



India's new Foreign Trade Policy 2023

Description

Theme:

- India's Foreign Trade Policy (FTP) is an essential aspect of its economic growth and development. The country has been consistently making efforts to expand its foreign trade relations and increase its exports. Recently, the Indian government announced a new Foreign Trade Policy, which came into effect on April 1, 2023, and aims to boost India's trade sector and promote 'Atmanirbhar Bharat' (self-reliant India). The new policy is expected to bring significant changes and opportunities for Indian businesses to enhance their global competitiveness.

The main focus of the new FTP:

- Integration into the Global Value Chain: The FTP aims to increase India's share in global trade by integrating it into the global value chain. The government will focus on improving infrastructure, logistics, and supply chain efficiency to create a conducive environment for exporters.
- Trade Facilitation through Technology and Digitization: The FTP emphasizes the use of technology and digitization to facilitate trade. The government is working on developing an e-commerce platform to enable exporters to reach out to global markets easily. Additionally, the FTP offers various schemes and measures to facilitate exports, such as export incentives, duty drawbacks, and export promotion capital goods (EPCG) schemes.
- Inclusive Approach: The FTP aims to benefit all stakeholders in the export ecosystem, including smaller players. The emphasis on e-commerce and the 'Local goes Global' approach will enable small businesses to access new markets and expand their customer base.
- Boost to Exporters: The FTP aims to create an enabling environment for exporters by reducing transaction costs, enhancing logistics and supply chain efficiency, and providing export incentives. This will help exporters expand their businesses and reach out to new markets.

Promoting cross-border trade in the digital economy:

- The FTP not only extends benefits available under the FTP to e-commerce exports, such as export incentives and duty drawback but also raises the value limit for exports through couriers to INR 1,000,000 per consignment and promotes e-commerce exports through the postal routes.
- The FTP proposes to create E-Commerce Export Hubs (ECEHs) to facilitate cross-border e-commerce activities. These hubs will serve as a centre for favourable business infrastructure and facilities, making it easier for exporters to engage in cross-border e-commerce activities.
- The FTP aims to increase awareness about e-commerce exports and conduct outreach activities to educate potential exporters about the benefits of engaging in cross-border e-commerce. The government will also take measures for skill development and capacity building in partnership with other government authorities and knowledge partners.
- The FTP aims to operationalize 'Dak Niryat Kendras,' which are export facilitation centres. These centres will facilitate cross-border e-commerce and enable artisans, weavers, craftsmen, and MSMEs in the hinterland and land-locked regions to reach international markets. By doing so, the FTP seeks to empower small and medium-sized enterprises and promote their participation in cross-border e-commerce.

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GD Topic

Developing Districts as Export Hubs:

- FTP is aimed at promoting the development of export hubs at the district level in India. The goal is to identify products and services with export potential in each district and promote them to a wider audience.
- To achieve this, the FTP proposes to create District Export Promotion Committees (DEPCs) and develop District Export Action Plans for each district, which can be monitored online. These plans will provide a roadmap for the development of export-oriented infrastructure,

services, and skills in each district.

- The FTP aims to identify two to three high-potential products or services in each district and conduct outreach activities such as buyer-seller meets, trade fairs, and workshops to onboard a greater number of exporters. These activities will help connect local producers with buyers and traders from other regions and countries and will help them gain a foothold in global markets.
- By developing export hubs at the district level, the FTP aims to promote decentralisation and inclusive growth, enabling small and medium-sized enterprises to participate in the global trade ecosystem.

Towns of Export Excellence:

- The FTP has declared four new 'Towns of Export Excellence' (TEE), which are areas with a concentration of units that specialize in a particular product or service. These towns have been identified to help Indian companies move up the value chain and tap into new markets, by leveraging the existing strengths of these areas.
- The four new TEEs are in addition to the already existing 39 towns of export excellence. The four new TEEs are Faridabad (Apparel), Moradabad (Handicrafts), Mirzapur (Handmade Carpet and Dari), and Varanasi (Handloom and Handicraft). These towns are known for their high-quality products and have established themselves as major export hubs in the country.
- The recognized associations of units in TEEs are provided financial assistance under the Market Access Initiative Scheme on a priority basis, for export promotion projects for marketing, capacity building, and technological services. This support aims to improve the competitiveness of the units in these towns and enable them to access global markets more effectively.
- Common Service Providers (CSPs) in these areas shall be entitled to authorization under the Export Promotion Capital Goods (EPCG) scheme. A common service provider (CSP) is an organization that offers services to a group of people or businesses in a specific area or industry. This scheme allows CSPs to import capital goods for their own use at concessional rates of customs duty, subject to the fulfilment of certain export obligations. These added benefits will further promote local handicrafts and industries and consequently support the livelihoods of artisans.

Conclusion:

India's new Foreign Trade Policy marks a significant milestone for the country's economic growth and development. The policy is expected to strengthen India's trade relations with other countries and help Indian businesses expand their reach in the global market. The emphasis on promoting domestic manufacturing and services sectors through export incentives is expected to encourage self-reliance and reduce India's dependence on imports. However, the success of this policy will depend on its effective implementation, and it remains to be seen how it will impact India's foreign trade in the long run. Overall, the new Foreign Trade Policy is a step towards achieving India's vision of becoming a leading player in the global trade arena.

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Your Turn...

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References:

- [Inclusive India: The Foreign Trade Policy 2023](#)
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