

# New Foreign Trade Policy to turn spotlight on IT-enablement, e-comm, R&D, export hubs

Whether the policy will be for a full five years or mid-term will be a 'political call'

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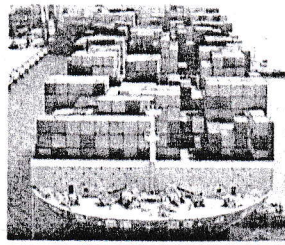
The new Foreign Trade Policy (FTP), which will come with a vision statement that will set the road-map for future export growth, is set to be announced by the month-end, but a decision on its duration—whether full-term, mid-term or even shorter—is yet to be taken, sources tracking the matter have said.

"This time the FTP will be about trade facilitation, reducing costs, IT-enablement, promotion of e-commerce and pushing district export hubs. For the first time, it will also have a vision statement. But a decision has yet to be taken on its duration and the final call will be political," the source told *BusinessLine*.

The duration of a foreign trade policy is usually for five years. The existing policy, which was implemented in 2015, was extended beyond 2020 as the economy grappled with Covid-19 disruptions. The last extension was till September 30, 2022. The new FTP is to be implemented from October 1.

"The two major possibilities are that either the FTP gets announced for a full five-year period till 2027 or a mid-term FTP is announced till March 31, 2024. The main issue is the general elections scheduled for 2024," the source said.

With a slowdown in export growth registered in the last few months, the government has to be careful about fixing an export target as well. India's exports touched an all-time high



Govt must be careful about fixing an export target: Experts

of \$422 billion in 2021-22, posting a growth of 44 per cent over the previous year. In 2022-23, the Ministry has a target of crossing \$450 billion in goods exports, although internally efforts are being made to touch \$470 billion, Commerce Secretary BVR Subrahmanyam recently said.

## New section likely

No big-bang fiscal incentives can be expected in the new FTP, as export sops are not compat-

ible with WTO rules. Incentives related to R&D are plausible, the source said.

"A new section on R&D service exports is likely in the FTP," he added.

A chapter on e-commerce, with focus on helping the MSME sector take advantage of online platforms, is also expected.

The FTP would also work on mapping GI products and promote the use of e-commerce to market them effectively within the country. GI products are items that have a specific geographical origin and possess qualities or a reputation that are due to that origin.

Easier credit for MSMEs by facilitating alternative credit avenues is another area that the FTP could address, the source said.

Digitisation of trade processes country-wide to save on time and cost will also be a focus area for the trade policy.