Promotion Council has been constituted to formulate policy guidelines and approach for enlarging FDI into the country. In the recent foreign investment policy, several initiatives have been taken by the government to enhance the flow of FDI in India.

India has witnessed an increase in foreign investment from 1991-92 to 1996-97. Thereafter, it has decelerated. Mauritius is the dominant source of inflow followed by USA, Japan, Netherlands and Germany in 1998. Engineering sector has been the largest recipient of FDI followed by Chemical & allied, Services and Electronics and electronics equipment.

6.9 KEY WORDS

Foreign Direct Investment: Refers to investment in a foreign country where investor retains control over the investment.

Foreign Institutional Investor: Financial Institutions who invest money in a foreign country.

Portfolio Investment: An investment in a foreign country where the investing party does not seek control over the investment.

6.10 ANSWERS TO CHECK YOUR PROGRESS

A4 i) True ii) False iii) True iv) True v) False

B4 i) True ii) False iii) False iv) True v) False

6.11 TERMINAL QUESTIONS

1. What are the objectives of new industrial policy? Analyse the main features of the policy.
2. Do you think that the new industrial policy has a favourable impact on the economy. Discuss.
3. Do you think that the foreign investment is better than borrowings. Discuss.
4. Describe the main features of the recent foreign investment policy of India.
5. Analyse the inflow of FDI in reference to countries and the industries.
6. Evaluate the foreign investment policy of India.

UNIT 7 EXPORT PROCESSING ZONES, EXPORT ORIENTED UNITS AND EXPORT HOUSES

Structure

7.0 Objectives
7.1 Introduction
7.2 What are EPZs and EOUs?
  7.2.1 Eligibility and Approvals
  7.2.2 Benefits and Facilities
  7.2.3 Export Performance
7.3 Special Economic Zone (SEZ)
  7.3.1 Approvals and Criteria
  7.3.2 Benefits and Facilities
7.4 Export Houses, Trading Houses, Star Trading Houses and Superstar Trading Houses
  7.4.1 Eligibility Criteria
  7.4.2 Benefits and Facilities
7.5 Let Us Sum Up
7.6 Key Words
7.7 Answers to Check Your Progress
7.8 Terminal Questions

7.0 OBJECTIVES

After studying this unit, you should be able to:

- define EPZs and EOUs
- describe the eligibility and approval criteria
- explain the benefits and facilities provided to such units
- describe the export performance of EPZs & EOUs
- define the Special Economic Zone
- explain the benefits and facilities given to SEZs
- describe various status of Export Houses
- discuss the benefits and facilities provided to Export Houses.

7.1 INTRODUCTION

Export promotion policy is directed to ensure larger exportable surpluses. Larger surplus requires more production activity. EPZ/EOU/SEZ units have been created to increase production base for the export purposes. Duty free import of all types of inputs are permitted to such units alongwith several incentives to enhance the exports. Besides exporters having a record of export performance over the years are granted the status of various categories of Export Houses. In this unit, you will learn the procedures, facilities and benefits of EPZs, EOUs and SEZs. You will be further acquainted with the criteria, benefits and facilities of various categories of Export Houses.

7.2 WHAT ARE EPZs AND EOUs?

Free Trade Zones/Export Processing Zones are industrial estates which form enclaves within the national customs territory and are usually situated near international port and/or airport. The entire production of such Zones is normally exported. Imports of raw materials, intermediate products, equipment & machinery required for export production are not subject to the payment of customs duty. A characteristic feature of EPZs is the speed and simplicity of import and export transactions. Time consuming customs procedures on import into the Zones and exports from the Zones are kept to minimum.

EPZs are created by developing countries for the purpose of promoting the development of export-oriented manufacturing industries. The zones are intended to provided an internationally competitive duty-free environment for export production at low cost. This enables the products of EPZs to be competitive both quality-wise and price-wise, in the international market. Foreign investment is expected to provide the main impetus. The objectives for setting up of EPZs generally are as follow:

i) Generating foreign exchange earnings

ii) Creating employment opportunities

iii) Attracting foreign capital

iv) Transfer of technology (attracting advanced technology)

v) Acquiring and upgrading labour management skills, and

vi) Linkages between EPZ industries and the domestic economy.

The first Zone established in India in 1965 was known by the name of Kandla Free Trade Zone. The zones that were set up subsequently were named as Export Processing Zones to mainly emphasise that the Zones must concentrate on production and value-addition.

Export Processing Zones in India

Seven Export Processing Zones are operating in the country. These are:

1. Kandla Free Trade Zone (KFTZ), Kandla, Gujarat.
2. Santa Cruz Electronics Export Processing Zone (SEEPZ), Santa Cruz, Mumbai.
3. Noida Export Processing Zones, Noida, UP.
4. Madras Export Processing Zones, Chennai.
5. Cochin Export Processing Zones, Cochin, Kerala.
6. Falta Export Processing Zones, Falta, West Bengal.
7. Visakhapatnam Export Processing Zone, Visakhapatnam.

The Government has permitted development of Export processing Zones by the private, State or joint sector. The Government of India appointed inter-Ministerial Committee already cleared two proposals for setting up of private EPZs in Mumbai and Surat. Establishment of another EPZ at Greater Noida by Government of Uttar Pradesh has also been cleared.

Export Promotion Industrial Park Scheme (EPIP)

A Centrally sponsored Export Promotion Industrial Park (EPIP) Scheme has been introduced in August 1994 with a view to involving the State Governments in the creation of infrastructural facilities for export oriented production.

The Central Government has so far approved many proposals for the establishment of EPIPs in the States of Punjab, Haryana, Himachal Pradesh, Rajasthan, Karnataka, Kerala, Tamil Nadu, Andhra Pradesh, Uttar Pradesh, Gujarat, Bihar, J&K, Assam, Madhya Pradesh, West Bengal, Orissa and Meghalaya.

Export Oriented Units

The scheme of Export Oriented Units (EOUs) came into being on December 31, 1980 as an extension of the scheme of Free Trade Zones. It is complementary to the EPZ Scheme. There is hardly any difference between an Export Oriented Unit located inside the Zone and an Export Oriented Unit located outside the Zone or say Domestic Tariff Area (DTA). It adopts the same production regime but offers a wide option in locations with reference to factors like source of raw materials, ports of export, hinterland facilities, availability of technological skills, existence of an industrial base and the need for a large area of land for the project. Export Oriented Units irrespective of their location are treated like any unit located in EPZ as far as incentives and facilities are concerned.

In matters of infrastructure, Export Processing Zones provide basic infrastructure such as developed land for construction of factory sheds, standard design factory buildings providing ready-built sheds, roads, power, water supply and drainage. In addition, customs clearance is arranged with the zones at no extra charge. Provision is made for locating banking/post office facilities and offices of clearing agents in the Service Centres located in each of the zones. In the case of EOUs they have to put up their own infrastructure. Basic facilities such as developed plots, ready built factory premises, power, water supply, sewerage and internal roads have been provided in all the zones.

Export Processing Zones and Export Oriented Units Schemes are conceived as instruments of export promotion. Various incentives and facilities are offered to the Export Oriented Units to make their products internationally competitive. Since the EOUs operate in a duty free, hassle-free and competitive environment with various incentives and facilities, they are considered truly as instruments of export promotion with the main objective of earning foreign exchange.

7.2.1 Eligibility and Approvals

Units undertaking to export their entire production of goods and services may be set up under the Export Oriented Unit (EOU) Scheme, Export Processing Zone (EPZ) Scheme, Electronic Hardware Technology Park (EHTP) Scheme or Software Technology Park (STP) Scheme. Such units may be engaged in manufacture, services trading, development of software, agriculture, including agro-processing, aquaculture, animal husbandry, bio-technology, floriculture, horticulture, pisciculture, viticulture, poultry, sericulture and granties and may export all products except prohibited items of exports in ITC (HS).

Net Foreign Exchange Earning as a Percentage of Exports (NEEP) and Minimum Export Performance (EP): The unit shall be a net foreign exchange earner. The minimum Net Foreign Exchange earning as a Percentage of Exports (NEEP) and the minimum Export Performance (EP) shall be as specified in the Policy.

Legal Undertaking: The unit shall execute a legal undertaking with the Development Commissioner concerned and in the event of failure to fulfil the performance, as stipulated would be liable to penalty.

Approvals: Applications for EOU/EPZ/EHTP/STP units, satisfying the conditions may be given approval within fifteen days by the concerned Development Commissioner of the EPZ. In other cases, approval may be granted by the Board(s) of Approval (BOA) set up for this purpose or Secretariat for Industrial Assistance within 45 days, as the case may be.

7.2.2 Benefits and Facilities

You have learnt the concept of EPZ and EOU. Let us discuss the benefits and facilities provided to them.

Importability of Goods: An EOU/EPZ/EHTP/STP unit may import without payment of duty all types of goods, including capital goods required for manufacture, services, trading or in connection therewith. The goods should not be prohibited items of imports in the ITC (HS).

These units may also procure goods required for manufacture, services, trading or in connection therewith, without payment of duty, from bonded warehouses in the DTA. These units may import, without payment of duty, all types of goods for creating a central facility for use by software development units in STP/EHTP/EPZ. The central facility for software development can also be accessed by units in the DTA for export of software. An EOU engaged in agriculture, animal husbandry, floriculture, horticulture, pisciculture, viticulture, poultry or sericulture may import without payment of duty only such goods as are permitted to be imported duty free under a Custom Notification issued in this behalf.

Second Hand Capital Goods: Second hand capital goods may also be imported.

DTA Sales: The entire production of EOU/EPZ/EHTP/STP units shall be exported althogh, DTA sale upto 50% of the FOB value of exports may be made subject to payment of applicable duties and fulfilment of minimum NFEP. No DTA sale shall be permissible in respect of motor cars, alcoholic liquors and such other items as may be stipulated by Director General of Foreign Trade by a Policy Notice issued in this behalf.

For services, including software units, sale in the DTA in any mode, including on-line data communication, shall be permissible up to 50% of FOB value of exports and/or 50% of foreign exchange earned, where payment for such services is received in free foreign exchange.

Rejects may be sold in the domestic tariff area (DTA), on prior intimation to the customs authority. Such sales shall be counted against. DTA sale entitlement

Other Supplies in DTA: The following supplies in DTA shall be counted towards fulfilment of export performance and NFEP.

i) Supplies effected in DTA in terms of the policy.

ii) Supplies effected in DTA against payment in foreign exchange.

iii) Supplies to other EOU/EPZ/SEZ/EHTP/STP units provided that such goods are permissible for procurement in the Policy.

iv) Supplies made to bonded warehouses set up under the Policy.

v) Supply of goods against special entitlement of duty free import of goods.

vi) Supply of goods to defence and internal security forces, foreign missions/diplomats provided they are entitled for duty free imports of such items in terms of general exemption notification issued by Ministry of Finance.

Export Through Status Holder: An EOU/EPZ/EHTP/STP unit may export goods manufactured by it through a merchant exporter/status holder recognised under this Policy or any other EOU/EPZ/EHTP/STP unit.

Samples: EOU/EPZ/EHTP/STP units may, on the basis of records maintained by them, and or prior intimation to custom authority:

a) supply or sell samples in the DTA for display/market promotion; and

b) transfer goods to DTA for repair/replacement, testing or calibration, quality testing and R & D purpose.

Entitlement for Supplies from the DTA: Supplies from the DTA to EOU/EPZ/EHTP/STP units will be regarded as "deemed exports" and, besides being eligible for the relevant entitlements of this Policy, will be eligible for the following:

i) Reimbursement of Central Sales Tax;

ii) Exemption from payment of Central Excise Duty on capital goods, components and raw materials; and

iii) Discharge of EP, if any, on the supplier.

Inter Unit Transfer: Transfer of manufactured goods from one EOU/EPZ/EHTP/STP unit to another EOU/EPZ/EHTP/STP unit will be allowed.

Sub Contracting: The EOU/EPZ/EHTP/STP units may, on the basis of annual permission from the Assistant Commissioner of Customs, sub-contract part of their production process in DTA. This may also involve change of form or nature of the goods, through job work by units in the DTA. These units may also sub-contract up to 50% of production for job work in DTA with the permission of Assistant Commissioner of Customs. Sub-contracting of both production and production process may also be undertaken through other EOU/EPZ/EHTP/STP units on the basis of records maintained in the unit.

Sale of Un-Utilised Material: In case an EOU/EPZ/EHTP/STP unit is unable, for valid reasons, to utilise the goods, it may dispose them in the DTA on payment of applicable duties and submission of import licence, by DTA unit, whereever applicable, or export. Supply from one EOU/EPZ/EHTP/STP unit to another such unit would also be treated as import. Capital goods and spares that have become obsolete/surplus may either be exported with the prior permission of the Development Commissioner or disposed of in the DTA subject to payment of applicable duties.

Disposal of Scrap/Waste/Remnants: Scrap/waste/remnants arising out of production process or in connection therewith may be sold or disposed of in the DTA on payment of applicable duties or exported. However, there shall be no duties/taxes on such scrap/waste/remnants in case the same are destroyed with the permission of Customs authority.

Trading Units: Trading units may be set up subject to achievement of positive NFEP and prescribed export performance. Trading units may import/procure from domestic tariff area all types of goods without payment of customs/excise duty for the purpose of exports or supply to other EOU/EPZ/EHTP/STP units or against valid advance licences or specific duty free import entitlements.

Reconditioning Repair and Re-Engineering: EOU/EPZ/EHTP/STP units may be permitted to import goods of any origin to carry out reconditioning repair, testing, calibration, quality improvement, up-gradation of technology and re-engineering activities for export in freely convertible foreign currency.

Period of Bonding: The initial bonding period for units under the EOU/EPZ/EHTP/STP Schemes shall be 5 years. This period may be extended further by the Development Commissioner.

Debonding: Subject to the approval of the Development Commissioner, EOU/EPZ/EHTP/STP units may be debonded. Such debonding shall be subject to penalty, if any, that may be imposed and payment of duties of Customs and Excise applicable at the time of debonding. An EOU/EPZ/EHTP/STP unit may also be permitted by the Development Commissioner, as a one time option, to debond on payment of duty on capital goods under the prevailing EPCG Schemes, subject to the unit satisfying the eligibility criteria and standard conditions.

7.2.3 Export Performance

The export from India's Export Processing Zones has increased from Rs. 907 crore in 1990-91 to Rs. 4817 crore in 1997-98. The export from EPZs has been increasing but the contribution in total Indian export is marginal. In the year 1997-98, the contribution of EPZs export to total India's export was only 3.8%. The export from EOUs has also increased from Rs. 698 crore in 1990-91 to Rs. 9697 crore in 1997-98. The share of EOUs export to India's total export was 7.7% in the year 1997-98. Adequate effort and conducive environment require to be created to enhance the substantial share of export of EPZ & EOUs units to the total export of India. Look at Table 7.1 which shows export from EPZs and EOUs.

Table 7.1 Exports from EPZs and EOUs

(Rs. crore)

Year	EPZs	EOUs	Total
1990-91	907	698	1605
1993-94	1960	3086	5046
1995-96	3236	7009	10245
1996-97	4339	8729	13068
1997-98	4817	9697	14514

Source: Statistical Outline of India, 1999-2000.

Check Your Progress A

1) What do you mean by Export Processing Zone?

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2) What is Sub-contracting?

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3) What do you mean by DTA sale?

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4) State whether the following statements are **True** or **False.**

i) An EOU/EPZ/EHTP/STP unit may import without payment of duty all types of goods.

ii) Applications for EPZ units satisfying the conditions, may be given approval within 7 days by the concerned DC.

iii) DTA sales upto 80% of the FOB value of exports may be made by EPZ units.

iv) The units located in EPZ may export goods through a merchant exporter.

v) Supplies from the DTA to EPZ units will be regarded as deemed exports.

7.3 SPECIAL ECONOMIC ZONE (SEZ)

Special Economic Zone (SEZ) is a specifically delineated duty free enclave and shall be deemed to be foreign territory for the purposes of trade operations and duties and tariffs. Goods going into the SEZ area shall be treated as deemed exports and goods coming from the SEZ area into DTA shall be treated as if the goods are being imported. In any SEZ, goods

may be imported procured from DTA, without payment of duty for the purpose of manufacture of goods and services, production, processing, assembling, trading, repair, reconditioning, re-engineering, packaging or in connection therewith and export thereof. A SEZ may be set up in the public, private, joint sector or by State Government as notified by the Ministry of Commerce and Industry. The existing Export Processing Zones (EPZs) may also be converted into SEZ by the Ministry of Commerce and Industry through issue of a notification.

7.3.1 Approvals and Criteria

All proposals for setting up of units in SEZ will be approved by the Development Commissioner. Specific approval will be granted for (a) manufacturing, (b) trading, including re-packing, labelling, minor processing, (c) reconditioning, repair, re-engineering etc. and (d) for service activity.

Positive Foreign Exchange Earning: SEZ unit, including gem and jewellery unit, shall achieve positive NFEP annually and cumulatively as per the policy. Trading SEZ units shall achieve a turover of US$ 1 million in 5 years.

Minimum Investment: The minimum investment in building plant and machinery by a unit in Special Economic Zone shall be Rs. 50.00 lakhs. This would, however, not apply to existing EPZ unit converting into SEZ scheme.

7.3.2 Benefits and Facilities

You have learnt the concept of EPZ. Let us now discuss the benefits and facilities provided to them.

Trading Including Labeling, Re-Packing, Minor Processing: Units set up in SEZ for trading, including labelling, re-packing, minor processing, may import or procure goods from DTA or from other SEZ/EOU/EPZ units without payment of duty for physical exports or sale to other SEZ/EOU/EPZ units or against Advance Licences and special duty free entitlements.

Reconditioning Repair and Re-Engineering: Goods may be imported or procured locally for physical export in freely convertible foreign currency after reconditioning, repair or re-engineering.

Sale in DTA: SEZ unit may sell goods, including by-products, and services in DTA. The sale should be in accordance with the import policy in force, subject to achievement of positive NFEP, annually and cumulatively, and on payment of applicable duty. No DTA sale shall be permitted to trading SEZ unit.

Sale/Disposal of Rejects/Waste/Scrap/Remnants in DTA: Scrap/waste/remnants/rejects arising out of production process or in connection therewith may be sold in the DTA on payment of applicable duty. No duty shall be payable in case scrap/waste/remnants/rejects are destroyed within the Zone after intimation to the Customs authorities or.destroyed outside the SEZ with prior permission of the Custom authorities.

Subcontracting: SEZ unit may subcontract a part of their product or production process in the DTA with the permission of custom authorities. No subcontracting shall be permissible for gem and jewellery units.

Inter-Unit Transfer: Inter-unit transfer of goods amongst SEZ units shall not require any permission but the units shall maintain proper account of the transaction.

Self-Certification: All activities of the SEZ unit, unless otherwise specified, will be through self-certification procedure and shall be monitored by a committee headed by the Development Commissioner and consisting of officials of the Zone and Customs.

Administration of SEZ: SEZ shall be under the administrative control of the Development Commissioner.

Transitional Arrangements: An existing EPZ unit will have the following options:

i) It can opt for SEZ scheme. On conversion, its previous obligations as an EPZ unit shall be subsumed by its obligations under the SEZ scheme.

ii) In case an existing EPZ decides not to opt for SEZ, it can either convert into an EOU or debond. In both the cases the unit shall physically move out of the SEZ.

7.4 EXPORT HOUSES, TRADING HOUSES, STAR TRADING HOUSES AND SUPERSTAR TRADING HOUSES

The objective of the scheme is to recognise established exporters as Export House, Trading House, Star Trading House and Super Star Trading House with a view to building marketing infrastructure and expertise required for export promotion. Such Houses should operate as highly professional and dynamic institutions and act as important instruments of export growth.

7.4.1 Eligibility Criteria

Merchant as well as Manufacturer exporters, Service providers, Export Oriented Units (EOUs)/units located in Export Processing Zones (EPZs)/ Special Economic Zone (SEZ's)/ Electronic Hardware Technology Parks (EHTPs)/Software Technology Parks (STPs) shall be eligible for such recognition.

Criterion for Recognition: The eligibility criterion for such recognition shall be on the basis of the FOB/NFE value of export of goods and services, including software exports made directly, as well as on the basis of services rendered by the service provider during the preceding three licensing years or the preceding licensing year, at the option of the exporter. The exports made, both in free foreign exchange and in Indian Rupees, shall be taken into account for the purpose of recognition.

Exports made by Subsidiary Company: The exports made by a subsidiary of a limited company shall be counted towards export performance of the limited company for the purpose of recognition. For this purpose, the company shall have the majority share holding in the subsidiary company. The level of export performance for the purpose of recognition has been shown in Table 7.2.

Table 7.2 Level of Export Performance

Category	Average FOB value during the preceding three licensing years, in Rupees	FOB value during the preceding licensing year, in Rupees	Average NFE earnings made during the preceding three licensing years, in Rupees	NFE earned during the preceding licensing year, in Rupees
Export House	15 crores	22 crores	12 crores	18 crores
Trading House	75 crores	112 crores	62 crores	90 crores
Star Trading House	375 crores	560 crores	312 crores	450 crores
Super Star Trading House	1125 crores	1680 crores	937 crores	1350 crores

Calculation of Net Foreign Exchange: For the purpose of calculation of the Net Foreign Exchange earned on exports, the value of all the licences including the value of 2.5 times of the DEPB Credit earned/granted and the value of duty free gold/silver/platinum taken from nominated agency or from foreign supplier shall be deducted from the FOB value of exports made by the person. However, the value of freely transferable SIL, EPCG licences and the value of licences surrendered during the validity of licence shall not be deducted.

Recognition for State Corporations: With a view to encouraging participation of State Governments and Union Territories in export promotion, one state corporation nominated by the respective State Government/Union Territory may be recognised as an Export House, even though the criterion for such recognition is not fulfilled by it. This benefit shall be available only for such period and in accordance with such terms and conditions as may be specified from time to time.

Validity Period: Status Certificate shall be valid for a period of three years starting from 1st April, of the licensing year during which the application for the grant of such recognition is made, unless otherwise specified.

7.4.2 Benefits and Facilities

Export Houses/Trading Houses/Star Trading Houses and Super Star Trading Houses are entitled to following benefits and facilities:

i) They are entitled to avail the facilities of Duty Entitlement Passbook Scheme, Advance licence for physical export, intermediate supplies and deemed export, automatic licence and legal undertaking.

ii) They are permitted to maintain foreign currency accounts for settlement of payment for import, repayment of foreign currency loans and expenditure to be incurred for certain purpose approved by RBI. Alternatively they may open, maintain and operate Exchange Earners Foreign Currency Accounts at designated branches of authorised dealers in India.

iii) They may avail the facility of marketing development assistance.

iv) The other facilities include: preference in training of personnel, trade delegations, membership of apex body, exemption from pre-shipment inspection, green channel facility, etc.

Golden Status Certificate: Exporters who have attained Export House, Trading House, Star Trading Houses and Super Star Trading Houses status for three terms or more and continue to export shall be eligible for golden status certificate. This certificate would enable them to enjoy the benefits of status certificate irrespective of their actual performance thereafter as per the guidelines issued in this regard from time to time.

Check Your Progress B

1) What do you mean by Special Economic Zone?

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2) Distinguish between Export Houses and Trading Houses.

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3) What is golden status certificate?

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4) State whether the following statements are **True or False.**

i) Trading SEZ units shall achieve a turnover of US$ 1 million in 1 year.

ii) No DTA sale shall be permitted to trading SEZ unit.

iii) An existing EPZ unit cannot opt for SEZ scheme.

iv) Status certificate for Export House shall be valid for a period of three years.

v) Exporters who have attained the status of Export House for three terms or more and continue to export shall be eligible for golden status certificate.

7.5 LET US SUM UP

The EPZ/EOU/SEZ Scheme as well as the Export Houses, Trading Houses, Star Trading Houses and Super Star Trading Houses Scheme are designed to act as important instruments of export growth.

Both the EPZ and EOU Schemes have been essentially encouraging export production with value addition. They have helped entrepreneurs to undertake production exclusively for export purposes, with the help of many incentives and facilities while imposing certain obligations.

The Scheme of Export Houses, Trading Houses, Star Trading Houses and Super Star Trading Houses was mainly intended to build up the marketing infrastructure and expertise required for export promotion. The Scheme has achieved the objective as around 75 per cent of country's exports are handled by these houses. The increasing number of these houses over the years reflects the success of the scheme. In the context of globalisation, the Government and the industry and trade should endeavour to streamline the number of these houses in such a manner as to ensure global competitiveness. India may have to learn some lesson from Japanese trading houses.

7.6 KEY WORDS

Actual User: A person who utilise the imported goods for manufacturing in his own industrial unit or manufacturing for his own use in another unit including a jobbing unit.

Capital Goods: Any plant, machinery, equipment or accessories required for manufacture or production of goods or for rendering services.

Manufacturer Exporter: A person who exports goods manufactured by him or intend to export such goods.

Merchant Exporter: A person engaged in trading activity and exporting or intending to export goods.

Third Party Export: Exports made by an exporter or manufacturer on behalf of a third party.

7.7 ANSWERS TO CHECK YOUR PROGRESS

A4 i) True ii) False iii) False iv) True v) True

B4 i) False ii) True iii) False iv) True v) True

7.8 TERMINAL QUESTIONS

1. What do you mean by Export Processing Zone? Explain the benefits and facilities provided to the units located in EPZ.
2. Do you think that EPZs and EOUs have contributed substantially to India's total export. Discuss.
3. What is special Economic Zone? Describe the benefits and facilities provided to units located in SEZ.
4. What are the eligibility criteria for various categories of Export Houses. Describe the benefits and facilities provided to such Export Houses.

SOME USEFUL BOOKS

Export Import Policy, Ministry of Commerce, Government of India (Recent edition), New Delhi.

Nabhis's Exporters Manual and Documentation, A Nabhi Publication (Recent edition), New Delhi

Ram Paras, Export — What, Where, How (Recent edition), Anupam Publisher, Delhi.

Ministry of Finance, Government of India, Economic Survey, 1999-2000, New Delhi.

IBO-3: INDIA'S FOREIGN TRADE

BLOCK	UNIT NOS.	UNIT TITLE
1		FOREIGN TRADE: AN OVERVIEW
	Unit-1	India's Foreign Trade
	Unit-2	India's Balance of Payments
	Unit-3	India and World Trade
2		INSTITUTIONAL FRAMEWORK AND POLICIES
	Unit-4	Export Promotion in India
	Unit-5	Trade Policy
	Unit-6	Industrial and Investment Policy
	Unit-7	Export Processing Zones, Export Oriented Units and Export Houses
3		TRADE PROSPECTS WITH SELECT PRODUCTS - I
	Unit-8	Agricultural Products (Including Marine Products)
	Unit-9	Textiles and Garments
	Unit-10	Gems and Jewellery & handicrafts
	Unit-11	Leather Products
4		TRADE PROSPECTS WITH SEELECT PRODUCTS - II
	Unit-12	Electronics Commodities
	Unit-13	Engineering Goods
	Unit-14	Chemical Goods
	Unit-15	Services
5		TRADE PROSPECTS OF SELECT MARKETS
	Unit-16	United States of America
	Unit-17	European Union and CIS Countries
	Unit-18	Japan
	Unit-19	ASEAN and SAARC
	Unit-20	West Asia