

## **4. Digital Certificates of Origin & Steel Import Monitoring System**

**Prelims:** Economics- Industries

**Mains:** GS-III- Changes in Industrial Policy and their effects on Industrial Growth.

### **Why in News?**

- ▶ In continuation of Finance Minister announcements to revive the export sector, Commerce Minister has launched the **common digital platform for the issuance of certificates of origin** and a **steel import monitoring system (SIMS)**.

### **What is a certificate of origin?**

- ▶ The Certificate of Origin is used to certify that the export products are obtained, produced or manufactured in India. Currently, it is issued by various notified agencies around the country through manual processes after vetting of the rules of origin criteria as per the respective Free Trade Agreement / Preferential Trade Agreement. India has 15 FTAs/PTAs with various partner countries, under which Indian exporters avail reduced import tariffs in the destination country.
- ▶ The exporters are required to produce a certificate that the consignment originated in India to claim the tariff and other benefits.

### **Digital Certificate of Origin System:**

- ▶ The common digital platform will be a single access point for all exporters, for all Free Trade Agreements (FTAs)/Preferential Trade Agreements (PTAs) and for all agencies concerned. Exporters can register on this platform and apply for the Certificate of Origin to any of the designated agency.
- ▶ If the partner countries agree to this, the Certificate of Origin will be issued electronically and the authorities of partner countries will be able to verify the authenticity of certificates from the website.
- ▶ The system provides administrative access to the Department of Commerce for reporting and monitoring purposes.

### **About the other New Schemes:**

#### **1. Enhanced Export Credit Insurance Scheme:**

- ▶ The minister has provided more details about the enhanced export credit insurance scheme for banks that lend working capital to exporters. The new export credit insurance scheme will be called "Nirvik".

- ▶▶ The Export Credit Guarantee Corporation (ECGC) gives a cover of 60% of the loss to banks. The new scheme will give 90% coverage of the principal and interest of the loan for pre- and post-shipment credit, and half of this will be provided in 30 days.”
- ▶▶ He said claim inspection would be waived for up to ₹10 crore. For claims higher than this amount, inspection of bank documents and records by ECGC officials will be mandatory. The previous limit for document inspection was ₹1 crore.
- ▶▶ The minister added that the existing premium rate would be lowered, and loans categorised into two broad categories of those below ₹80 crore and those above that amount. Loans above ₹80 crore will be further divided into those that are not for gold, jewellery or diamonds, and those that are.

## **2. Steel Import Monitoring System (SIMS).**

- ▶▶ The Commerce and Industry Ministry on Monday launched Steel Import Monitoring System (SIMS) which will provide advance information about steel import to government and other stakeholders, including producers and consumers, to have effective policy interventions.
- ▶▶ In this system, the importers of specified steel products will register in advance on the web portal of SIMS, providing necessary information.
- ▶▶ Commerce and Industry Minister said that registration will be online and automatic, and no human intervention will be required. The importer can apply for registration not earlier than 60th day and not later than 15th day before the expected date of arrival of import consignment.
- ▶▶ The automatic registration number thus granted shall remain valid for a period of 75 days. The information about the steel imports provided by the importers on SIMS will be monitored by the steel ministry.
- ▶▶ There has been complaints from officials that collecting data on what grade of steel was being imported, how much was being imported, from where, and what the domestic market potential is quite difficult.
- ▶▶ The government wants to assure the export community that the SIMS is not a licensing mechanism, and that nobody will be stopped from importing.