



## **FOREIGN TRADE POLICY – 2023**

The Indian government on 31<sup>st</sup> March, 2023 announced the new Foreign Trade Policy (FTP) 2023 proving to be a boost to exports amid slowing global trade. The FTP 2015-20 was extended due to the COVID-19 pandemic and the conflict in Europe in an attempt to respond dynamically to the emerging situations. The new foreign trade policy outlines the vision to take India's goods and services exports to \$2 trillion by 2030.

### **MAIN ASPECTS OF FTP-2023**

- A. Incentive to Remission**
- B. Ease of doing business, reduction in transaction cost and e-initiatives**
- C. Export promotion through collaboration - Exporters, States, Districts, Indian Missions**
- D. Emerging Areas – E-Commerce Developing Districts as Export Hubs and streamlining SCOMET policy**

### **KEY HIGHLIGHTS OF FTP-2023**

#### **A. DIGITAZATION PROCESS**

- a. Digitization of Applications pertaining to FTP:** All Export promotion schemes processes for managing the lifecycle of AA/EPCG/DFIA/Import/Export Licensing has been made completely paperless and online.
- b. Automatic System-Based Approval of FTP Applications:** Rule-based automatic approval systems using Business Analytics Tools has been implemented by DGFT. The same has been introduced for Advance Authorization Extension/Revalidation Applications.

<b>Type</b>	<b>Current processing time</b>	<b>Automatic route processing time</b>
Advance authorization issue	3 to 7 days	1 day
EPCG issue	3 to 7 days	1 day
Revalidation of authorizations	3 days to 1 month	1 day
Export Obligation period extension applications	3 days to 1 month	1 day

- c. **Reduction in user charges for MSMEs under AA and EPCG:** Application fee is being reduced for Advance Authorization and EPCG Schemes will benefit 55-60% of exporters who are MSMEs.
- d. **Process Re-engineering:** A process Re-engineering has been undertaken for streamlining as well automating processes under FTP.
- e. **E-Certificate of Origin:** Revamp of the e-Certificate of Origin (CoO) platform proposed to provide for self-certification of CoOs as well as automatic approval of CoOs, where feasible.

## **B. MANUFACTURING SECTOR**

**Following initiatives have been adopted to boost Manufacturing Sector:**

- Prime Minister Mega Integrated Textile Region and Apparel Parks (PM MITRA) scheme has been added as an additional scheme eligible to claim benefits under Common Service Provider Scheme of Export Promotion capital Goods Scheme (EPCG).
- Dairy sector to be exempted from maintaining Average Export Obligation.
- Battery Electric Vehicles (BEV) of all types, Vertical Farming equipment, Wastewater Treatment and Recycling, Rainwater harvesting system and Rainwater Filters, and Green Hydrogen are added to Green Technology products will be eligible for reduced Export Obligation requirement under EPCG Scheme.
- Special Advance Authorization Scheme extended for Apparel and Clothing sector to facilitate prompt execution of export orders.
- Benefits of Self-Ratification Scheme for fixation of Input-Output Norms extended to 2 star and above status holders in addition to Authorised Economic Operators at present.
- Fruits and Vegetables exporters are being included for double weightage for counting export performance under eligibility criteria for Status House certification. This is in addition to existing MSME sector who also get double weightage.
- Rationalization and simplifying the process of fee payment for EO Extension under AA.

## **C. EXPORT PROMOTION**

### **a. Internationalization of Trade in Rupees**

- Acceptance of International Trade Settlement in INR.
- Changes introduced in the FTP for grant of export benefits & fulfillment of Export Obligation for export realizations in INR as per RBI.

### **b. Merchanting Trade Reform**

- Provisions for merchanting trade to be introduced under FTP.

- To boost merchanting activities from India – where goods do not touch Indian border. The merchant buys from one country and supplies to another country while based in India.
- Expected to facilitate merchanting trade from India making India a trade hub.

**c. New Towns of Export Excellence (TEE).**

Town of Export Excellence	Product Category
Faridabad	Apparel
Moradabad	Handicrafts
Mirzapur	Handmade Carpet and Dari
Varanasi	Handloom & Handicraft

**d. Export Performance Threshold:** Threshold for Recognition to Exporters through Status Holders has been rationalized.

Status Category	House	Existing Export Performance Threshold (in USD Million)	Revised Export performance Threshold (in USD Million)
One Star		3	3
Two Star		25	15
Three Star		100	50
Four Star		500	200
Five Star		2000	800

**e. Market Access Initiative Scheme:** Recognized associations of units are provided financial assistance under Market Access Initiative Scheme on priority basis, for export promotion projects for marketing, capacity building and technological services.

**f. Common Service Provider facility:** They are entitled for Authorisation under EPCG Scheme which can help in increasing the competitiveness of the cluster and provide enabling environment. This arrangement gives facility to exporters to not own all the infrastructure for conversion from inputs to final export products.

## **D. E-COMMERCE EXPORTS**

The following incentives have been implemented to support E-Commerce exports:

- All FTP benefits to be extended to e-commerce exports,
- The value limit for exports through courier service has been increased from INR 5 Lakhs to Rs. 10 Lakhs per consignment,
- IT systems have been enabled in Department of Commerce,
- Guidelines to facilitate further exports under e-commerce with corporation from other Ministries,
- Special outreach and training activities for small e-commerce exporters.

### **a. E-Commerce Export Hubs**

Following steps have been adopted to formulate policy for E-Commerce Export Hubs:

- Designated zone with warehousing facility to be created,
- Better e-commerce aggregators for easy stocking, customs clearance and returns processing,
- Processing facility to be allowed for last mile activities such as labelling, testing, repackaging etc.
- Simplified return process into the zone.

### **b. Facilitating exports from district**

Focus on engaging with the States and Districts through the *Districts as Export Hubs initiative* through:

- Identification of Products and Services in each District of the country
- Institutional mechanism (Constitution of SEPC & DEPC in States and Districts)
- Preparation of District Export Action Plans (DEAPs) in each District
- Monitoring and Implementation of DEAPs
- Export promotion outreach in districts
- Nodal DGFT Regional Authorities and their Jurisdiction to implement the initiative in collaboration with all the concerned stakeholders

- c. Dak Ghar Niryat Kendras :** They shall be operationalised throughout the country to work in a hub-and-spoke model with Foreign Post Offices (FPOs) to facilitate cross-border e-Commerce and to enable artisans, weavers, craftsmen, MSMEs in the hinterland and land-locked regions to reach international markets.

## **E. INCENTIVE TO REMISSION**

- a. Introduction of Duty Remission Schemes:** Based on the global taxation principle "taxes/duties should not be exported", the following schemes have been notified with the objective to remit the taxes paid on the notified goods exported,
- Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) and
  - Remission of State and Central Taxes and Levies (RoSCTL)
- b. Continuation of Duty Exemption Schemes:**
- Duty Free input/raw material from overseas supplier or through domestic supplier being ensured through Advance Authorisation /DFIA scheme.
  - Technological upgradation through duty free import or indigenous sourcing of capital goods under Export Promotion Capital Goods (EPCG) scheme.

## **F. SCOMET POLICY**

- Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET) policy emphasizes India's export control in line with its International commitments under various export control regimes (Wassenaar arrangement, Australia group and Missile Technology Control Regime) to control trade in sensitive/dual use items/technology.
- Policy for export of dual use items under SCOMET has been consolidated at one place for ease of understanding and compliance by the industry.
- Simplifying policies to facilitate export of dual use high end goods/technology such as UAV/Drones, Cryogenic Tanks, Certain chemicals etc.

## **G. AMNESTY SCHEME**

Relief has been provided to exporters who are unable to fulfill their Export Obligation (EO) against the EPCG and Advance Authorizations:

- Amnesty scheme for one time settlement of default in export obligation by Advance Authorization and EPCG authorization holders being introduced.
- All pending cases of the default in meeting EO can be regularized by the authorization holder on payment of all customs duties that were exempted in proportion to unfulfilled Export Obligation and interest at the rate of 100% of such duties exempted. However, no interest is payable on the portion of Additional Customs Duty and Special Additional Customs Duty.
- The scheme shall be available for a limited period, up to 30<sup>th</sup> September 2023.

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