

# New FTP may focus on non-fiscal measures to boost exports

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The new foreign trade policy (FTP) is likely to spell out guidelines to make Indian exports competitive through non-fiscal measures, marking a significant change from the existing policy that focused on incentive-driven schemes.

Ahead of the unveiling of the new FTP — a comprehensive policy strategy to promote export of goods and services — exporters said it should be ‘flexible’ enough to deal with various uncertainties and geopolitical challenges that the world has been witnessing over more than two years.

The policy could throw light on how India, in a post-Covid-19 world, may want to be integrated into the global value chain, for which realignment has started, and factors that have affected the integration. Schemes such as the ‘Districts as Export Hubs’ can be provided a push through the FTP, along with reference to issues such as reducing the logistics cost of exports, people aware of the matter said.

A separate chapter on e-commerce is being considered, as e-commerce trade has been growing leaps and bounds, they said.

“The FTP should draw a road map to take Indian exports to \$1 trillion and be flexible enough to meet any eventualities, related to a setback if any,” Ajay Sahai, director-general (DG) and chief executive officer of Federation of Indian Export Organisations, said.

The document is expected to be unveiled this month by the department of commerce as the current policy is valid

## WHAT'S EXPECTED IN NEW POLICY

- Exporters want FTP to be flexible enough to deal with uncertainties, geopolitical challenges
- They expect a stronger dispute resolution mechanism amid uncertainties in global trade
- ‘Districts as export hubs’ scheme can be provided a push
- There could be a separate chapter on e-commerce trade
- Current policy is valid till September 30; new policy expected by month-end

till September 30. The announcement of FTP will also coincide with the implementation of the restructuring of the department of commerce, as the government plans to set up a dedicated trade promotion body.

The new policy comes at a time when the world has been witnessing a series of disruptions, starting with the outbreak of Covid-19 in 2020 to the ongoing conflict between Russia and Ukraine, resulting in contraction in global trade, and inflation affecting purchasing power across major economies. India has already started getting affected, with outbound shipments in August witness-

ing a 1 per cent YoY contraction at \$33 billion. An Engineering and Export Promotion Council of India official said the dispute resolution process should be strengthened via the new FTP, disputes often arise in a fast changing geopolitical environment.

## Incentives

Currently, exporters get support from schemes such as interest equalisation scheme, export promotion capital goods, transport subsidy, advance authorisation, Rebate of State and Central Taxes and Levies, and Remission of Duties and Taxes on Export Products.

Various export-incentive schemes such as merchandise exports from India scheme (MEIS) were phased out in the past after India faced challenges at the World Trade Organization regarding the same, and the Centre realising such incentive schemes have not been able to boost exports to a desired level.

Some exporters are hoping to see some sector-specific export incentives.

“GJEPC has proposed a series of recommendations for the upcoming FTP which include the re-introduction of diamond Imprest licence, introduction of repair policy, change in the limits for Export Promotion Tour and Exhibition, etc. I am sure these changes will further provide the required boost to achieve our export target of \$75 billion by 2025,” Vipul Shah, chairman, Gem and Jewellery Export Promotion Council, said.

The Services Exports Promotion Council is also hoping for a revamped incentive scheme to boost services export. SEPC has urged the government to allocate around ₹3,000 crore annually for the new scheme.

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