

Foreign Trade Policy 2023: Key Highlights

The Commerce Minister Shri Piyush Goyal today announced the new Foreign Trade Policy 2023 (FTP) which will replace the existing FTP 2015-2020. The new policy shall be effective from 1 April 2023 and is expected to boost exports amid slowing global trade. The new FTP has highlighted the vision to take India's goods and services exports to \$1 trillion by 2030 by shifting from incentives to remission and entitlement-based regime.

Underlying philosophy of the new Foreign Trade Policy:

- Switch from Incentive to Remission
- Technology/ Automation oriented trade facilitation
- Collaborative (Exporters, States and District) efforts for Export Promotion
- E-commerce, developing Districts as Export Hubs and streamlining SCOMET Policy are identified as new focus areas

Key Highlights:

1. Ease of doing business, reduction in transaction cost and e-initiatives

- Online approvals within a day for issuance of Advance Authorization ('AA') and Export Promotion for Capital Goods ('EPCG'), revalidation of authorizations and extension of Export Obligation ('EO') period
- Significant reduction of user charges for MSMEs under AA and EPCG
- Revamp e-Certificate of Origin ('e-CoO') platform – self-certification, auto-approval, where feasible, electronic exchange of CoO data with partner countries
- Paperless filing of EO and discharge applications

2. Export Promotion initiatives

- Rationalization of Status Holder Export thresholds to enable more exporters into higher status bracket
- Permitting Out and Out Merchant Trade i.e., shipment from one foreign country to another without goods touching Indian ports, subject to RBI guidelines and goods in CITES and SCOMET list
- Effective steps to internationalize Indian Rupee – FTP benefits extended for Rupee realization
- Faridabad (Apparel), Moradabad (Handicrafts), Mirzapur (Handmade carpet and Dari) and Varanasi (Handloom and Handicraft) newly declared as Towns of Export Excellence ('TEE') to add to the existing 39 TEEs

Benefits of TEE include:

- Recognition/ Credibility to industrial units in these towns leading to globalization
- Prioritized financial assistance under Market Access Initiative (MAI) scheme
- Financial assistance to attend Trade fairs/ exhibitions
- Common Service providers ('CSP') in TEE are entitled for EPCG authorization

3. Districts as Export Hub initiative

- Decentralizing export promotion to District level
- Building capacity at District level
- Removal of infrastructure and logistics bottlenecks in Districts to provide an export-oriented ecosystem

4. E-Commerce exports

- All FTP benefits to be extended to e-Commerce exports
- IT enablement in Department of Commerce, Post and CBIC to be undertaken in six months, outreach and training activities for small e-commerce operators
- Operationalization of Dak Ghar Niryat Kendra to facilitate cross border e-commerce to open artisans, weavers, craftsmen, MSMEs to international markets
- Designated hubs with warehousing facility to be notified to aid e-commerce aggregators in stocking, customs clearance and return processing; processing facility to allow for last mile activities of labelling, testing, repacking, etc.

5. Measures to boost manufacturing

- Prime Minister Mega Integrated Textile Region and Apparel Parks ('PM MITRA') scheme added under CSP scheme of EPCG
- Dairy sector exempted from maintaining average EO
- Additions of several items to the list of Green Technology Products eligible for reduced EO under EPCG
- Special AA scheme extended apparel and clothing sector under para 4.07 of Handbook of Procedures ('HBP') on self-declaration basis
- Self-ratification scheme for fixation of Input-Output Norms extended to 2 star and above status holders in addition to existing category of Authorized Economic Operators
- Fruit and Vegetable exporters included for double weightage for counting export performance criteria for status house certification

6. Special one-time Amnesty scheme for EO default

- All pending cases of EO default other than cases involving fraud and diversion can be regularized on payment of all proportionate custom duties exempted and interest thereon capped to 100 per cent of such duty
- Amnesty scheme available till 30 September 2023

7. Streamlining SCOMET Licensing procedure

- Policy for export of dual use items under SCOMET consolidated at one place to ease understanding and compliance by industry
- Policy emphasizes on India's export control to align with international commitments under export control regimes
- Introduction of general authorizations for export of certain SCOMET items to streamline licensing
- Policy simplification for export of dual use high end goods/ technology such as UAV/ Drones, Cryogenic Tanks, etc.

CNK Comments

- *The FTP is designed to be dynamic and responsive to emerging trade with a wider engagement of States and Districts to promote exports.*
- *The vision is to progressively make the Indian Rupee as the currency for international trade settlement.*
- *Technology and automation thrust given to enable e-commerce sector will aid in achieving the sector specific targets of one trillion-dollar merchandise exports by 2030.*

The policy is available on the Foreign Trade Policy tab on <https://www.dgft.gov.in/CP/>

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