

## **Food Export and Import Policy**

### **Introduction**

Global trade has expanded rapidly all over the world after the formation of World Trade Organization (WTO) in the year 1995. The demand for food is increasing due to population growth, low production in certain countries due to calamities like drought, flood, out break of pest and disease, war, etc. Moreover there is growing awareness on quality aspects of food.

Many developing countries before Green revolution in mid 1960's imported food from developed countries. Hence their main aim is to increase food grains production and achieve self sufficiency. If the domestic production is not sufficient to meet the demand of the population in the country import is allowed. Almost all developing countries' main occupation is agriculture i.e. food production and majority of the population depends on agriculture for their livelihood. In general, trade between developing and developed nations is high as compared to trade among developing nations. Farming in developed countries is heavily subsidized and hence the cost of production per unit of agricultural product is low which results in low international price. This is a problem for developing countries as they could not compete with developed nations in the international market.

Policy is relating to guidelines and instructions relating to export and import. Policies of government play a major role in export and import of any commodity. Policy incentives enable the exporters to increase the export and earn profit. Food includes commodities like food grains, fruits, vegetables, pulses, oilseeds, milk, milk products, egg, meat etc and also processed items. Primarily agricultural commodities and raw materials are exported to developed countries from developing nations. Countries like India exports foods such as Basmati rice, non basmati rice, maize, fruits, vegetables, onion, spices, tea, coffee etc., and imports pulses, oilseeds that are not sufficiently produced in the country.

**Export import policy** includes decisions taken by government to export of various items and control of imports. It also facilitates create environment for export- establishing laboratories for testing foods that are to be exported, encouraging entrepreneurs to set units, duty exemption, loans and advances for trade, trainings etc. technical barriers to trade (TBT) and tariff barriers are being reduced. Removed Quantitative Restrictions, (QRs) special economic zones are created. Policy also aims to develop export potential through value addition of various commodities.

We all know food quality is very important in the context of human and animal life, environment safety, prevention of diseases etc. Hence Food Safety and Standards Authority of India 2006 Act was passed.

At international level, Sanitary and Photo Sanitary (SPS) measures are imposed which has major impact on export and import and in the manufacturing and logistics sector in handling the produces during production and after production. Standards are introduced for various food products. Institutions and laboratories are established to check / test the quality standards. Good

Agricultural Practices (GAP) and Good Manufacturing Practices (GMP) are introduced in production of agricultural commodities at farm level and production of processed food products at industry level. For Packing materials also quality, type, hygienic conditions etc., are introduced.

In many countries Export Inspection Council has been established to ensure the quality of the products exported. And also health certificates are issued based on the requirements of importing countries. Quality is tested and certificates are being issued.

**Food legislation** includes acts, regulations, and requirements or procedures prescribed by the government relating to export of foodstuffs to meet requirements of the importing country while ensuring conditions of fair trade. Trade policies have to be supported by domestic policies to foster innovation and international competitiveness.

### **WTO agreements and food policy**

In 1990s due to globalization many countries opened their economy for international trade, tariffs are reduced, and quantity restrictions are removed in order to increase trade between countries. At international level, trade and tariffs are regulated by World Trade Organization (WTO). Previously international policies and national policies are regulated by GATT (General Agreement on Tariff and Trade). There are 164 member nations of WTO have signed various agreements relating to trade including agreements for food quality standards. WTO agreements influence the trade policies and promotional measures of member countries. WTO is one of the UN organizations established in 1995, located at Geneva, Switzerland.

### **Indian Strategies**

There are two types of strategies viz., Inward looking strategy and Out ward looking strategy (export led growth). Till 1991, India followed the inward oriented policy of trade to conserve foreign exchange, import substitutions is the major strategy adopted by Indian Government. Out ward looking strategy (export led growth) involves encouraging exports by providing incentives rather than restrictions to imports.

### **Indian EXIM policy**

It contains various policy related decisions taken by the government in the sphere of Foreign Trade, i.e., with respect to imports and exports from the country and more especially export promotion measures, policies and procedures related thereto. Trade Policy is prepared and announced by the Central Government (Ministry of Commerce). India's Export Import Policy also know as Foreign Trade Policy, in general, aims at developing export potential, improving export performance, encouraging foreign trade and creating favorable balance of payments position.

### **Main objectives of the EXIM Policy:**

- 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 stimulate sustained economic growth by providing access to essential raw materials, intermediates, components, consumables and capital goods required for augmenting production.
- To enhance the techno local strength and efficiency of Indian agriculture, industry and services, thereby, improving their competitiveness.
- To generate new employment.
- Opportunities and encourage the attainment of internationally accepted standards of quality.
- To provide quality consumer products at reasonable prices.

### **History of EXIM Policy**

#### ***EXIM Policy 1992 -1997:***

In order to liberalize imports and boost exports, the Government of India for the first time introduced the Indian EXIM Policy on April 1, 1992. It is believed to be an important step towards the economic reforms of India. In order to bring stability and continuity, the Export Import Policy was made for the duration of 5 years.

#### ***EXIM Policy 1997 -2002:***

This policy has further simplified the procedures and reduced 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.

#### ***India's Foreign Trade Policy:***

It was earlier called as EXIM Policy i.e. export and import policy. It is governed by Foreign Trade (Development and Regulation) Act. It is prepared for five year. It is amended depending on the need and situation prevailing in the country.

Depending on the situation prevailing in the country export and import decisions are taken by the government. For example, Minimum Export Price (MEP) for onion is fixed i.e exporters are allowed to export at MEP or above. If the international price is less onion can not be exported. However, when the domestic production has increased MEP of onion has been reduced to allow export of onion. When the country faced the deficit production of onion that resulted in domestic price hike country allowed import of onion through NAFED.

India issues ad hoc prohibitions on exports of sensitive products such as Wheat, pulses and sugar.

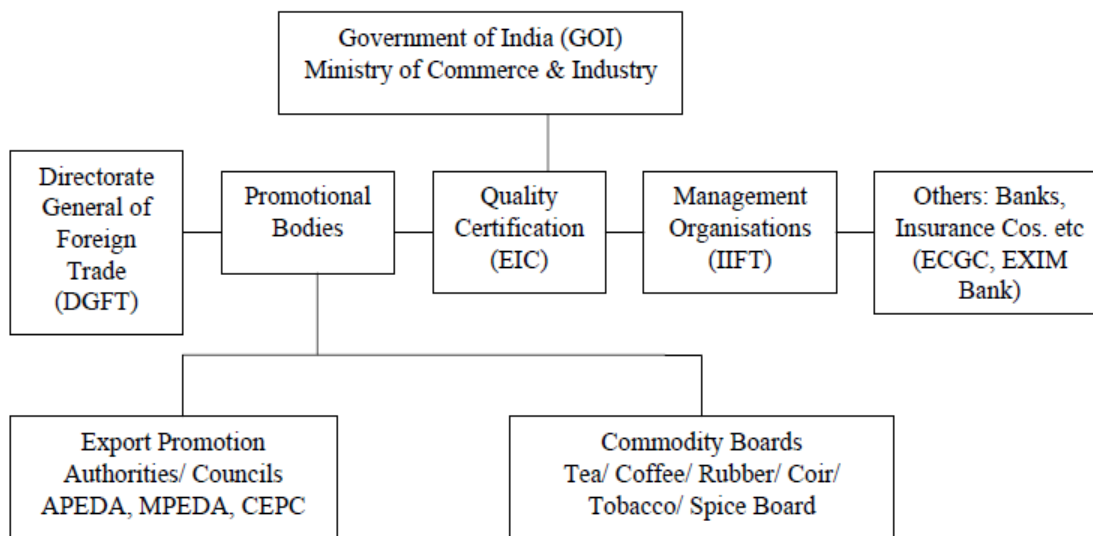
## Instruments of Trade policy

It includes Tariff, non Tariff measures and financial control.

## FOOD EXPORTS

To export any items from India Export Import Code (IEC) is must. It is issued by DGFT. Exports have to obtain necessary certificates from concerned authorities for the commodities proposed to be exported. They have to comply with the terms and conditions and the notifications issued by the government relating export of commodities and quality aspects then and there.

The Government of India has established various institutions/organization to promote/help the agricultural and processed food exports from India. A diagrammatic presentation of major organizations playing a significant role in exports of agricultural and food commodities are given below:



### **APEDA:**

The Agricultural and Processed Food Products Export Development Authority (APEDA) was established by the Government of India under the Agricultural and Processed Food Products Export Development Authority Act passed by the Parliament in December, 1985. Exporters have to register with APEDA for export of notified commodities and processed food items. It regulates exports and implements various export promotion schemes.

### **MPEDA:**

The Marine Products Export Development Authority (MPEDA) was constituted in 1972 under the Marine Products Export Development Authority Act 1972 (No.13 of 1972). The role

envisaged for the MPEDA under the statute is comprehensive - covering fisheries of all kinds, increasing exports, specifying standards, processing, marketing, extension and training in various aspects of industry.

MPEDA functions under the Ministry of Commerce, Government of India and acts as a coordinating agency with different Central and State Government establishments engaged in fishery production and allied activities.

### ***CEPC:***

The Cashew Export Promotion Council of India (CEPC) was established by the Government of India in the year 1955, with the active cooperation of cashew industry with the object of promoting exports of cashew kernels and cashew shell liquid from India. By its very setup, the Council provides the necessary institutional frame-work for performing the different functions that serve to intensify and promote exports of cashew kernels and cashewnut shell liquid. The Council provides the necessary liaison for bringing together foreign importers with member exporters of cashew kernels. The enquiries received from the foreign importers are circulated amongst Council members. The Council also extends its good offices in settling complaints amicably in the matter of exports/imports either on account of quality and /or variation in fulfillment of contractual obligations.

Exports of cashew kernels from India are normally subject to voluntary quality control and pre-shipment inspection. Inspection of cashews is being conducted under the consignment-wise inspection. It is ensured that the product is processed and packed as per the standards prescribed, by drawing samples from the finished product. Export of roasted and salted cashew kernels are also normally subjected to voluntary quality control.

In order to promote cashew exports from India CEPC provides technical, financial & other suitable help to growers/ processors and traders.

### **Export licensing:**

Exports from India are free except for certain items that are regulated by FTP. For export of Restricted items export licensing is required which is issued by Director General of Foreign Trade (DGFT). Restrictors are imposed mainly to maintain food safety and security reasons.

**Compulsory export certification** has been gradually introduced in marine, dairy, egg products, poultry products, etc. In all these sectors, a systematic approach is mandatory. Before introduction of compulsory certification for exports, most processing units had not been implementing GMP/GHP/HACCP. However, due to the mandatory need for such systems, they started implementing the systems and the benefits became obvious to management in terms of workers following better hygienic practices, strengthened raw material controls, effective record keeping, training of manpower etc which led to overall improvement of quality and supporting systems. Today, the areas in which compulsory export certification has been introduced, has processing units that can match the best in the world.

## **FOOD IMPORTS**

### **Food Safety & Standards Act**

Import of all such edible/food products including tea, domestic sale and manufacture of which are governed by Food Safety & Standards Act, 2006 and rules thereunder, On January 14, 2016, the Government of India's (GOI) Food Safety and Standards Authority of India (FSSAI) published the Food Import Regulations, 2016. FSSAI implemented these new regulations immediately upon publication.

#### ***Quality and Packaging requirements:***

As per act the quality and packaging specified for the food items has to be followed.

#### ***Shelf Life:***

As per the FSSA act, the products having a valid shelf life of not less than 60% of its original shelf life are allowed for import.

#### ***Meat and Meat Products including Poultry products:***

Besides comply with the specified packaging, labeling and quality standards meat/poultry products shall be required to meet the sanitary and hygienic requirements as stipulated under the Food Safety & Standards Act, 2006 and rules thereunder. Animal based food items are considered as high risk items for import to India.

#### **Packaged Products:**

All such packaged products, which are subject to provisions of the Legal Metrology (Packaged Commodities) Rules, 2011 when produced/ packed/ sold in domestic market, shall be subject to compliance of all the provisions of the said rules, when imported into India.

#### **Beef and Products containing Beef:**

Beef, in any form, and products containing beef in any form are 'Prohibited' for imports. Accordingly, all consignments of 'edible oils' and 'processed food products', imported in bulk, shall carry a declaration from the concerned exporter on the shipping documents that *the consignment does not contain beef in any form*. All consignments of edible products, imported in consumer packs, shall carry a declaration on the label of the package that *the product does not contain beef in any form*.

#### **Sanitary Import Permit:**

Import of Meat and Meat Products of all kinds shall be subject to a sanitary import permit to be issued by Department of Animal Husbandry and Dairying, Government of India, as per Section 3A of Live-stock Importation Act, 1898, as incorporated by Live Stock Importation (Amendment) Act, 2001 (Act No. 28 of 2001, 29th August, 2001), or as amended from time to time.

## **Food Import Clearance Process for Importers**

**Pre-requisites for Importing Food into India:** The documents and undertakings by the importer are given below:

### **S.No. Mandatory Document(s)**

- 1 Import- Export Code from DGFT and Import License from FSSAI
- 2 Country of Origin Certificate

### **Mandatory Document(s) As Applicable**

- 3 Complete Certificate Of Analysis including safety parameters From Country Of Origin (Mandatory for Proprietary Food)
- 4 High Sea Sales Agreement
- 5 Bill of Lading mentioned in the Bill of Entry (BoE) for sea consignment
- 6 Ingredients List
- 7 Specimen copy of label
- 8 Declaration that BoE has not been referred on SW (Declaration is required to be in company letter head.)
- 9 Examination Order
- 10 Transit countries list if Food Articles have been transhipped
- 11 Invoice/Proforma Invoice
- 12 Packing List

### **Self Declaration Document(s) As Applicable**

- 13 Undertaking from importers for issue of provisional NOC for imported food consignment with less than 07 days shelf life
- 14 for issue of provisional NOC for frozen & chilled imported food consignment
- 15 for imported food consignment meant for Display Purpose in Trade Fair/Exhibition
- 16 for imported food consignment meant for Personal Use
- 17 for imported food consignment meant for Research & Development purposes
- 18 for imported food consignment meant Sports Events
- 19 for imported food consignment containing bulk packages but not having representative samples
- 20 for imported food consignment containing bulk packages and having representative samples
- 21 for imported food consignment meant 100% Export and Re-export

### **Procedure to import food article**

1. Bill of Entry (BOE) is filed at Customs ICE GATE (<https://icegate.gov.in>) on Single Window Interface for Facilitating Trade (SWIFT). SWIFT is working on Risk based sampling system, called as Risk Management System (RMS).

2. Risk Management System (RMS) scrutinizes the application and if the sampling is required; the BOE is referred to FSSAI on online Food Import Clearance System (FICS).
3. Custom House Agent (CHA) /Importer needs to be registered on FICS ([www.ics.fssai.gov.in](http://www.ics.fssai.gov.in)).
4. FSSAI accepts the BOE and may ask for further details from CHA /Importer, if necessary.
5. If all the relevant information is provided, Authorized Officer (A.O) fixes appointment for the inspection of the consignment (only two opportunities are provided to the CHA/Importer to confirm the appointment).
6. On inspection, if everything is found satisfactory including labeling and packaging requirements of the consignments, the samples are drawn (2 nos) and if not, Authorised Officer rejects the consignment and issues Non-Conforming Report.
7. Samples are then sent to FSSAI Notified Food Laboratory, If sample is found conforming then No Objection Certificate (NOC) is generated and if not conforming, then Non-Conforming Report (NCR) is generated, rejecting the clearance of food consignment.
8. If Importer is not agreed with the finding of the laboratory report, he may apply for retesting at the referral laboratory. Outcome of test result will determine the fate of consignment. He may present the review application to the Review Officer (Director, Imports) along with the required documents at the FSSAI Headquarter.
9. The order passed by the Review Officer can be challenged before the CEO, FSSAI whose decision thereon will be final

## **Major Highlights of India's Foreign Trade Policy 2015 - 2020**

### **1. Licensing of Food importers/Food Business Operators (FBOs)**

In addition to the FBO license requirement for food importers, importers shall now also register with the Directorate General of Foreign Trade (DGFT), and possess a valid import-export code.

### **2. Compliance on the shelf-life of the products**

If an imported food item reflects a shelf-life with less than seven days, the authorized officer, as per Schedule II, shall sample the product(s) and issue provisional no-objection certificate (NOC) to the Customs Authority, without waiting for the analysis report from the laboratory. The lab analysis will be communicated to Customs along with the NOC if products conform to the standards. In case of non-conformity of the sample, the authorized officer will immediately inform the importer/CHA to recall the consignment and submit a compliance report within 24 hours to FSSAI. Once this step occurs, FSSAI will issue alerts to officials at ports of entry to watch for the product in question and similar products manufactured by the same company.



### **3. Risk-Based Food Import Clearance**

FSSAI may adopt a risk-based framework and risk-based inspection process for clearing imported food products. It is also proposed by FSSAI to introduce the Pre-Arrival Document Review (PADR) for regulating the imports. The risk-based criteria, once operational, will improve the sampling procedure.

### **4. Plants, Fruits and Seeds (Regulation of Import into India) Order, 1989:**

All primary agricultural products will be subject to a Bio Security & Sanitary-Phyto Sanitary import permit, to be issued by Department of Agriculture and Co-operation, Ministry of Agriculture, as per conditions of Plants, Fruits and Seeds (Regulation of Import into India) Order, 1989. The permit will be based on Import Risk Analysis of the product, to be conducted on scientific principles, in accordance with the WTO Agreement on the Application of Sanitary and Phyto-Sanitary measures. The Import Risk Analysis will be conducted based on various scientific principles, including inter alia,

- i. The type of pests etc. known to be associated with the particular product in the exporting country;
- ii. The organisms already established in India; and
- iii. The potential impact of such organisms on India's international trade.

## **Support to food export in India's Foreign Trade Policy 2015-2020**

### **Merchandise Exports from India Scheme (MEIS):**

It has replaced 5 different schemes of earlier FTP (Focus Product Scheme, Market Linked Focus Product Scheme, Focus Market Scheme, Agri. Infrastructure Incentive Scrip, VKGUY) for rewarding merchandise exports which had varying conditions (sector specific or actual user only) attached to their use. Notified goods exported to notified markets would be rewarded on realised FOB value of exports.

### **Products supported under MEIS:**

Higher rewards have been granted for the following category of food products: Agricultural and Village industry products, Value added and packaged products.

### **Markets Supported**

- Most Agricultural products supported across the Globe.
- Industrial and other products supported in Traditional and/or Emerging markets only.

**High potential products not supported earlier:**

In this policy support to 852 Tariff lines that fit in the product criteria but not provided support in the earlier FTP such as lines from Fruits, Vegetables, Dairy products, Oils meals, Ayush & Herbal Products, Paper, Paper Board Products.

**Global support** has been granted to foods such as Fruits, Flowers, vegetables, Tea Coffee, Spices, Cereals preparation, shellac, Essential oils, Processed foods.

**Women Centric Products supported under MEIS** includes 203 lines of Tea, Coffee, Spices, Cashew and Manufacture of other food products

**Status Holders:** Business leaders who have excelled in international trade and have successfully contributed to country's foreign trade are recognized as Status Holders and given special treatment and privileges to facilitate their trade transactions, in order to reduce their transaction costs and time. The new criteria is as under:-

<b>Status category</b>	<b>Export Performance</b> FOB / FOR (as converted) Value (in US \$ million) during current and previous two years
One Star Export House	3
Two Star Export House	25
Three Star Export House	100
Four Star Export House	500
Five Star Export House	2000

**Approved Exporter Scheme - Self certification by Status Holders**

Manufacturers who are also Status Holders will be enabled to self-certify their manufactured goods as originating from India.