Foreign Trade Policy 2023

Why in news?

Recently, Union Minister for Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles has unveiled Foreign Trade Policy 2023.

What is the need for the policy?

- To increase the export of India
- To be in incompliance with WTO regulations
- To push MSMSE sector
- To include new sectors
- To address the grievances mechanisms

What is the status of India's foreign trade?

What are the key features of Foreign Trade Policy (FTP) 2023?

- **Aim** -To almost triple India's goods and services exports to $2 trillion by 2030.
- **Ease of doing business** -By digitizing applications, reducing timelines for processing applications and lowering transaction costs for exporters.
- **Merchanting trade** -FTP 2023 has allowed Indian intermediaries to carry out merchanting trade involving the shipment of goods from one foreign country to another without touching Indian ports.
- **Simplifying policies** -To facilitate export of dual-use high-end goods and technology such as UAVs [unmanned aerial vehicles], drones, cryogenic tanks and certain chemicals.
- **International trade settlement** -In the Indian Rupee (INR) granting benefits to those exports that are paid for via the rupee.
- **Special advance authorization scheme** -Launched for the clothing and apparel sector so that they can react to market demands and fashion trends faster.
- **Star ratings** -To recognize exporters will be available to lower qualification thresholds.
- **PM MITRA (Pradhan Mantri Mega Integrated Textile Region and Apparel)** -All PM MITRA parks to get benefits as common services providers.
- **Towns of Export Excellence (TEE)** -Towns producing goods of Rs750 crore or more can be recognized as TEE based on the potential for growth in exports.
- TEE also get the benefit of global recognition and brand credibility.
- There were already 39 such TEEs in the country and four new have been added to the list in FTP 23.

Towns	Products
Faridabad	Apparel
Moradabad	Handicrafts
Mirzapur	Handmade carpets
Varanasi	Handloom and handicrafts

- **Online trade** -Promoting cross border trade in digital economy including moves to facilitate the establishment of dedicated e-commerce export hubs.
- **E-commerce exports** -All FTP benefits are to be extended to e-commerce exports.
- Creation of designated zones with warehousing facilities to help e-commerce.
- **Input duty remissions** -Are being continued.
- **Status Holders** -The policy has reduced the threshold of minimum exports required for the recognition of exporters as Status Holders.
- Many smaller exporters can achieve higher status and avail benefits that will reduce transaction costs.
- **MSME** -Charges have been brought within ₹5,000 for MSME under the popular Advance Authorizations and Export Promotion Capital Goods (EPCG) scheme**.**
- **One-time amnesty** - A one-time amnesty has been offered, giving exporters more time to avail of both the AA and EPCG schemes.

Quick facts

Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme

- RoDTEP is based on the globally accepted principle that taxes and duties should not be exported and taxes and levies borne on the exported products should be either exempted or remitted to exporters.
- Recently it is extended to Chemicals, Pharmaceuticals and Articles of Iron & Steel industries.

Rebate of State Levies (RoSL) Scheme

- It is eligible for the textile sector to increase competitiveness in the global market and to create employment opportunities in India.
- This scheme gives a rebate of State Levies (RoSL) from customs.
- It is directly credited to the Exporter bank account.

Advance Authorization (AA) Scheme

- AA Scheme allows duty free import of inputs, which are physically incorporated in an export product.
- In addition to any inputs, packaging material, fuel, oil, catalyst which is consumed or utilized in the process of production of export product is also allowed.

Export Promotion Capital Goods (EPCG) scheme

- It is a trade promotion scheme implemented by the Indian government that allows duty-free import of capital goods for the purpose of export production in India.

- It is administered by the Directorate General of Foreign Trade (DGFT) and is governed by the Foreign Trade Policy of India.

References

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