

Government announces new Foreign Trade Policy 2023

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- Digitisation of FTP applications to make them completely paperless and online.
- Rule-based automatic system-based approval of FTP applications using business analytics tools.
- Reduction in the processing time from the current 3-7 days to 1 day, as well as a reduction in the application fee for Advance Authorisations (AA) and Export Promotion Capital Goods (EPCG) schemes for Medium, Small, and Micro Enterprises (MSMEs).
- Introduction of an amnesty scheme for one-time settlement of default in export obligation (EO) by the AA and EPCG authorisation holders, available up to 30 September 2023.
- Rationalisation of the export performance threshold to recognise exporters as status holders.
- Merchanting trade reform to boost merchant activities from India.
- Internalisation of the Indian rupee and extension of FTP benefits for rupee realisations through special Vostro accounts.
- All FTP benefits are to be extended to e-commerce exports. Designated hubs with warehousing facility to be notified to help e-commerce aggregators for easy stocking, customs clearance, and returns processing.
- Exemption to the dairy sector from maintaining average EO.
- Eligibility to all types of battery electric vehicles (BEV) and green technology products for reduced EO requirement under the EPCG scheme.
- The special AA scheme extended to the export of the apparel and clothing sector.
- Developing districts as export hubs to boost India's foreign trade by decentralising export promotion.

Our comments

The new policy is based on a consultative mechanism that focuses on taking continuous feedback from trade and industry and helping resolve their issues on time. A significant initiative is that the new policy focuses on making the Indian Rupee a global currency and facilitating international trade settlements in INR.

The automatic approval of various permissions under the policy is a move towards process simplification and digitisation, which will help in the ease of doing business. In addition, the policy has extended all the benefits to exporters in the e-commerce sector, and guidelines are being formulated to streamline the processes that will help increase exports in this sector.

