Inventory-based Cross-border E-Commerce Export Framework

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Why in News?

Recently, The Government has operationalised the Inventory-based Cross-border E-Commerce Export Framework under the Foreign Trade Policy 2023.

Inventory-based Cross-border E-Commerce Export Framework

- A policy introduced by the Government of India under the Foreign Trade Policy 2023.
- It allows online retail and e-commerce companies to hold goods in India specifically and exclusively to fulfil overseas export orders.

Objectives

- **Support and Access –** Indian manufacturers, traders, and MSMEs gain greater participation in global e-commerce with organised fulfilment networks.
- **Transparency and Oversight –** Clear payment rules, assured export benefits, and strong regulatory monitoring prevent misuse.

Key Features

- **Framework Operationalisation**
- Govt operationalised **inventory-based e-commerce for exports** under **FTP 2023**.
- Firms must operate via **Exporter-on-Record (EOR)**, procuring goods from **Sellers-on-Record (SORs)** only against confirmed overseas orders.

Role of EOR

- EOR procures goods from Indian Sellers-on-Record (SORs) against confirmed overseas orders, undertakes exports in its own name.

- Assumes responsibility for export operations as well as compliance with destination-country requirements
- Handles documentation, customs, product testing, packaging, labelling, logistics, and reverse logistics.

Key Features

- **Timely Payments –** Sellers paid within prescribed timelines, regardless of overseas buyer delays.
- **Transparency –** Sellers get visibility of sale price, order status, shipment tracking.
- **Export Benefits –** Rebates/refunds passed proportionately to SORs.
- **Safeguards –** Inventory only against confirmed orders; no speculative build-up; digital repository ensures traceability; no diversion to domestic market.
- **Annual Certification –** Banks must file annual compliance certification.
- **Digital Records –** Mandatory maintenance of digital records for transparency.
- **Rejected Consignments –** Must be re-exported, returned to seller, or disposed as per rules.

Significance

- **Global Access** – Supports MSMEs, artisans, and manufacturers in reaching overseas markets.
- **Cost Efficiency –** Cuts compliance costs, allowing focus on production and innovation.

Reference

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