

## Introduction:-

India has a comprehensive institutional set up to promote international trade. Exporting firms need to understand and appreciate the institutions involved and the functions carried out by them. The Department of Commerce is the prime agency of the country to promote international trade.

It is supported by a massive institutional set up (Exhibit 4.5) at the union and state government levels, carrying out a range of trade facilitation activities.

Exhibit 4.5 Institutional set-up for international trade promotion in India		
Tier level	Bodies	Responsibilities
Tier I	Department of Commerce	Framing of trade policy
Tier II	Advisory bodies	Coordinating discussion between industry and government for bringing in required changes
Tier III	Commodity organizations	Assist the export effort of specific product group
Tier IV	Service organizations	Facilitate and assist exporters to expand markets
Tier V	Government trading organizations	Handle export import of specific commodity
Tier VI	State export promotion agencies	Facilitate export promotion from the states

In order to provide guidance and assistance to an exporter, the Government of India has setup several institutions. The institutional set-up for export promotion in India can be divided into six different tiers:

- Department of commerce
- Advisory Bodies

- Commodity Organizations
- Service Organization
- Government Trading Organizations
- State Export Promotion Agencies

### *Department of commerce*

It is the primary government agency responsible for:

- Evolving and directing foreign trade policy and programmes.
- Maintaining commercial relations with other countries.
- Supervising state trading.
- Initiating various trade promotion measures.
- Developing and regulating export-oriented industries.

**Department of Commerce consists of nine Principal:-**

Functional Divisions as mentioned below:-

- Administrative and General Division
- Finance Division
- Economic Division
- Trade Policy Division
- Foreign Trade Territorial Division
- Export Products Division
- Export Industries Division
- Export Services Division
- Supply Division

Economic division

- Formulation of export strategies and planning.
- Monitors work relating to technical assistance, overseas investment by Indian entrepreneurs.
- maintains coordination with and control over other divisions and various organizations set up by the Ministry of Commerce to facilitate export growth.

#### Trade Policy Division

- keeps track of development in international organizations, such as WTO, UNCTAD, Economic Commission of Europe, Africa, Latin America, and Asia and Far East (ESCAP).
- responsible for India's relationship with regional trading agreements, such as EU, NAFTA, SAFTA, Commonwealth, etc.
- It also looks after GSP and non-tariff barriers.

#### Foreign Trade Territorial Division

- looks after the development of trade with different countries and regions of the world.
- It also deals with state trading and barter trade, organization of trade fairs and exhibitions, commercial publicity abroad, etc.
- It maintains contact with trade missions abroad and carries out related administrative work.

#### Export Product Division

- It looks after problems connected with production, generation of surplus, and development of products for exports.
- It is responsible for the working of export organizations and corporations, which deal with commodities and products under their jurisdiction.

#### Exports Industries Division

- It is responsible for development and regulation of rubber, tobacco, and cardamom.

- It also responsible for handling export promotion activities relating to textiles, woolens, handlooms, readymade garments, silk, and cellulosic fibres, jute and jute products, handicrafts, and coir and coir products.

#### Export Services Division

- deals with the problems of export assistance, such as export credit, export house, market development assistance (MDA), transport subsidies, free trade zones, dry ports, quality control and pre-shipment inspection, assistance to import capital goods, etc.

#### *Subordinate office of Department Of Commerce*

##### 1.The Directorate General of Foreign Trade (DGFT)

- Responsible for execution of export-import policy announced by Government of India.
- Issuing licenses and monitoring export obligations.

##### 2.Directorate General of Commercial Intelligence and Statistics, Kolkata:

- This Directorate is the primary Government agency for collection, compilation and publication of the foreign, inland and ancillary trade statistics and dissemination of various types of commercial information.
- Also maintains a commercial library which is used by the exporters, importers, research scholars and others.

##### 3.Export Processing Zones/ Special Economic Zones:

Department of Commerce has set up seven Export Processing Zones / Special Economic Zones at various locations as listed below:-

- Kandla Special Economic Zone, Gandhidham.
- Santacruz Special Economic Zone, Mumbai.
- Falta Export Processing Zone, Falta (West Bengal).
- Madras Export Processing Zone. Chennai.
- Cochin Special Economic Zone, Cochin.

- Noida Export Processing Zone, Noida (UP).
- Vishakhapatnam Export Processing Zone, Vishakhapatnam.

### Export promotion board

- There is an Export Promotion Board under the Chairmanship of the Cabinet Secretary to provide policy and infrastructural support through greater coordination among concerned ministries for boosting the growth of exports.
- All ministries directly connected with facilitating foreign trade are represented on this Board by their Secretaries.

### Commodity organisation

There are various commodity organizations, such as,

- Export promotion councils
- Commodity boards
- Autonomous bodies

These organizations look at sector-specific exports.

### Export promotion council

At present there are 21 Export Promotion Councils (EPC's) whose basic objective is to promote and develop the exports of the country. Each council is responsible for the promotion of a particular group of products, projects and services. The present set up of EPCs covers following sectors:-

- Engineering
- Overseas Construction
- Electronics & Computer Software
- Plastics & Linoleums

- Basic Chemicals, Pharmaceuticals, & Cosmetics

#### ☞ Gems & Jewellery

- Leather
- Sports Goods
- Cashew
- Shellac
- Apparel
- Synthetic & Rayon
- Indian Silk
- Carpet
- Handicrafts
- Wool and Woolens
- Cotton Textiles
- Handloom
- Power loom

### **EXPORT ASSISTANCE:-**

#### 1) Market Access Initiative Scheme (MAI)

This scheme is operated by the Department of Commerce, Ministry of Commerce & Industry, Government of India. Under MAI scheme, financial assistance is provided on focus country and focus product basis to enhance export.

##### **Entities eligible for assistance are:**

- Export Promotion Organizations.
- Trade Promotion Organizations.
- National Level Institutions.
- Research Institutions/ Universities/ Laboratories.
- Exporters.

##### **Activities eligible for assistance are:**

- Marketing projects abroad.
- Capacity Building.
- Support for statutory compliances.
- Studies.



- Project Development.
- Miscellaneous.

## 2. National Handloom Development Programme:

This scheme is operated by Office of the Development Commissioner for Handlooms, Ministry of Textiles, Government of India.

Components of the scheme:

- Consolidation of Clusters.
- New Clusters.
- Group Approach.
- Marketing Incentive.
- Handloom Marketing Assistance.
- Developing and Strengthening of Handloom Institutions.
- Handloom Census.
- Others.
- Committed Liabilities.

### Objectives of the scheme:

- To strengthen/consolidate existing handloom clusters for their sustainability: Interventions-focus on loom up-gradation, design inputs, credit, marketing plus other need based interventions.
- To focus on formation of handloom weavers" groups as a visible production group in a selected handloom clusters.
- To reduce drudgery of handloom weavers, improve productivity & quality of handloom products by providing technologically upgraded accessories.
- To develop & strengthen the Handloom Institutions, including WSCs/IIHTs.
- Market orientation by associating entrepreneurs, designers and professionals for marketing, designing and managing the production and providing marketing infrastructure support.
- An inclusive approach to cover weavers both within and outside the co-operative fold.
- Holistic and flexible interventions to provide need based inputs specific to each cluster/group etc
- To provide a platform for marketing of handloom products, both in domestic and international markets and brand promotion.
- Cultural Exchange by deputing weavers abroad.

### **Handloom Marketing Assistance:**

The objective of the Handloom Marketing Assistance is to develop and promote the marketing channels in domestic as well as export market and bring about linkage between the two in a holistic and integrated manner. The handloom marketing assistance components has the following sub-components:

- Domestic marketing promotion
- Marketing infrastructure development
- Market access initiative
- Handloom export promotion

Council under the Handloom Export Promotion sub-component organizes various major activities like international exhibitions, reverse BSMs, export projects, publicity measures, etc. to promote export of Handloom products across the world.

## 3. Duty free import entitlement of specified trimmings and embellishments:

Under this scheme, a manufacturer of textile garment or a merchant exporter tied-up with supporting manufacturer of textile garments registered with HEPC can avail benefit of Duty free import of specified trimmings, embellishments etc @ 5% of FOB value of Handloom garments exported and realized during the preceding financial year to fulfillment of condition No.28 specified in the Customs Notification no. No.50/2017 dated June 30, 2017.

A manufacturer of handloom made ups registered with the Handloom Export Promotion Council can avail benefit of Duty free import of specified trimmings, embellishments etc @ 5% of FOB value of handloom madeups, exported and realized during the preceding financial year subject to fulfillment of condition No.33 specified in the Customs Notification no. No.50/2017 dated June 30, 2017.

#### 4. Supply of yarn at mill gate price:

The objective of this component is to make available all types of yarn at Mill Gate Price and provide 10% Price Subsidy on cotton hank yarn, domestic silk and wool so as to facilitate regular supply of basic raw materials to the handloom sector and help utilize the full employment potential of the sector.

The benefit is available to eligible handloom weavers, Handloom producers/manufacturers exporting directly and registered with HEPC.

#### 5. Drawback:

Drawback assistance is provided to exporters as a reimbursement of the incidence of central levies -excise, customs duty and service tax on the raw materials used for the production of the products that are exported.

#### 6. Merchandise Exports from India Scheme (MEIS):

A new scheme merging 5 different schemes (Focus Product Scheme, Market Linked Focus Product Scheme, Focus Market Scheme, Agri. Infrastructure Incentive Scrip, VKGUY) MEIS has been notified. Exports of notified goods/products with ITC[HS] code, to notified markets as listed in Appendix 3B, shall be rewarded under MEIS. Duty Credit Scrips shall be granted as rewards under MEIS and SEIS. Duty Credit Scrips and goods imported / domestically procured against them shall be freely transferable.

Exports of Handloom products bearing notified ITC HS codes are eligible for 7% of duty credit scrip to traditional markets (30 nos.), emerging & focus markets (139 nos.) and other markets (30 nos.). Exports of Handloom products through courier or foreign post office using e-commerce platform are eligible for benefit under MEIS.

### **EXPORT MARKETING:-**

Export marketing includes the management of marketing activities for production on which cross the national boundaries of a country.

Export marketing means marketing of goods and services beyond the national boundaries.

It involves preparing an offering that will entice the foreign buyer and customer.

This offering comprises a product that is offered at a certain price and that is made available – distributed – to the foreign customer. At the same time, the offering is communicated – or promoted – to the buyer using certain communication or promotion channels. These elements – the product, price, distribution (also referred to as the place) and promotion – are called the marketing mix.



The features of export marketing includes the following:-

1)It is a process

Export marketing is a process of planning and implementing the production, an distributing of goods and services. It consists of various activities such as branding, packaging,advertising etc.

2)Identification and satisfaction of consumer's needs & wants -

The heart of marketing is theidentification of consumer needs and wants. Thee xporter must constantly try to find out theproblems or needs and wants of the foreign buyer,so export marketing adopts a total consumeroriented approach i n the foreign markets.

3)Flow of goods and services

Export marketing involves flow of goodsand services across the national bound aries.

4)Large scale operations

Export marketing is carried in bulkquantities so as to derive the benefits of larg eScale selling such as in respect of transportation handling etc.

5)Prominence of multinational

Export marketing in dominated byMNC'S. At present MNC'S from USA, EUROP and JAPAN play a dominant role in foreign trade. Theyare in a position of devel op world wide contractsthrough their network of branches / offices /subsidiari es. These companies are in a position tocarry on a large scale operation in forei gn trademore efficiently and economically.

6)Tariff and non –tariff barriers

Export trade is subject to tariff and non tariff barriers, these are restrictions imposed mostly by importing countries, so as to restrict imports every export firm should have a close study of various trade barriers imposed by different countries, so as to carry on its export trade more efficiently.

#### 7) Presence of trading bloc's

Certain nations of particular region come together to form customs union or trading bloc's for their mutual benefit and economic development the main purpose of such bloc is to eliminate trade barriers among member nations and they may impose external tariff and non-tariff barrier on nonmember's. The exporter should have knowledge of the regulation of such trading blocs. The powerful trading blocs are NAFTA (North American free trade area) EC (European community) and ASEAN (Association of South East Asian nation)

#### 8) International marketing research

Knowing more about customer, dealer and competitor is a must not only in the domestic market but also in the export markets.

#### 9) International forum

*International* trade is regulated to a great extent by international forum such as general agreement on tariff and trade (GATT). Now world trade organization (WTO). Exporters from all over the world should have knowledge of their regulations and principles of such forums.

### FUNCTION OF EXPORT MARKETING:-

The main objectives of export trade are as follows:

#### **(i) To sell surplus goods:**

A country may produce a commodity in such quantities that are more than its needs. The country can sell its surplus output to foreign countries. In this way export trade is undertaken to make fruitful use of surplus goods.

**(ii) To make better utilisation of resources:**

Export trade widens the market for goods. A country can make better utilisation of its resources by producing goods on a large scale both for domestic use and exports.

**(iii) To earn foreign exchange:**

A country can earn valuable foreign exchange through exports. The amount of foreign exchange so earned can be utilised to import scarce capital goods. Such imports are necessary for rapid economic development of the country.

**(iv) To increase national income:**

Export trade helps a country increase its national income. Increase in national income improves the quality of life of the people.

**(v) To generate employment:**

The growth of export trade creates employment opportunities for a large number of people

**vi) To increase government revenue:**

Export trade generates revenue for the government in the form of custom duty and excise duty. The government can spend more on public welfare activities.

**(vii) To create international cooperation:**

Export trade improves mutual understanding and cooperation between nations.