



Foreign Trade Policy 2023

For Prelims: Major components of Foreign Trade Policy 2023, PM-MITRA

For Mains: Foreign Trade Policy 2023, Comparison with previous trade policies.

Why in News?

Recently, Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles **launched the Foreign Trade Policy (FTP) 2023** which comes into effect from April 1, 2023.

- FTP 2023 is a policy document which is based on continuity of time-tested schemes facilitating exports as well as a document which is nimble and responsive to the requirements of trade.

What are Details of FTP 2023?

- **About:**
 - The policy is **based on the principles of trust and partnership** with exporters and **aims at process re-engineering and automation** to facilitate **[ease of doing business for exporters](#)**.
- **The Key Approach is based on Four Pillars:**
 - **Incentive to Remission,**
 - Export promotion through collaboration - **Exporters, States, Districts, Indian Missions,**
 - **Ease of doing business,** reduction in transaction cost and e-initiatives, and
 - **Emerging Areas - [E-Commerce](#)** Developing Districts as Export Hubs and streamlining **Special Chemicals, Organisms, Materials, Equipment, and Technologies (SCOMET) policy.**
- **Goals and Targets:**
 - The government aims to increase India's overall exports to USD 2 trillion by 2030, with equal contributions from the merchandise and services sectors.
 - The government also intends to encourage the use of the **[Indian currency in cross-border trade](#)**, aided by a new payment settlement framework introduced by **the RBI in July 2022.**
 - This could be particularly advantageous in the case of countries with which India enjoys a trade surplus.

What are the Salient or Important features of FTP 2023?

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SALIENT FEATURES

- ▶ Targets **\$2 trillion** exports by 2030
- ▶ Continuous and responsive framework with no end date
- ▶ Making rupee a global currency
- ▶ Making India a trade hub
- ▶ Digitisation and faster processing of applications
- ▶ Amnesty scheme for shortfall in export obligations
- ▶ Restructuring of Department of Commerce
- ▶ Over 50% reduction in threshold for recognition of star trade houses

▪ **Process Re-Engineering and Automation:**

- The policy emphasizes **export promotion and development**, moving away from an incentive regime to a regime which is facilitating, based on technology interface and principles of collaboration.
- **Reduction in fee structures** and **IT-based schemes** will make it easier for MSMEs and others to access export benefits.
- Duty exemption schemes for export production will now be implemented through Regional Offices in a rule-based IT system environment, eliminating the need for manual interface

▪ **Towns of Export Excellence (TEE):**

- Four new towns, namely **Faridabad, Mirzapur, Moradabad, and Varanasi**, have been designated as TEE in addition to the existing **39 towns**.
- The TEEs will have priority access to export promotion funds under the MAI scheme and will be able to avail **Common Service Provider (CSP)** benefits for export fulfillment under the [Export Promotion Capital Goods \(EPCG\) Scheme](#).

▪ **Recognition of Exporters:**

- Exporter firms recognized with 'status' based on export performance will now be partners in capacity-building initiatives on a best-endeavor basis.
- Similar to the '**each one teach one**' initiative, **2-star and above status holders would be encouraged** to provide trade-related training based on a model curriculum to interested individuals.
- Status recognition norms have been re-calibrated to enable more exporting firms to achieve **4 and 5-star ratings**, leading to better branding opportunities in export markets.

▪ **Promoting Export from the Districts:**

- The FTP aims at building partnerships with State governments and taking forward **the Districts as Export Hubs (DEH) initiative** to promote exports at the district level and accelerate the development of grassroots trade ecosystem.
- Efforts to identify export worthy products & services and resolve concerns at the district level will be made through an institutional mechanism – **State Export Promotion Committee and District Export Promotion Committee** at the State and District level, respectively.
- **District specific export action plans to be prepared for each district** outlining the district specific strategy to promote export of identified products and services.

▪ **Streamlining SCOMET Policy:**

- India is placing more **emphasis on the "export control" regime** as its integration with export control regime countries strengthens.
- There is a wider outreach and understanding of SCOMET among stakeholders, and the policy regime is being made more robust to implement international treaties and agreements entered into by India.

- A robust export control system in India **would provide access of dual-use High end goods and technologies to Indian exporters** while facilitating exports of controlled items/technologies under SCOMET from India.
- **Facilitating E-Commerce Exports:**
 - Various estimates suggest e-commerce export potential in the range of **USD 200 to USD 300 billion by 2030.**
 - FTP 2023 outlines the intent and roadmap for establishing e-commerce hubs and related elements such as **payment reconciliation, book-keeping, returns policy, and export entitlements.**
 - As a starting point, the consignment wise cap on E-Commerce exports through courier has been raised **from ₹5Lakh to ₹10 Lakh in the FTP 2023.**
 - Depending on the feedback of exporters, this cap will be further revised or eventually removed.
- **Facilitation under (EPCG) Scheme:**
 - The EPCG Scheme, which allows import of capital goods at zero Customs duty for export production, is being further rationalized. Some key changes being added are:
 - **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 EPCG.
 - Dairy sector to be exempted from maintaining Average Export Obligation – to support the dairy sector to upgrade the technology.
 - **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
- **Facilitation under Advance authorization Scheme:**
 - Advance authorisation Scheme accessed by DTA (Domestic tariff area) units **provides duty-free import of raw materials for manufacturing export items** and is placed at a similar footing to EOU and SEZ Scheme.
 - **Special Advance Authorisation Scheme** extended to export of Apparel and Clothing sector on self-declaration basis 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 Authorized Economic Operators at present.
- **Amnesty Scheme:**
 - Under the amnesty scheme, **an online portal will be launched for registration** and a six-month window will be available to exporters to avail the scheme.
 - It will **cover all pending cases of default in export obligation of authorisations**, these can be regularised on payment of all customs duties exempted in proportion to unfulfilled export obligation.

What About Previous Trade Policy?

- The previous foreign trade policy for **2015-2020** had **targeted exports of USD 900 billion by 2020;**
 - This **target was extended** along with the policy **for three years till March 2023.**
 - India is, however, likely to end 2022-23 with total exports of USD 760-770 billion as against USD 676 billion in 2021-22.

Source: PIB