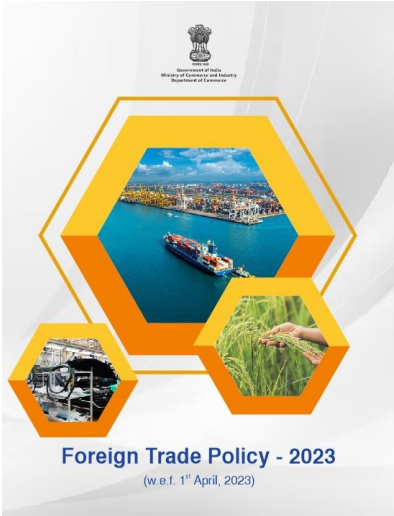
सत्यमेव जयते

Directorate General of Foreign Trade
Department of Commerce
Ministry of Commerce and Industry
Government of India

Foreign Trade Policy 2023



31.03.2023

Outline of the Presentation

- Indian Economy and Trade Scenario
- Background -FTP 2015-20
- Progress made since 2015
- FTP 2023 – Introduction
- FTP 2023 – Key Highlights
- Way Forward

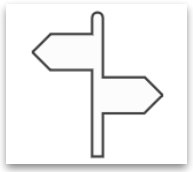
India: Macroeconomic Picture



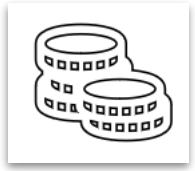
GDP Growth: 8.7% (2021-22)



GDP growth rate (2022-23): 7%



Overall Exports (merchandise + services):
$ 676 Billion (FY22)[YoY-36%]
$ 760* Billion (FY23)[YoY-12.4%]



Projected GDP growth rate (2023-24): 6.5%

- India is now the world's fifth largest economy (in current dollars).
- By March 2023, the nominal GDP of India will be around US$ 3.5 trillion.

*projected estimates

Sources: Economic Survey 2023, PIB

Global Trade Scenario

- **IMF Growth Projections**:

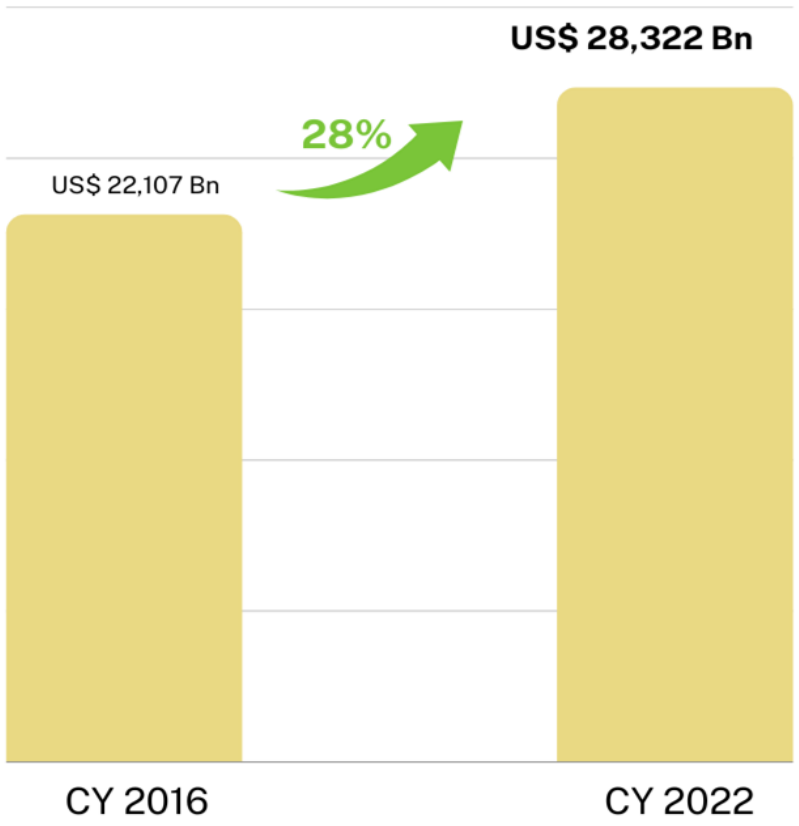
(Real GDP, annual percent change)	2022	2023	2024
World Output	3.4	2.9	3.1
India	6.8	6.1	6.8

- Russia-Ukraine crisis, rising inflation, geopolitical tensions are some main pain points in global macroeconomic growth.
- **India's projected growth is more than double the projected growth for the world.**
- The WTO's global trade forecast predicts growth in world trade to slow down to **1 percent in 2023**, due to global uncertainties. Export scenario will remain challenging.

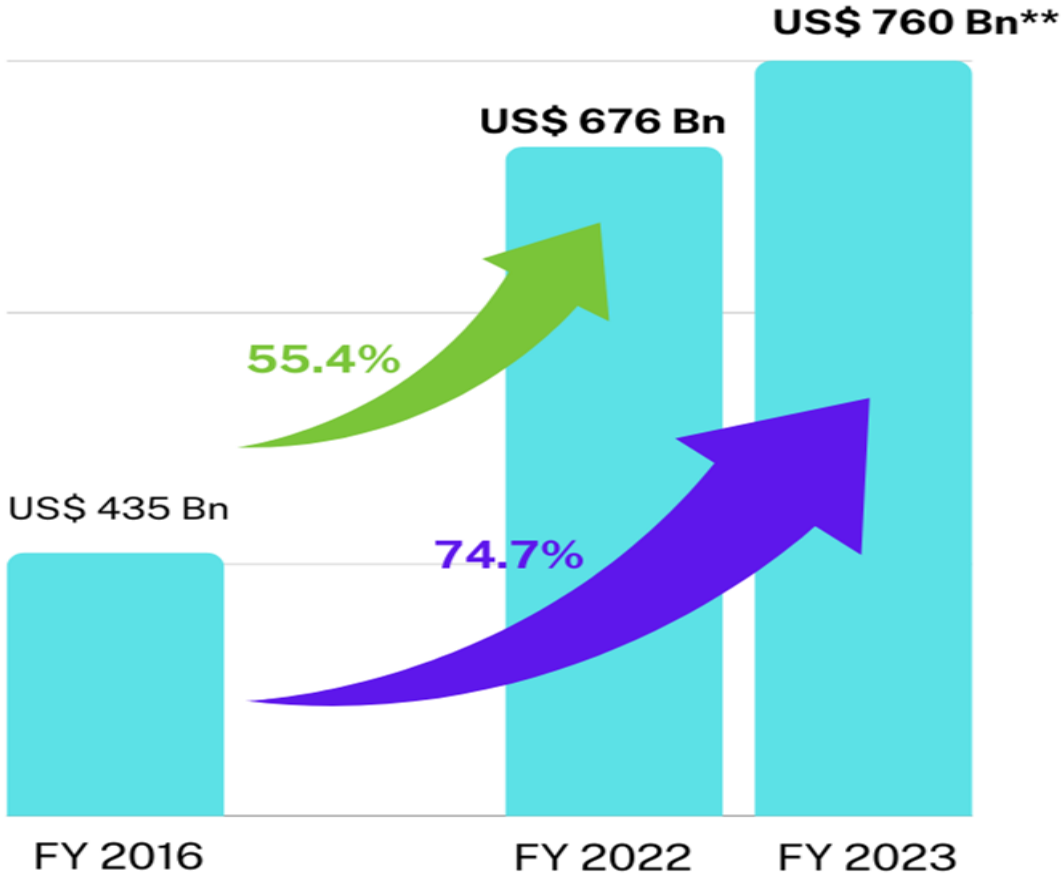
Source: IMF World Economic Outlook, January 2023

India’s Export Growth

World's Export



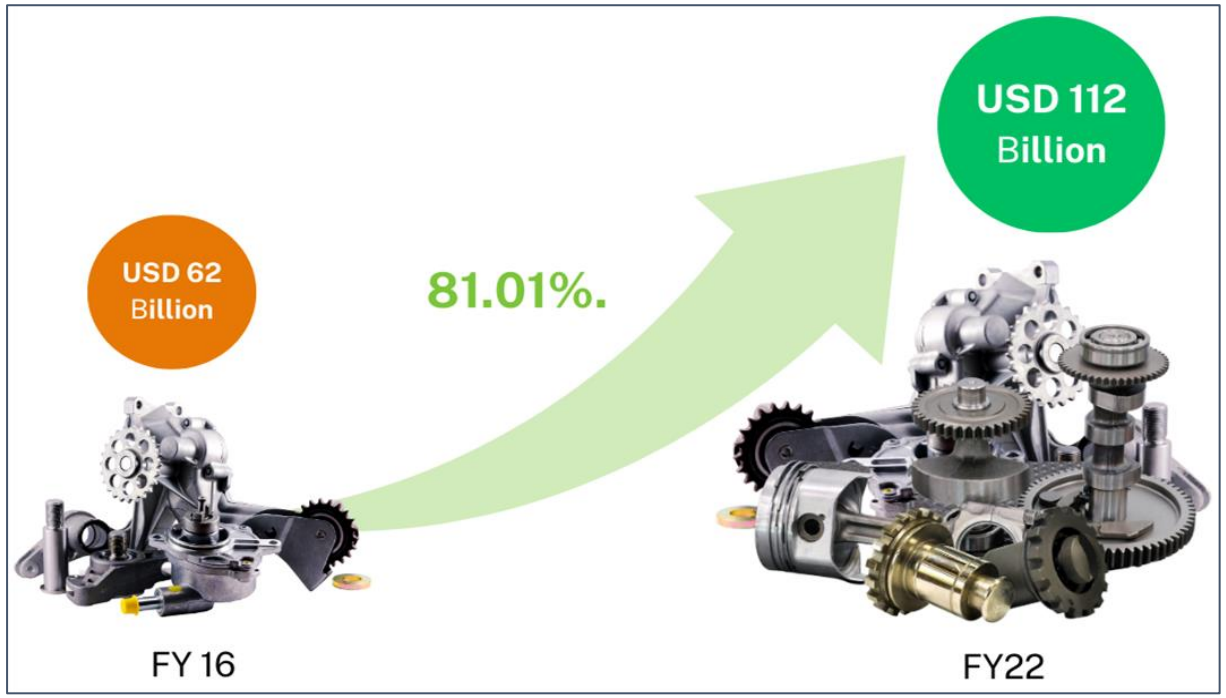
India's Export



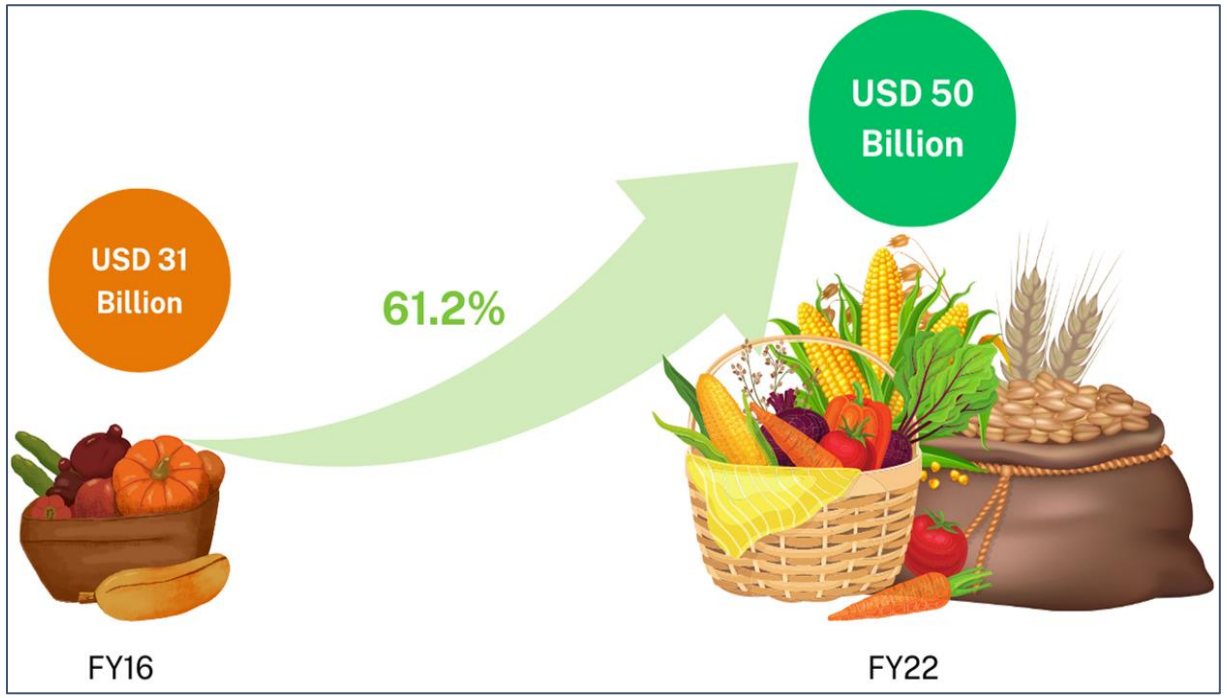
**Total Exports in FY2023 is Projected to cross US$ 760 Bn

Success Stories of India's Exports

Engineering Export



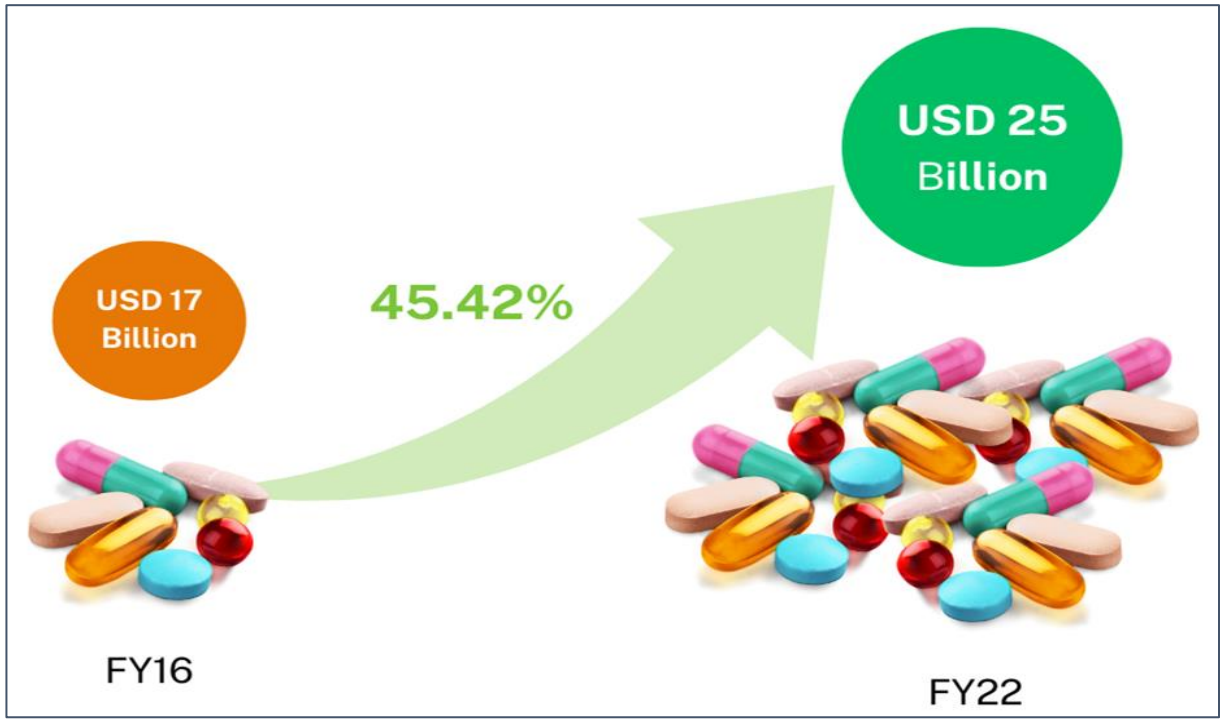
Agriculture Export



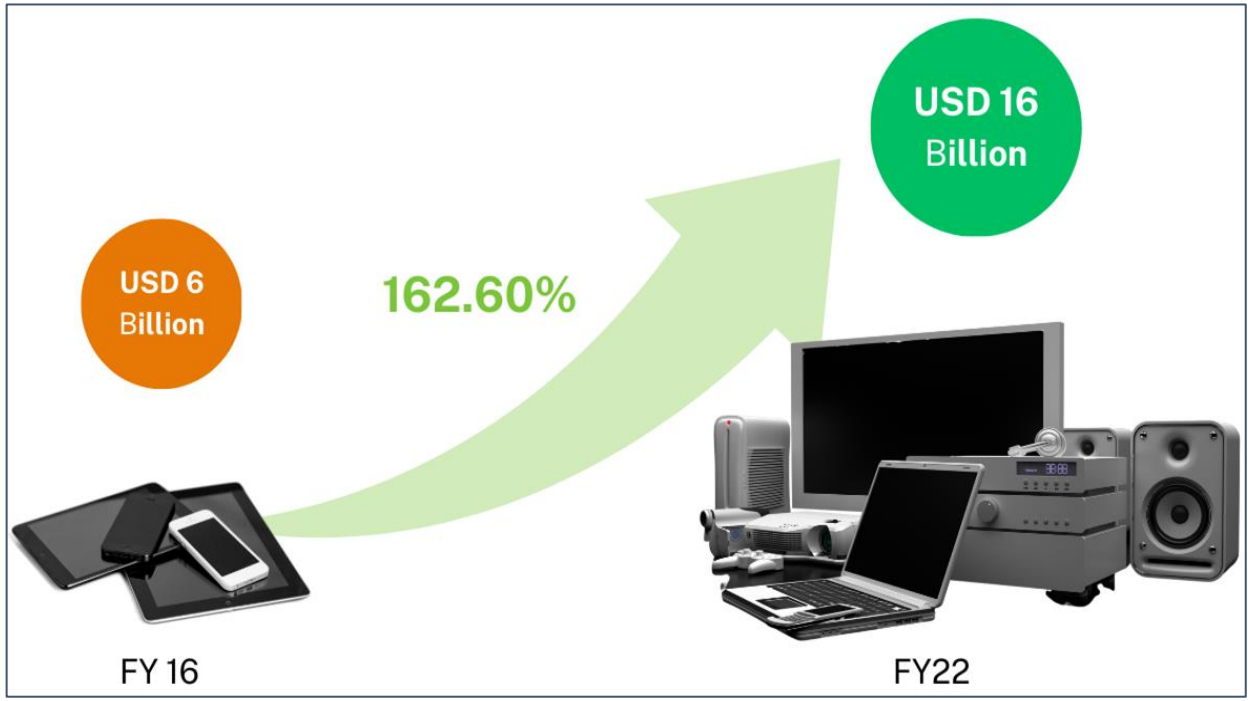
Source: DGCI&S

Success Stories of India's Exports

Pharma Export



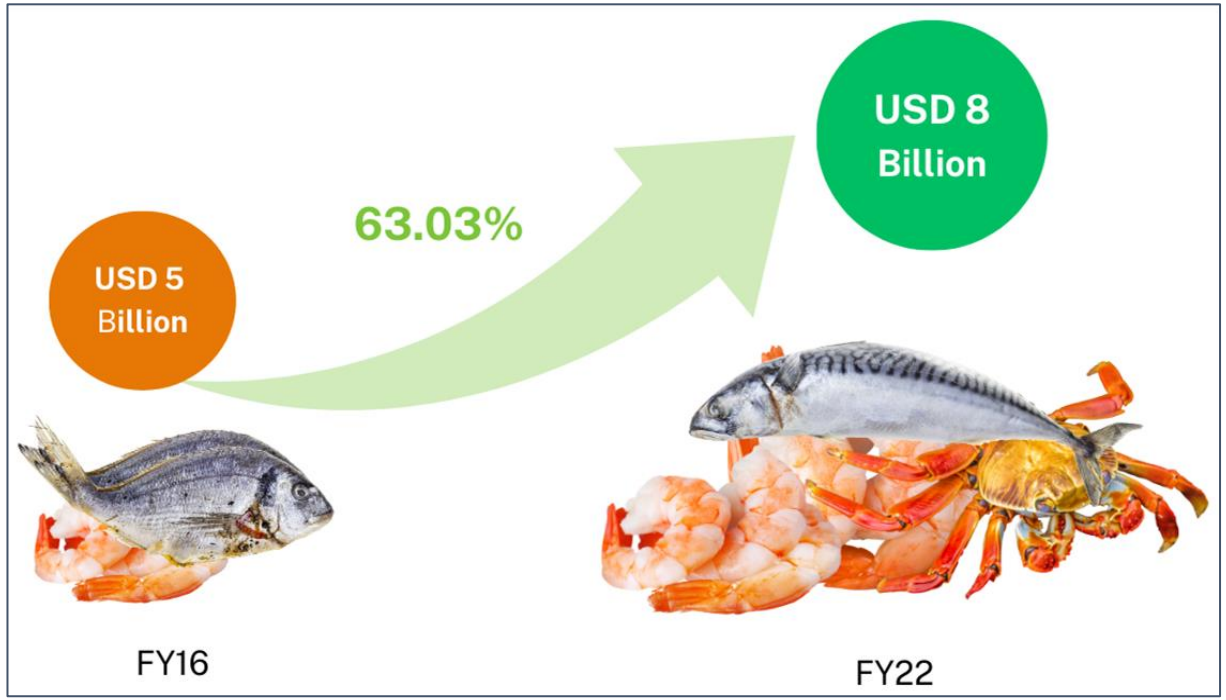
Electronic Goods Export



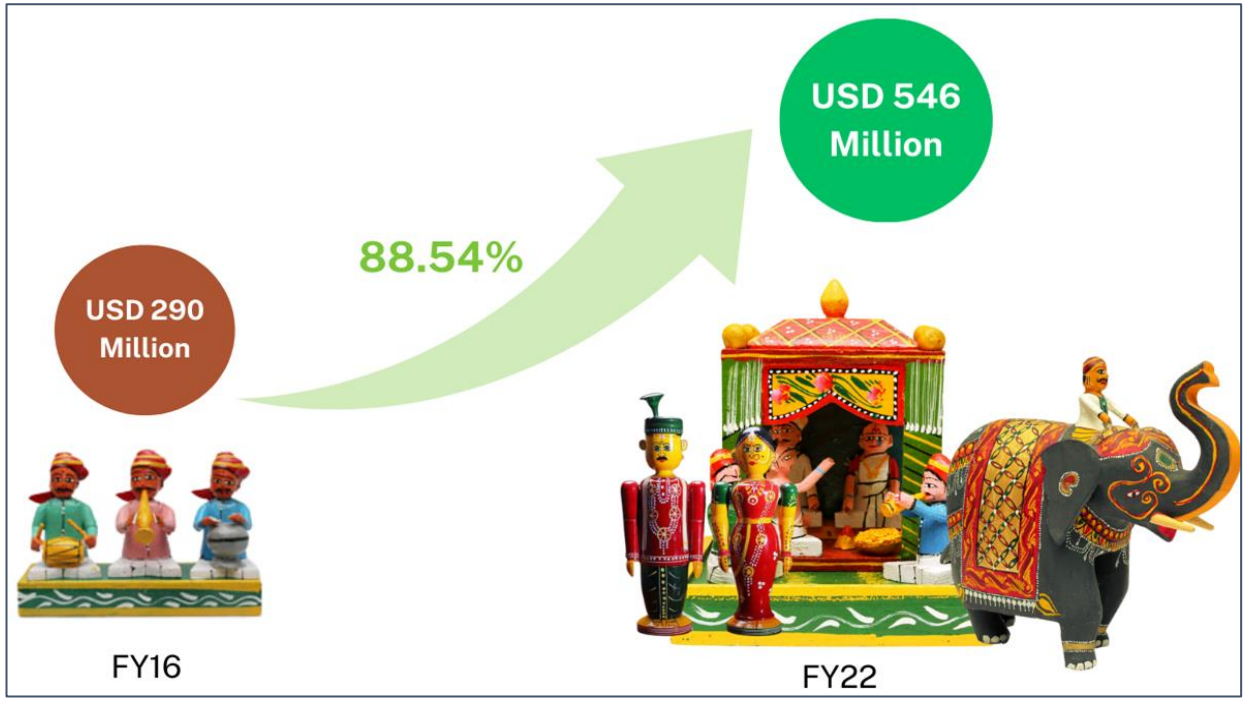
Source: DGCI&S

Success Stories of India's Exports

Marine Product Export



Toy Export



Source: DGCI&S

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 2015-20: Progress Made

1. **E-Certificate of Origin Platform :** Electronic Platform for Preferential Certificate of Origin implemented. 120+ issuing agencies, 160 specific offices and 600+ issuing officers are currently on-board the platform. Around 18+Lakh CoOs have been issued from the e-platform till date.
2. **24x7 Auto-Generation of e-IEC** (Importer Exporter Code). No need to wait on any approval for an IEC. The IEC details are automatically validated against CBDT, MCA, PFMS and GST systems
3. **Trade Facilitation App:** Information on Foreign Trade Policy Updates, Import/Export Policy, Export/Import Statistics, status of applications, 24x7 virtual assistance is available.
4. **e-RCMC** – Digitisation through Common Digital Portal for issuance of RCMC by Export Promotion Councils/Commodity Boards
5. **Covid Helpdesk -** Department of Commerce/DGFT had operationalised a Covid Helpdesk to support and seek suitable resolutions to issues faced by the exporters.
6. **Contact Centre & Helpdesk Services** were launched to resolve exporters' queries, grievances and suggestions..
7. **National Trade Facilitation Action Plan 2020-23** under implementation & working on NTFAP 2023-26.

FTP 2015-20: Progress Made

8. **Online Data Exchange** - Streamlined online data exchange with other govt. agencies including CBIC, CBDT, MCA, PFMS

9. **National Single Window System(NSWS) :** Integration with National Single Window System

10. **Self Ratification Scheme :** Advance Authorization simplified for AEOs to avail benefits on self-declaration basis without the need of going through the process of norms fixation.

11. **Special Advance Authorization Scheme for the export of Articles of Apparel and clothing accessories:** Allows duty-free import of input fabric, including interlining for shipping articles of apparel and clothing accessories. Exporters shall be eligible for All Industry Rate of Duty Drawback, for non fabric inputs.

12. **₹ 56,000 Crore allocated** for payment of accumulated arrears under various scrip based schemes.

13. **Establishing India's presence** in High-End Dual Use Good And Technologies for SCOMET through alignment with Wassenaar Agreement and liberalizing the policy for certain items with one time general export authorizations for exporters removing the need for applying multiple times with DGFT

FTP 2023: Background

1. The Foreign Trade Policy 2023 being announced to provide the policy continuity and a responsive framework.

2. Policy changes done since 2015 even without announcement of a new FTP responding dynamically to the emerging situations.

3. Subsequent revision of the policy not linked to any date and shall be done as and when required.

4. Incorporating feedback from Trade and Industry to streamline processes and update FTP, from time to time.

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

FTP 2023: From Incentive to Remission

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: 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

FTP 2023: Ease of Doing Business

3. **Application fee** reduced for Advance Authorization and EPCG Schemes for MSMEs (55-60% of beneficiaries under the schemes).

CIF Value/Duty saved value (in ₹)	Fee for Non-MSMEs (in ₹)	Fee for MSMEs(in ₹)
Up to 1 crore	1 per 1000	100
1 crore to 10 crores	1 per 1000	5000
Above 10 crores	Cap at 100000	5000

4. **Process Re-engineering** undertaken for streamlining as well automating processes. E.g. Standardization of Composition Fees for extension of AA. Benefit for an authorisation with CIF value of Rs 10 crores, with around 50% EO completion is illustrated as under

Type of extension	Earlier Fee (in ₹)	New Fee (in ₹)
First EOP extension for 6 months	Above 3 lakhs	10000 fixed
Second EOP extension for 6 months	Above 20 lakhs	20000 fixed
EOP extension for pre-import condition items	Above 30 lakhs	10000 fixed

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

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: 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

FTP 2023: Steps to boost manufacturing

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.

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: Facilitating Exports from Districts

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

1. Identification of Products and Services in each District of the country
2. Institutional mechanism (Constitution of SEPC & DEPC in States and Districts)
3. Preparation and implementation of District Export Action Plans(DEAPs) in each District
4. Export promotion outreach in districts
5. Jurisdictional Nodal DGFT RAs to implement the initiative in collaboration with all the concerned stakeholders.
6. Convergence of ongoing schemes to support the initiative
7. Working with Indian missions to promote identified products /services.

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.

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.**

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

Thank you