



# Snapshot - New Foreign Trade Policy 2023





# FTP 2015-20: Background

1. The Foreign Trade Policy 2015-20 which was to end on 31.3.2020 was extended due to COVID pandemic and volatile geo-political scenario till 31.03.2023.
2. Rationalization of export oriented schemes was done under the policy.
3. India has scaled record all-time high of Export Performance in Merchandise and Services Exports during this period.
4. India's Merchandise and Services exports is expected to **cross record \$760Bn in FY22-23.**
5. FTP 2015-20 contributed in this effort.

# FTP 2023: Approach

From Incentive to  
Remission

Export Promotion through  
Collaboration – Exporters,  
States, Districts, Indian Missions

Ease of doing business,  
reduction in transaction cost  
and technology Interface

Emerging Areas – E-Commerce,  
Developing Districts as Export  
Hubs and streamlining SCOMET  
policy

## **A. Introduction of Duty Remission Schemes**

Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) and Remission of State and Central Taxes and Levies (RoSCTL) notified with the objective to remit the taxes paid on the notified goods exported

## **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.



# FTP 2023: Steps to boost manufacturing

Driven by Quality, Powered by Ideation

1. Prime Minister Mega Integrated Textile Region and Apparel Parks (**PM MITRA**) scheme has been added as an additional scheme eligible to claim benefits under CSP (Common Service Provider) Scheme of Export Promotion capital Goods Scheme (EPCG).
2. Dairy sector to be exempted from maintaining Average Export Obligation – **to support dairy sector to upgrade the technology**
3. 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 now be eligible for reduced Export Obligation requirement under EPCG Scheme**
4. Special Advance Authorization Scheme **extended for Apparel and Clothing sector** to facilitate prompt execution of export orders – Norms would be fixed within fixed time-frame
5. 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.

# Amnesty Scheme

1. In the interest of trade and industry and to motivate the exporters, relief provided to exporters who are unable to fulfill their EO against the EPCG and Advance Authorizations
2. **Amnesty scheme for one time settlement** of default in export obligation by Advance Authorization and EPCG authorization holders being introduced.
3. All pending cases of the default in meeting Export Obligation (EO) of authorizations mentioned can be regularized on payment of all customs duties that were exempted in proportion to unfulfilled Export Obligation. The interest payable is capped at 100% of these exempted duties under this scheme. **However, no interest is payable on the portion of Additional Customs Duty and Special Additional Customs Duty.**



# FTP 2023: streamlining SCOMET Policy

1. Policy for export of dual use items under **Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET)** consolidated at one place for ease of understanding and compliance by industry
2. 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
3. Focus on simplifying policies to facilitate export of dual use high end goods/technology such as UAV/Drones, Cryogenic Tanks, Certain chemicals etc.

# FTP 2023: Facilitating E-Commerce exports

## Facilitation

- FTP benefits to be extended to E-Commerce exports
- The value limit for exports through courier service increased from ₹ 5 Lakhs to ₹ 10 Lakhs per consignment.
- Necessary enablement of IT systems in Department of Commerce, Posts, CBIC to be completed in six months
- Guidelines being formulated in consultation with other ministries to facilitate further exports under E-Commerce
- Special outreach and training activities for small E-Commerce exporters

## To formulate policy for E-Commerce Export Hubs

- Estimates suggest that the E-Commerce exports expected to grow to \$200-300 Billion by 2030
- Designated zone with warehousing facility to be created
- Designed to help 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



# FTP 2023: Ease of Doing Business

1. **Digitization of Applications pertaining to FTP:** Export promotion schemes processes for managing the lifecycle of AA/EPCG/DFIA/Import/Export Licensing made **completely paperless and online**
2. **Automatic System-Based Approval of FTP Applications** - DGFT implemented **rule-based automatic approval** systems using Business Analytics Tools. It has been introduced on pilot basis for **Advance Authorization Extension/Revalidation Applications.**

Type	Current processing time	Automatic route processing time
Advance authorization issuance	3 to 7 days	1 day
EPCG issuance	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

## Internationalization of Trade in Rupees

International Trade Settlement in INR allowed and changes introduced in the FTP for grant of export benefits & fulfillment of Export Obligation for export realizations in INR as per RBI.

## Merchanting Trade Reform

1. Provisions for merchanting trade introduced under FTP
2. 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
3. Expected to facilitate merchanting trade from India making India a trade hub



# FTP 2023: Recognition to Exporters

Export performance threshold for Recognition to Exporters through Status Holders rationalized. Enabling more beneficiaries **to achieve higher recognition and brand image**

Status House Category	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

# FTP 2023: Export promotion initiatives

- Four new Towns of Export Excellence (TEE) are being declared in addition to the already existing 39 towns of export excellence.
- To give thrust to cluster based economic development

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

## Towns of Export Excellence – Benefits

- **Recognition** – global recognition and brand credibility
- **Market Access Initiative Scheme** – financial assistance for marketing, visit to trade fairs/exhibitions, capacity building and technological services
- **Common Service Provider facility** – CSP facility under EPCG scheme helps in increasing competitiveness of entire cluster by enabling common use of capital goods for exports



# Way Forward

1. Foreign Trade Policy to be dynamic and responsive to the emerging trade scenario
2. Consultative mechanism to resolve issues of trade and Industry
3. Working towards making Indian Rupee(₹) a global currency and allowing International Trade settlement in INR
4. Wider Engagement with States and Districts to promote exports from the grassroots.
5. Focus on E-commerce exports to streamline processes and make it easier for exports to grow in E-Commerce space
6. Sector specific targets to achieve the goal of 1 trillion dollar merchandise exports and 1 trillion dollar services exports by 2030
7. Restructuring of Department of Commerce to make it future ready



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