Advanced Licences
Exporters may obtain licences to import raw materials and/or intermediate products duty free to produce products for export. However, in some cases, excise duties may prevail. Exports are subject to value added requirements.

Export Oriented Units (EOU) and Export Processing Zones (EPZ)
EOUs may be set up anywhere in the country and may import raw materials and capital goods duty free or at concessional rates for the production of finished goods for export. Agricultural units must achieve a minimum 20% value addition. EPZs are designated areas where manufacturing and/or processing activities are carried out for the purpose of export only. These zones are designed to provide an internationally competitive duty free environment at low cost for export production, through basic infrastructure facilities like developed land, standard design factory buildings, built-up sheds, roads, and assured power and water supply. Customs clearance facilities including clearing agents are available within the zones, as are banking and postal services. There are currently seven EPZs strategically located throughout India. All but the EPZ located in Santa Cruz are open to food processing ventures. Most EOU/EPZ units can sell up to 50% of their output and can dispose of rejects, up to a maximum of 5%, in the domestic tariff area. Applications for setting up an EOU must be filed with the SIA. To set up a unit in an EPZ, applications must be filed with the Development Commissioner of the EPZ concerned.

Importing
The Government of India allows the import of all food processing and packaging (FPP) machinery under the Open General Licence (OGL) System, with duties ranging from 25-50%. Import duties are expected to progressively decline. Imports of used FPP equipment are allowed. In the 1995/96 budget, several agricultural products were placed on the OGL list and can now be imported without a licence. These include non-fat dry milk (NFDM) and roasted or decaffeinated coffee in bulk. The government will generally allow imports of products for test marketing, provided the test marketer plans to establish production in India. Imports of samples were subject to a variety of restrictions in the past. However, customs recently announced that samples valued at rs. 2000 (US$65) may be imported without restriction on the number of units. The value does not include insurance and freight and there is no limit on the number of consignments in a particular year. Exporters who earn sufficient foreign exchange and meet certain criteria may obtain Special Import Licences (SIL) to import certain consumer products. The SIL list is used to test the impact of imports on domestic supplies and ultimately, for easing products onto the OGL, as was the case with diabetic foods.

When local production has not been available or of high enough quality (e.g. orange juice, mozzarella, poultry, tomatoes and potatoes), the government has encouraged investors to establish backward linkages to domestic production, thus placing the burden of establishing quality domestic production on the investor, rather than permitting imports. The licensing and regulation requirements on intermediate goods used for processing make it very difficult to import them.