

How the new trade policy will give exports a boost

Though the \$2 trillion export target is stiff, the policy's initiatives on e-commerce and MSMEs should help deliver the goods

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How does the foreign trade policy hope to achieve the targeted export of \$2 trillion by 2030? Is this achievable?

The \$2 trillion target for exports set for 2030 by Foreign Trade Policy (FTP) 2023 comprises \$1 trillion each in goods and services exports.

Set against the FY23 projection of a combined goods and services exports of about \$770 billion, the \$2 trillion seems stiff but not impossible to meet.

Since fiscal incentives are out of the reckoning because of WTO restrictions, FTP 2023 focuses on the continuation of duty remission schemes that are WTO compliant. That the FTP does not come with an end date is of great comfort to the industry. No uncertainty regarding the continuation of input duty remissions schemes, such as the RoDTEP and RoSCTL, and timely payments by the government, will help exporters do their business with more confidence.

The FTP has also tried to make life easier for exporters and traders,

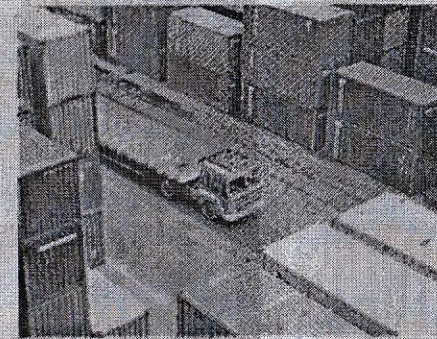
specifically MSMEs, in a number of ways. Measures have been announced to improve the ease of doing business through a reduction in transaction costs and e-initiatives. Initiatives such as districts as export hubs and the promotion of e-commerce exports, have the potential of translating into more exports.

If the government stays vigilant and updates the FTP, responding to the needs of exporters, it could play an important role in helping meet the \$2 trillion export target.

What does the policy say about e-commerce exports?

The policy is upbeat about e-commerce exports with the government assuming a potential annual export of \$200-300 billion by 2030 from about \$5-10 billion at present. All FTP benefits are to be extended to e-commerce exports.

In a major concession, the value limit for exports through courier service has been doubled to ₹10 lakh per consignment. The FTP also announced the creation of designated zones with warehousing facilities to help e-commerce aggregators with easy stocking, customs clearance, and returns processing.



ROLLING ALONG India's exports

What does the FTP offer to MSMEs?

FTP 2023 has some provisions that will specifically help MSMEs. It has reduced the threshold of minimum exports required for the recognition of exporters as status holders. Now, many smaller exporters can achieve higher status and avail of benefits that will reduce transaction costs.

User charges have also been reduced for MSMEs under the popular Advance Authorisation and EPCG schemes and all charges have been brought within ₹5,000.

How will the provisions on

merchandising trade help exporters?

FTP 2023 allows Indian intermediaries to carry out merchandising trade involving the shipment of goods from one foreign country to another without touching Indian ports. This will make possible merchandising trade of restricted and prohibited items. Exporters are optimistic that the policy will help them retain their export markets even when domestic restrictions apply on exports of certain items as they could then source them from another country and ship them to their buyers.

What are the other takeaways from the policy?

Measures such as a special one-time Amnesty Scheme for default in export obligations and streamlining of Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET) licensing procedure are important features of FTP 2023.

So are adding PM Mega Integrated Textile Region and Apparel Park scheme to the list eligible to claim benefits of CSP and EPCG schemes, focussing on promoting districts as export hubs, introducing steps to get more online approvals, and paperless filings to reduce physical interface.