

HIGHLIGHTS ON THE NEW FOREIGN TRADE POLICY 2023

The New Foreign Trade Policy (FTP) 2023 announced on dated 31.03.2023 to provide the policy continuity and response policy framework for promoting India's Export of Goods & Services.

The new major changes have been introduced in new Policy 2023. The scheme wise major highlights are as follows.

Continuation of RoDTEP, RoSCTL, EPCG, DFIA, AA

- **Continuation of Duty Exemption and Duty Remission Scheme** - Remission of Duties and Taxes on Exported Products (RoDTEP) and Remission of State and Central Taxes and Levies (RoSCTL), Duty free input/raw materials from overseas supplier or through domestic supplier being ensured through AA/DFIA Scheme, Technological upgradation through duty free import or indigenous sources of CG under EPCG will be continued

Export Promotion of Capital Goods (EPCG) Scheme:

- EPCG License application made completely paperless & online.
- Automatic system - based approval of EPCG application will be processed in one day.
- Application fees reduced for EPCG Scheme. The new fees in INR are as below:

CIF Value/Duty Saved Value	Fee for Non MSME	Fee for MSME
Up to 1 Cr	1 per 1000	100
1Cr to 10 Cr	1 per 1000	5000
Above 10 Cr	Cap at 100000	5000

- International trade settlement in INR allowed & changes introduced in the FTP for grant of export benefit & fulfilment of export obligation for export realization in INR as per RBI.

- Amnesty scheme for one time settlement of default in EO by EPCG authorised holders introduced.
- All pending case of the default in meeting EO of EPCG authorisation can be regularised on the payment of all customs duties that were exempted in proportion to unfulfilled EO along with interest maximum up to 100% duty saved.
- PM Mega Integrated Textile Region and Apparel Park (PM MITRA) scheme has been added as an additional scheme eligible to claim benefit under Common Service Provider (CSP) Scheme of EPCG

Status Holder Certificate:

- Export performance revised to obtain certificate for Two, Three, Four and Five Star
- Export Performance threshold for Recognition to Exporters through status holders rationalized.
- Enabling more beneficiaries to achieve higher recognition and brand image.
- Benefits of Self-ratification Scheme for fixation of Input-Output Norms extended to 2 Star and above status holders in addition to Authorized Economics Operators (AEOs) at present.
- Revised Category as follows:

Status House Category	Existing Export Performance Threshold (in USD Million)	Revised Existing 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

Advance Authorization Scheme:

- Application of AA License application made completely paperless & online.
- Automatic system - based approval of application will be processed in one day.
- Application fees reduced for Advance Authorisation Scheme.

The new fees in INR are as below.

CIF Value/Duty Saved Value	Fee for Non MSME	Fee for MSME
Up to 1 Cr	1 per 1000	100
1Cr to 10 Cr	1 per 1000	5000
Above 10 Cr	Cap at 100000	5000

- Standardization of Composition fees for extension of Advance Authorisation. Benefit for an advance Authorisation with CIF Value of Rs. 10 Crore, with around 50% EO Completion is illustrated as under-.

Type of Extension	Earlier Fees in INR	New Fee in INR
First EOP Extension for 6 months	Above 3 Lacs	10,000 Fixed
Second EOP Extension for 6 months	Above 20 Lacs	20,000 Fixed
EOP Extension for pre-import condition items	Above 30 Lacs	10,000 Fixed

- Amnesty Scheme for one time settlement of default in export obligation by Advance Authorization Holders being introduced.
- Self-Ratification Scheme: Advance Authorisation simplified for AEOs to avail benefits on self-declaration basis without need of going through the process of Norms Fixation.
- Special Advance Authorization Scheme extended for Apparel and Closing Sector to facilitate prompt execution of export orders - Norms would be fixed within fixed time frame.
- Benefits of Self-ratification Scheme for fixation of Input-Output Norms extended to 2 Star and above status holders in addition to Authorized Economics Operators (AEOs) at present.

Merchanting Trade Reform:

- Provisions for merchanting trade introduced under FTP.
- To boost merchanting activities in India - where goods do not touch Indian boarder. The merchant buys from one country and supplies to another country while based in India.
- Expected to facilitate merchanting trade from India making India a trade hub

Facilitation E-Commerce Export:

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 facility to be created with warehousing.
- 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

Disclaimer: The highlights has been prepared based on the first-hand information, speech of the DGFT authority. The policy documents to be studied to validate the key highlights.

Thanks & Regards,

Team ARNK

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