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SHRI RAM CONSULTING AND RESEARCH CENTRE
SHRI RAM COLLEGE OF COMMERCE

RESEARCH REPORT

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FOREIGN TRADE POLICY 2023

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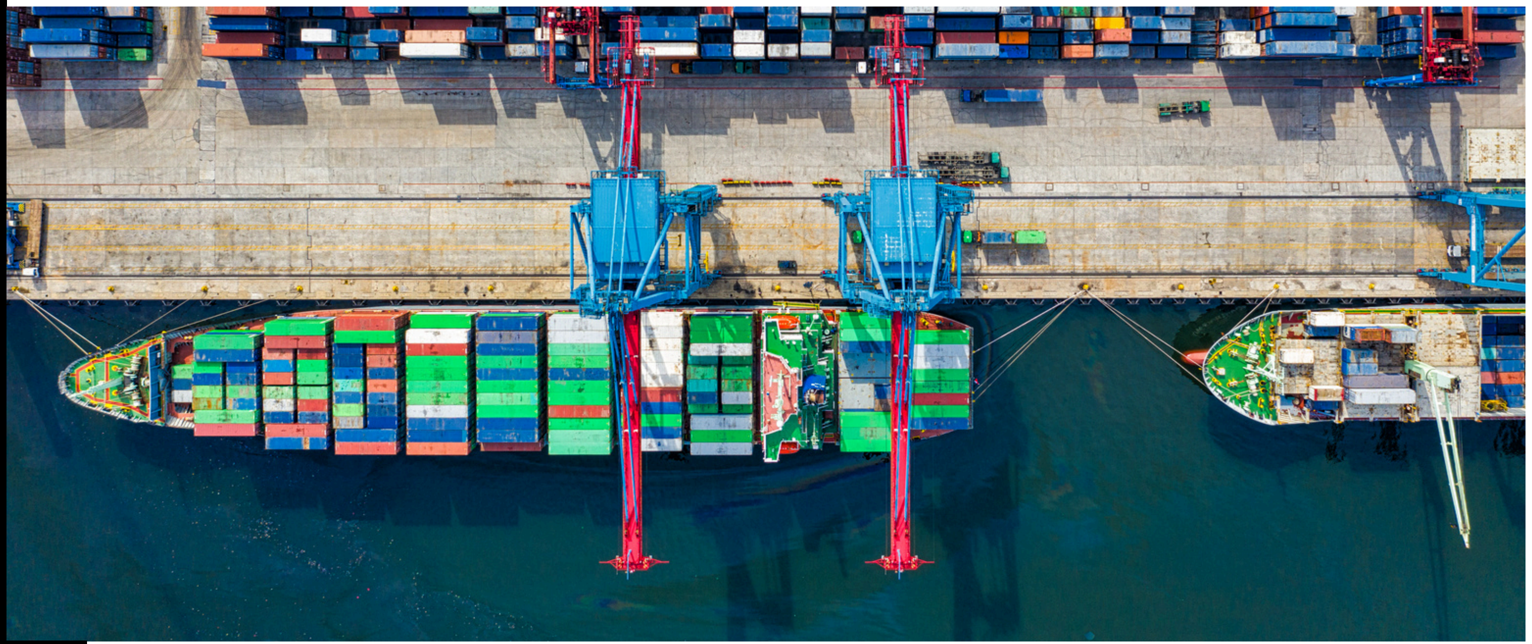
EXECUTIVE SUMMARY

On 1st April 2023, the new Foreign Trade Policy went into effect to achieve the 2 trillion dollar export objective by 2030, with 200-300 million dollars coming from e-commerce exports and 1 trillion dollars coming through goods trade. The foundation of FTP 2023 is the continuance of tried-and-true export facilitation plans as well as a track record of adaptability and openness to market needs. The initiative aims to streamline exporters' business operations through process automation and reengineering. It is based on the principles of cooperation and trust with exporters.

The policy's Key Approach is built around four pillars: Emerging Areas, Export Promotion via Collaboration, Ease of Doing Business and Reduction in Transaction Cost. The FTP places a lot of focus on facilitating trade through technology and digitization and works to encourage e-commerce since they think it can generate between $200 and $300 billion in revenue on its own.
The policy proposes to create E-Commerce Export Hubs (ECEHs), which would act as a centre for favourable business infrastructure and facilities for cross-border e-commerce activities.

Despite the COVID outbreak and the unpredictability of global conditions, India's exports rose from $435 billion to $760 billion. However, compared to global exports, Indian exports continue to be modest. Reduced transaction time and cost, promotion of exports, and support for exporters are the three main objectives of the new approach.
Overall, Government programmes for more significant exports coupled with beneficial interventions for small-scale vendors and enterprises are driving the FTP's objective to make India a trustworthy and trusted trading partner to boost the nation's role in the global supply chain for exports. The FTP aims to include and strengthen local sellers to include every seller in India's export narrative.

With the approaching foreign trade policy of India, our exports are anticipated to reach new heights.



INTRODUCTION

Overview of FTP

India has implemented the Foreign Trade Policy (FTP) 2023 to strengthen its position in the international market by encouraging exports.

This programme is based on four basic tenets: providing incentives, encouraging teamwork for export promotion, streamlining corporate procedures, and emphasising developing industries.

Under FTP 2023, several fresh initiatives have been introduced, such as a one-time Amnesty Scheme for exporters to address previous pending authorizations and restart.

The policy also encourages the recognition of exporters through the Status Holder Scheme and the identification of new municipalities through the Municipalities of Export Excellence Scheme.

The strategy also takes into account the well-known Export Promotion Capital Goods scheme and Advance Authorization schemes, which permit merchanting trade from India.

FTP 2023's main objective is to automate and streamline processes.

BACKGROUND

The Foreign Trade Policy (FTP) 2023 is a policy document that combines established schemes for facilitating exports with a flexible and responsive approach to meet trade requirements. It emphasises principles of trust and partnership with exporters. The Indian government has implemented the Foreign Trade Policy (FTP) 2023 to enhance exports, create job opportunities, strengthen India's integration into global value chains, establish it as an export hub, promote e-commerce exports, and streamline the export control regime. This policy aims to address long-standing obstacles that have hindered India's exports, such as a lack of trust between exporters and the government, complex export procedures, high transaction costs, and limited access to technology and markets. The FTP 2023 seeks to tackle these challenges by fostering trust between exporters and the government, simplifying export procedures, reducing transaction costs, and improving access to technology and markets. Its broad scope encompasses all aspects of India's foreign trade, including imports and trade policy, while also recognizing and addressing cross-cutting concerns such as trade facilitation, e-commerce, and sustainable development. Unlike the previous FTP, which changed during its implementation period, the FTP 2023 will be revised as needed without the announcement of a new policy. Continuous feedback from the trade and industry sector will be incorporated to streamline processes and update the FTP periodically.

SIGNIFICANCE

India's Foreign Trade Policy (FTP) 2023 is a comprehensive policy statement established to encourage exports and make it easier for exporters to conduct business. Incentives to Remission, Export Promotion via Collaboration, Ease of Doing Business, and Emerging Areas are the four main pillars on which the strategy is built. While adjusting to changing demands, it seeks to develop collaboration and trust with exporters. Automated IT systems for different clearances, focuses on export promotion and development and makes it simpler for MSMEs and others to receive export advantages. Along with the 39 already recognised towns, four more have been given the title of Towns of Export Excellence (TEE), which will increase the export of handlooms, handicrafts, and carpets. Having'status an exporter business based on export success will now aid in developing a competent labour force with the capacity to support a $5 trillion economy. Exporters who have been unable to perform their requirements under EPCG and Advance Authorizations may be regularised upon payment of all customs taxes waived in proportion to unmet export commitments under a unique one-time amnesty programme that the government has implemented. To help exporters with their problems, this will contribute to a decrease in litigation and the development of trust-based partnerships. It would now be permitted to trade in restricted and forbidden goods by the export policy. It will support the transformation of financial centres like GIFT city, etc., into significant commercial hubs. Now that the Advance Authorization Scheme (AAS) has been expanded to include the export of apparel and clothing, local manufacturing and investment in the textile industry will both be boosted. Further rationalisation is being made to the EPCG Scheme, which permits the import of capital items with no customs charge for export manufacturing. To claim benefits under the Common Service Provider plan, other schemes, including the PM MITRA programme, have been created. SCOMET Policy Simplification - A strong export control regime in India will enable exports of SCOMET-controlled products and technology from India while giving Indian exporters access to dual-use High-end goods and technologies. The new strategy will support domestic production and promote capital goods investment. It is an active policy designed to increase India's exports and foster an atmosphere that would support the expansion of the export industry.

It places an emphasis on teamwork, technological interface, and convenience of doing business while improving MSMEs' and other firms' access to export benefits. The policy lays out a plan for India's exports to soar to new heights and propel the nation to the top of the world export league.

OBJECTIVES

The new foreign trade policy 2023 aims to create a conducive environment for businesses to thrive in international trade, while also promoting economic growth and development. Here are the major points, including some additional ones:

1. Export Promotion:

Export refers to selling goods and services from one country to another country. Between December 2020 and December 2021, exports of India increased by $12.2B (44.8%), while imports increased by $17.7B (41.6%). In December 2021, the top exports of India were Petroleum Products, pearls, Precs, Semi Precious Stones, Drug Formulations, Biologicals, Iron And Steel, and Aluminium, Products Of Aluminium. In FY 2020-21, India's imports and exports stood at US $394.43 billion and US $291.80 billion, respectively. We can see that value of imports is more than the total value of exports, hence Foreign Trade Policy of FY23 focused more on export promotion. India's new Foreign Trade Policy (FTP) announced by Minister of Commerce, Shri Piyush Goyal, which came into effect from 1 April 2023, seeks to integrate India further into global value chains and to make India an export hub. The policy aims to boost exports by providing incentives, simplifying procedures, and enhancing the competitiveness of domestic industries. This includes identifying key sectors with high export potential, promoting value-added exports, and facilitating market access through trade agreements.

2. Import Substitution:

In the 1950s most developing countries were primary commodity exporters, relying on crops and minerals for the bulk of their foreign-exchange earnings through exports, and importing a large number of manufactured goods. The experience of colonialism, and the distrust of the international economy that it engendered, led policymakers in most developing countries to adopt a policy of import substitution. The government has started emphasizing more on self reliance, since Fourth Five Year Plan. In light of the COVID-19 pandemic and the "volatile geo-political scenario till 31.03.2023", the previous Foreign Trade Policy (2015-20) was extended. The new FTP is a shift from an incentive-based approach and creates an enabling ecosystem for exporters, which is a move in line with India's vision of becoming "Atmanirbhar" (self reliant).The policy focuses on reducing the dependence on imports by promoting domestic production and self-reliance. This involves identifying critical sectors, encouraging local manufacturing, and providing support to small and medium enterprises (SMEs) to enhance their capabilities.

3. E-commerce International Trade Promotion:

The Government and economy in general has noticed a vast change due to the adoption of online payment systems and UPI. It has shown a significant change in the growth of demand, expenditure, production of goods and GDP of the country. In the same manner, this time the government is trying to incorporate the online payment systems in global trade. The policy recognizes the growing importance of e-commerce in global trade and aims to facilitate cross-border e-commerce transactions. This includes creating a favorable regulatory environment, promoting digital infrastructure, and providing support to businesses for leveraging e-commerce platforms. While the FTP generally reflects India's ambition to become an export hub and increase its share in global value chains, the FTP's emphasis on e-commerce and 'Local goes Global' also highlights the inclusive approach of the current policy. The policy proposes to create E-Commerce Export Hubs (ECEHs), which would act as a centre for favourable business infrastructure and facilities for cross-border e-commerce activities. These hubs would provide the necessary infrastructure for exports, and also connect to and leverage the services of the nearest logistics hubs.

4. Diversification of Export Markets:

Foreign Trade policy 2023 aims to reduce the reliance on traditional export markets, strengthen the trade relations with the existing trade partners and explore new and emerging markets. This policy aims to conduct an extensive market research, organising trade fairs and exhibitions to enhance the awareness among the traders and exporters. Further, it will provide support to businesses for easy market entry.

5. Skill Development and Capacity Building:

As we all know that human beings are the ultimate asset for a company, if the team is not good, the company will collapse. Similarly, in order to grow a country, the policy emphasizes the need for skill development and capacity building to enhance the competitiveness of the workforce. This includes providing training programs, promoting entrepreneurship, and fostering innovation in the industry.

6. Trade Facilitation and Ease of Doing Business:

The Foreign Trade Policy that came into existence on April 1, 2023 is a landmark achievement, given its comprehensive coverage of the issues around cutting red tapism and promoting efficiency and transparency, as well as the adoption of e-systems to enable electronic processing of trade procedures; implementation of risk-based inspections; elimination of redundant procedures to increase the efficiency of customs administration; and improvements in customs/border infrastructure. The policy aims to simplify trade procedures and reduce transaction costs for businesses. This involves streamlining documentation, adopting digital solutions, and improving coordination among various government agencies. Broadly, the FTP lays great emphasis on trade facilitation through technology and digitisation, seeks to promote e-commerce, and aims to facilitate exports through various schemes and measures.

7. Sustainable and Inclusive Growth:

The new policies ensure that smaller vendors, businesses, and local artisans can access international markets, thus making them a part of India's export story. It highlight the efforts of the government to reach out to smaller vendors, businesses, and local artisans. As India targets an annual export of a trillion dollars of goods and services by 2030, exports from smaller vendors and remote districts will also contribute towards this growth. Promoting exports from smaller businesses and artisans will not only have positive cascading effects on the economy but also on the livelihoods of people.The policy focuses on promoting sustainable and inclusive growth by ensuring that the benefits of trade are shared by all sections of society. This includes promoting the participation of women, youth, and marginalized communities in international trade.

8. Adaptability and Resilience:

We have seen India withstanding and growing even in the uncertainties like corona pandemic, Russia-Ukraine war, and sudden rise in oil prices. It shows the adaptability and resilience power of our economy. Similarly, this policy aims to build a resilient and adaptable trade ecosystem that can respond to changing global dynamics. This involves monitoring global trends, conducting regular policy reviews, and adopting a proactive approach to address emerging challenges.

In **conclusion**, the FTP's goal to make India a reliable and trusted trading partner, with the vision of increasing the country's share in the global supply chain in exports, is propelled by government schemes for larger exports along with positive interventions for small-scale vendors and businesses. By including and empowering local vendors, the FTP seeks to make every seller a part of India's export story.

DIFFERENCE BETWEEN FTP 2015 AND 2023

The FTP 2015-20 introduced two new schemes, namely 'Merchandise Exports from India Scheme (MEIS)' for export of specified goods to specified markets and 'Services Exports from India Scheme (SEIS)' for increasing exports of notified services. The aim of the Foreign Trade Policy (FTP) 2015-20 was to provide a framework for increasing exports of goods and services, generating employment, and increasing value addition in the country, in keeping with the "Make in India" vision of Prime Minister

MEIS- A scheme designed to provide rewards to exporters to offset infrastructural inefficiencies and associated costs. The Duty Credit Scrips and goods imported/ domestically procured against them shall be freely transferable.

SEIS- Under the framework of the SEIS Scheme, service exporters for eligible service categories, are granted benefits in the nature of transferable Duty Credit Scrips as a percentage of Net Foreign Exchange earned on export of the eligible services in a financial year. The Duty Credit Scrips can be used Payment of Basic Customs Duty and certain other duties

The EPCG Scheme, which allows import of capital goods at zero customs duty for export production, is being further rationalized. The FTP 2023 is designed to facilitate greater trade, boost manufacturing, promote exports, further

enable ease of doing business, and work towards making the Indian Rupee a global currency, adding further impetus to India's emergence as the global trading hub, promoting the use of technology.

The new Foreign Trade Policy (FTP) 2023 proposes to shift from an incentives-based regime to a remission and entitlement-based one to achieve its goal. The FTP 2023 will focus on export promotion through collaboration with exporters, states, districts, and Indian Missions, and will prioritise enhancing the ease of doing business and target emerging sectors, such as e-commerce and export hubs.

Incentives-based regime:

- This regime provides incentives to exporters to encourage them to export more.
- The incentives can be in the form of tax exemptions, subsidies, or other benefits.
- The incentives are given to exporters based on their performance, such as the volume of exports or the value of exports.

Remission and entitlement-based regime:

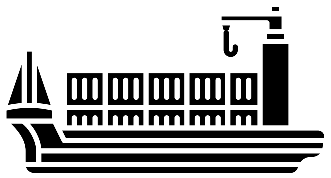
- This regime provides remission or refund of taxes and duties paid on inputs used in the export product.
- The entitlement is given to exporters based on the export product and the country of destination.
- The entitlement can be in the form of duty credit scrips or duty drawback.

The new policy will not have a five-year target date, instead, it will be long-term and dynamic, and the government will make amendments as necessary. The Foreign Trade Policy 2023 aims to increase India's exports to USD 2 trillion dollars by 2030.
While 2015 aimed to Increase India's exports of merchandise and services from USD 465.9 billion in 2013-14 to approximately USD 900 billion by 2020.
This target was extended along with the policy for three years till March 2023. India is, however, likely to end 2022-23 with total exports of USD 760-770 billion as against USD 676 billion in 2021-22

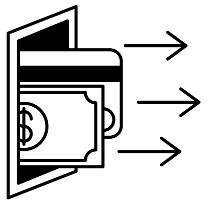
MAJOR POINTS ABOUT FTP 2023

The Key Approach to the policy is based on these 4 pillars:

Incentive to Remission



Export promotion through collaboration - Exporters, States, Districts, Indian Missions



Ease of doing business, reduction in transaction cost and e-initiatives

Emerging Areas - E-Commerce Developing Districts as Export Hubs and streamlining SCOMET policy.

1) Ease of Doing Business and Automation

- It aims at process re-engineering and automation to facilitate ease of doing business for exporters .
- The policy encourages the use of automated IT systems with risk management systems for various approvals and codifies implementation mechanisms in a paperless, online environment

Main Points :-

1. **Simplification of procedures**: Streamlining and simplifying trade-related processes to reduce the time and cost involved in conducting business.
2. **Digitalization**: Promoting the use of digital platforms and electronic documentation to minimize paperwork and improve efficiency in trade-related processes.
3. **Single-window system**: Implementing a single-window system for various trade-related approvals and clearances, reducing the need for businesses to interact with multiple government agencies.

2) Towns of Export Excellence Scheme

Four new towns, namely Faridabad, Mirzapur, Moradabad, and Varanasi, have been designated as Towns of Export Excellence (TEE) in addition to the existing 39 towns

Main points:-

1. Objective: The primary objective of the TEE initiative is to identify and support export-oriented industrial clusters, which have the potential to become global leaders in their respective sectors.

2. Selection Criteria: The selection of TEEs is based on their export performance, growth potential, and the presence of a strong industrial ecosystem. The government identifies towns with a minimum annual export turnover of INR 750 crores (approx. $100 million) for the manufacturing sector and INR 250 crores (approx. $33 million) for the services sectors

3. Infrastructure Development: The TEE initiative focuses on developing world-class infrastructure facilities, such as integrated logistics parks, export processing zones, and specialized industrial parks.

4. Financial Assistance: The government provides financial assistance to TEEs for the development of common infrastructure facilities, such as testing labs, design centres, and training institutes.

3)Status Holder Scheme

The policy introduces the "Status Holder Scheme" to recognize and incentivize exporters

1. **Objective:** The primary objective of the Status Holder Scheme is to acknowledge the contributions of high-performing exporters and provide them with additional benefits and incentives. This recognition helps in promoting a competitive business environment and encourages other exporters to strive for excellence.
2. **Eligibility Criteria:** Exporters are categorised into different status levels based on their export performance over the past three financial years. The categories include One Star Export House, Two Star Export House, Three Star Export House, Four Star Export House, and Five Star Export House. The criteria for each category are determined by the total FOB (Free on Board) value of exports.
3. **Benefits and Incentives:** Status holders enjoy various benefits and incentives, such as a Preferential treatment in the allocation of export incentives and schemes.
   - Faster customs clearance and reduced inspection requirements for their consignments.
   - Priority access to government-sponsored export promotion events, trade fairs, and buyer-seller meets.
   - Enhanced limits for duty-free imports of capital goods, raw materials, and consumables under various schemes.

4)Districts as Export Hubs

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- Priority access to government-sponsored export promotion events, trade fairs, and buyer-seller meets.
- Enhanced limits for duty-free imports of capital goods, raw materials, and consumables under various schemes.
- Access to special credit facilities

5)SCOMET Policy and Export Control

The FTP 2023 places a wider outreach and understanding of Special Chemicals, Organisms, Materials, Equipment, and Technologies (SCOMET) among stakeholders to ensure compliance with international regulations

1. **SCHOMET Policy:** The SCHOMET policy aims to boost India's merchandise exports by providing incentives and support to exporters. The policy focuses on promoting high-value, high-quality, and sustainable exports to enhance India's global competitiveness.

2. **Export Incentives:** Under the SCHOMET policy, various incentives are provided to exporters, such as duty drawback, interest equalization, and tax benefits. These incentives are designed to encourage businesses to explore new markets and expand their export operations.

6)Amnesty Scheme

- The policy introduces a one-time Amnesty Scheme for exporters to close old pending authorizations and start afresh.

- This scheme is intended to provide relief to exporters who have been unable to meet their obligations under EPCG and Advance Authorizations.

Main Points-

1. **One-time opportunity:** The scheme offers a one-time window for businesses to rectify their past non-compliances and settle any outstanding dues related to foreign trade regulations.
2. **Reduced penalties:** Businesses that voluntarily disclose their past non-compliances and take corrective measures under the Amnesty Scheme will benefit from reduced penalties or, in some cases, complete waiver of penalties.

Time-bound resolution: The scheme provides a time-bound framework for businesses to disclose their non-compliances, submit the required documentation, and resolve their pending issues.

7)Duty and Exemption Schemes

1. **Duty Exemption Schemes:** These schemes allow businesses to import inputs, raw materials, and capital goods without paying customs duties, provided they are used in the production of export goods. The two primary duty exemption schemes are the Advance Authorization Scheme and the Duty-Free Import Authorization Scheme. a. Advance Authorization Scheme: Under this scheme, businesses can import inputs without paying customs duties, provided they fulfill certain export obligations within a specified time frame. b. Duty-Free Import Authorization Scheme: This scheme allows businesses to import capital goods and other specified inputs without paying customs duties, subject to certain conditions and export obligations
2. **Duty Remission Schemes:** These schemes enable businesses to claim a refund or rebate of duties and taxes paid on inputs used in the production of export goods. The two main duty remission schemes are the Duty Drawback Scheme and the Rebate of State and Central Taxes and Levies (RoSCTL) Scheme. a. Duty Drawback Scheme: Under this scheme, businesses can claim a refund of customs duties, central excise duties, and service tax paid on inputs used in the production of export goods. b. Rebate of State and Central Taxes and Levies (RoSCTL) Scheme: This scheme provides a rebate of various state and central taxes and levies, such as VAT, CST, and GST, paid on inputs used in the production of export goods.

8)Export Promotion Capital Goods (EPCG) Scheme

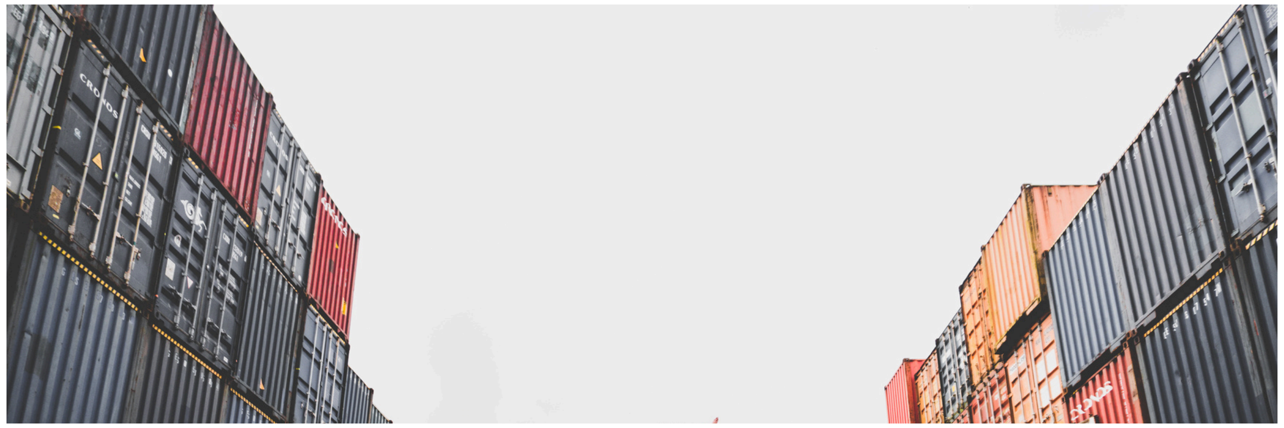
* The EPCG Scheme under FTP 2023 allows import of capital goods at zero customs duty .
* The scheme's implementation will be facilitated through physical exports and export proceeds realized in freely convertible currency or Indian Rupees .
* The policy extends all FTP benefits to e-commerce exports and establishes e-commerce export hubs to facilitate significant growth in digital cross-border trade

1. **Duty-free import of capital goods:** The EPCG Scheme allows businesses to import capital goods, such as machinery, equipment, and technology,

at zero customs duty, provided they are used for the production of export goods or services.

2. **Export obligation:** Businesses availing of the EPCG Scheme must fulfill a specific export obligation within a stipulated time frame. The export obligation is calculated as a multiple of the duty saved on the imported capital goods, ensuring that the benefits of the scheme are linked to the export performance of the business.

3. **Reduced export obligation for specific sectors:** The FTP 2023 may provide a reduced export obligation for certain sectors, such as micro, small, and medium enterprises (MSMEs), and other sectors with high potential for export growth and employment generation.



IMPACT OF KEY MEASURES OF FTP ON INDIAN ECONOMY

Introduction:

The Foreign Trade Policy 2023 is a comprehensive framework aimed at enhancing India's engagement in international trade. It seeks to promote ease of doing business, streamline processes, boost productivity, and leverage digital technology, all with the goal of creating a business-friendly environment and driving economic growth. In the interconnected global economy of today, international trade plays a vital role in economic growth and job creation. Recognizing this, the Foreign Trade Policy 2023 introduces various measures to facilitate trade and enhance the competitiveness of Indian businesses in the global market.

The policy has set an ambitious target of achieving $2 billion in exports by 2030. To achieve this goal, it lays out a strategic roadmap that focuses on key sectors and addresses existing challenges. By removing bottlenecks and tapping into the untapped potential of Indian exports, the policy aims to establish India as a strong player in the global market.

In the following section, we will analyse the key measures outlined in the policy and evaluate their potential impact on Indian exports and the overall economy.

Impact of each measure:

Ease of Doing Business, Reduction in Transaction Cost, and e-Initiatives

1. Increased export efficiency: The reduction in processing time and immediate approval of applications will enhance the efficiency of export processes. Exporters can focus more on their core business activities and respond quickly to market demands. This increased efficiency can lead to higher export volumes and contribute to overall economic growth.

2. Cost savings: By eliminating physical interfaces and reducing transaction time, exporters can save costs associated with paperwork, transportation, and administrative processes. These savings can be reinvested in expanding production capacities, improving product quality, or exploring new markets, thereby enhancing export competitiveness.

3. Cost reduction for MSME exporters: By reducing the user charges for MSMEs, the policy aims to provide financial relief to this segment, which constitutes a significant proportion of exporters in India. This cost reduction will enable MSMEs to allocate resources to other critical areas of their business, such as product development, marketing, or capacity expansion.

4. Enhanced MSME participation in export activities: The reduced user charges make it more affordable for MSMEs to access the benefits of the AA and EPCG schemes. This, in turn, can encourage more MSMEs to participate in export activities, diversify their product offerings, and explore new markets. Increased MSME participation in exports can lead to job creation, economic inclusivity, and overall economic development.

5. Simplified documentation process: The introduction of self-certification and automatic approval of CoOs will simplify the documentation process for exporters. This will reduce paperwork, minimise manual interventions, and streamline the issuance of CoOs, leading to time and cost savings.

6. Enhanced trade facilitation: The initiatives for electronic exchange of CoO data with partner countries will improve trade facilitation. The seamless exchange of CoO information will expedite customs clearance processes, reduce trade barriers, and foster smoother international trade transactions. This can increase export efficiency and competitiveness for Indian businesses.

7. Administrative efficiency: Paperless filing of export obligation discharge applications will simplify administrative procedures for exporters. This will reduce paperwork, eliminate physical document handling, and enable faster processing of applications. The streamlined process can save time and resources for both exporters and government agencies.

8. Enhanced transparency and accountability: By digitizing the entire lifecycle of authorization, including the filing of discharge applications, the policy will ensure improved transparency and will record every trade flow ensuring accountability.

Export Promotion Initiatives:

1. Increased participation in export promotion programs: By lowering the export performance thresholds, more exporters will be able to achieve higher status categories. This will encourage a larger number of exporters to actively participate in export promotion programs and avail associated benefits, such as access to special incentives, priority clearance, and facilitation services. Increased participation can lead to enhanced competitiveness and diversification of India's export base.

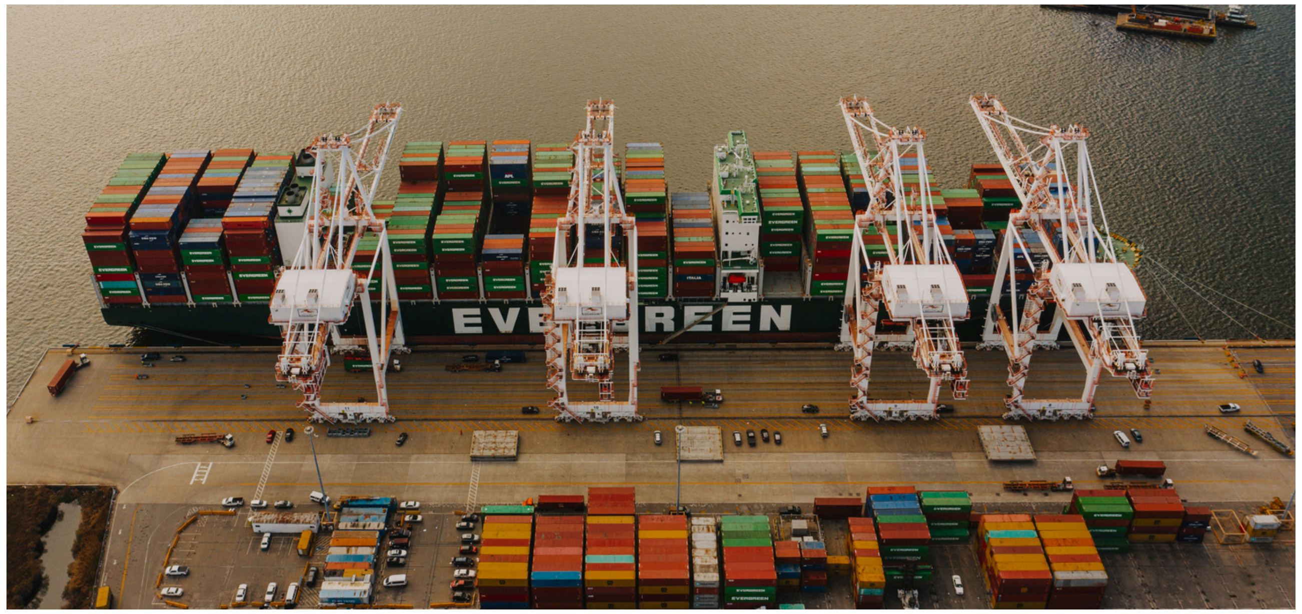
2. Reduced transaction costs: The rationalization of export performance thresholds can help reduce transaction costs for exporters. With more exporters qualifying for higher status categories, they can benefit from streamlined procedures, faster clearances, and preferential treatment, resulting in cost savings. This reduction in transaction costs can improve export competitiveness and contribute to overall export growth.

3. Boost to merchanting activities: Merchanting trade, involving the shipment of goods from one foreign country to another foreign country through an Indian intermediary, will be permitted. This reform opens up new opportunities for Indian intermediaries to engage in international trade, facilitating the movement of goods globally. Increased merchanting activities can contribute to higher trade volumes, value addition, and revenue generation for Indian intermediaries and the overall economy.

8. Enhanced Export Performance: The recognition of towns of export excellence puts these industrial clusters on the global stage and enhances their credibility in international markets. This increased visibility can lead to improved export performance as it attracts attention from potential buyers and trading partners. The recognition also serves as a mark of quality and reliability, giving exporters a competitive edge and boosting their market presence.

9. Financial Assistance for Export Promotion: The TEE scheme provides financial assistance under the Market Access Initiative (MAI) Scheme to recognized associations of units in these towns. This financial support prioritises export promotion projects, including marketing activities, capacity building, and technological services. The availability of financial assistance enables exporters to participate in trade exhibitions and fairs, explore new markets, and expand their export capabilities. This assistance plays a crucial role in increasing export volumes and diversifying export destinations.

10. Common Service Provider Facility: The TEE scheme also grants authorization under the Export Promotion Capital Goods (EPCG) Scheme to Common Service Providers (CSPs) within these clusters. This facility allows exporters to access shared infrastructure and services for the conversion of inputs into final export products. By not requiring individual exporters to own all the infrastructure, the scheme reduces costs and enhances the competitiveness of the cluster as a whole. This arrangement promotes collaboration, specialization, and efficiency in production processes, ultimately benefiting the exporters and contributing to overall economic growth.



Districts as Export Hubs Initiative:

1. Enhanced focus on local products and services: The identification of products and services in all districts allows for a comprehensive understanding of the export potential at the local level. This initiative encourages districts to leverage their unique strengths and capabilities, leading to the development and promotion of region-specific products and services. It can result in the diversification of India's export basket and the exploration of untapped markets.

2. Strengthened institutional mechanisms: The establishment of State Export Promotion Committees and District Export Promotion Committees provides a platform for strategic planning and coordination at the state and district levels. These committees facilitate collaboration among various stakeholders, including government agencies, industry associations, and exporters. The involvement of states and districts as meaningful stakeholders and active participants can ensure effective implementation of export promotion strategies and policies.

3. Creation of new exporters: Training, handholding, and outreach programs conducted by DGFT field offices in coordination with District Industries Centers can help nurture potential exporters and equip them with the necessary knowledge and skills for international trade. This capacity-building effort can encourage more entrepreneurs and businesses to venture into exports, expanding the base of exporters and contributing to increased export volumes.

4. Market diversification: The identification of new markets and the focus on branding, packaging, design, and marketing of identified products and services through export promotion outreach programs in districts can facilitate market diversification. It enables exporters to target specific customer segments, adapt their products to meet international standards, and build brand recognition in new markets. This market diversification can reduce dependency on a limited number of markets, mitigate risks, and increase the resilience of India's export sector.

5. Improved export infrastructure: The focus on developing logistics, testing facilities, and connectivity for exports at the district level can enhance the efficiency and competitiveness of export-oriented businesses. Upgraded infrastructure enables exporters to reduce transportation costs, shorten lead times, and ensure the quality and integrity of their products. This improvement in export infrastructure can attract more investment, facilitate trade flows, and contribute to overall export growth.

6. Convergence of ongoing schemes: The convergence of ongoing schemes to support infrastructure and logistics development initiatives ensures a coordinated and holistic approach. By aligning various schemes and resources, such as those related to infrastructure development, skill development, and financial assistance, the effectiveness and impact of these interventions can be maximised. This convergence fosters synergy among different stakeholders, avoids duplication of efforts, and optimises resource allocation, leading to efficient and sustainable export-oriented ecosystems at the district level.

E-Commerce Exports:

1. Expansion of export opportunities: Extending all Foreign Trade Policy (FTP) benefits to e-commerce exports opens up new avenues for small and medium-sized enterprises (SMEs) and entrepreneurs to engage in international trade. E-commerce platforms provide a convenient and accessible channel for Indian businesses to reach global customers directly, without the need for extensive physical infrastructure or distribution networks. This measure enables a wider range of exporters to leverage the benefits of FTP and participate in cross-border trade.

2. Strengthening IT systems: Undertaking necessary enablement of IT systems in the Department of Commerce, Post, and CBIC (Central Board of Indirect Taxes and Customs) enhances the efficiency and effectiveness of e-commerce export facilitation. These technological advancements enable streamlined processes, faster clearances, and improved tracking and traceability of e-commerce shipments. It also supports the development of robust e-commerce infrastructure and platforms, fostering a conducive ecosystem for e-commerce exports.

3. Guidelines formulation and training activities: The formulation of guidelines in consultation with other ministries helps establish clear and transparent procedures for e-commerce exports. These guidelines ensure compliance with regulatory requirements while facilitating smooth and seamless export transactions. Special outreach and training activities for small e-commerce exporters contribute to capacity building, enhancing their understanding of export processes, documentation, quality standards, and international market requirements. This support enables them to navigate the complexities of cross-border e-commerce and maximize their export potential.

4. Increased value limit for exports through courier: The increase in the value limit for exports through courier to Rs. 10,00,000 per consignment provides flexibility for e-commerce exporters. It allows them to export higher-value products through the courier channel, reducing the need for traditional shipping methods. This measure facilitates faster and more cost-effective export processes, benefiting both exporters and customers.

5. Access to international markets: Dak Ghar Niryat Kendras act as facilitation centres, enabling artisans, weavers, craftsmen, and MSMEs in the hinterland and land-locked regions to access international markets. By leveraging the extensive postal network and cross-border logistics capabilities, these centres bridge the geographical divide and provide a platform for small businesses to participate in e-commerce exports. It opens up opportunities for these enterprises to showcase their unique products and craftsmanship to global consumers.

6. Simplified export processes: The hub-and-spoke model adopted by Dak Ghar Niryat Kendras and FPOs streamlines the export processes for e-commerce shipments. It facilitates efficient customs clearance, documentation, and logistics arrangements, reducing the administrative burden on exporters. This simplification of procedures supports small businesses in focusing on product development, quality improvement,

and customer engagement, rather than navigating complex export formalities.

7. Cluster-Based Economic Development: The TEE scheme focuses on cluster-based economic development, which promotes the growth and competitiveness of specific industries in designated geographic areas. By recognizing industrial clusters based on their export performance, the scheme aims to maximise their potential and enable them to move up the value chain. This approach fosters concentrated growth, facilitates knowledge sharing and collaboration among industry players, and strengthens the overall industrial ecosystem.

8. Enhanced Export Performance: The recognition of towns of export excellence puts these industrial clusters on the global stage and enhances their credibility in international markets. This increased visibility can lead to improved export performance as it attracts attention from potential buyers and trading partners. The recognition also serves as a mark of quality and reliability, giving exporters a competitive edge and boosting their market presence.

9. Financial Assistance for Export Promotion: The TEE scheme provides financial assistance under the Market Access Initiative (MAI) Scheme to recognized associations of units in these towns. This financial support prioritises export promotion projects, including marketing activities, capacity building, and technological services. The availability of financial assistance enables exporters to participate in trade exhibitions and fairs, explore new markets, and expand their export capabilities. This assistance plays a crucial role in increasing export volumes and diversifying export destinations.

10. Common Service Provider Facility: The TEE scheme also grants authorization under the Export Promotion Capital Goods (EPCG) Scheme to Common Service Providers (CSPs) within these clusters. This facility allows exporters to access shared infrastructure and services for the conversion of inputs into final export products. By not requiring individual exporters to own all the infrastructure, the scheme reduces costs and enhances the competitiveness of the cluster as a whole. This arrangement promotes collaboration, specialization, and efficiency in production processes, ultimately benefiting the exporters and contributing to overall economic growth.

Steps to Boost Manufacturing:

1. Expansion of textile and apparel sector: The inclusion of the Prime Minister Mega Integrated Textile Region and Apparel Parks (PMMITRA) scheme under the Common Service Provider (CSP) Scheme of the Export Promotion Capital Goods (EPCG) allows eligible manufacturers in the textile and apparel sector to claim benefits. This measure promotes investment, infrastructure development, and technology upgradation in the textile industry, leading to increased production capacity, employment generation, and export competitiveness. It contributes to the overall growth of the manufacturing sector and strengthens India's position as a global textile and apparel hub.

2. Support for the dairy sector: The exemption of the dairy sector from maintaining the Average Export Obligation provides relief and support to the sector. This exemption allows dairy manufacturers to focus on upgrading their technology, improving productivity, and meeting domestic demand without the additional burden of export obligations. It enables the dairy industry to enhance product quality, explore new markets, and contribute to the country's self-sufficiency in dairy production.

3. Promotion of green technology products: The addition of Battery Electric Vehicles (BEV), Vertical Farming equipment, Wastewater Treatment and Recycling systems, Rainwater harvesting systems and filters, and Green Hydrogen to the list of Green Technology products eligible for reduced Export

Obligation requirements under the EPCG Scheme encourages the adoption of sustainable and eco-friendly manufacturing practices. This measure promotes investment in green technologies, reduces carbon emissions, and supports India's transition towards a low-carbon economy. It also enhances the export competitiveness of manufacturers in these sectors, as global demand for sustainable products continues to rise.

4. Facilitation of prompt execution of export orders: The extension of the Special Advance Authorisation Scheme to the export of the Apparel and Clothing sector simplifies the export process and facilitates prompt execution of export orders. By allowing exporters in this sector to operate on a self-declaration basis under specific norms, it reduces administrative burdens and improves efficiency. This measure enables apparel manufacturers to respond quickly to market demands, fulfil export commitments, and capitalise on emerging opportunities in the global textile and apparel market.

5. Streamlined input-output norms: The extension of the Self-Ratification Scheme for fixation of Input-Output Norms to 2-star and above status holders, in addition to Authorized Economic Operators, simplifies the compliance process for exporters. This scheme allows eligible exporters to self-declare their input-output norms, reducing the time and effort required for obtaining approvals. It enhances operational efficiency, facilitates smoother export processes, and encourages exporters to focus on productivity enhancement and innovation

6. Promoting export performance: The inclusion of fruits and vegetables exporters for double weightage in counting export performance under the eligibility criteria for Status House certification, along with the existing double weightage for the MSME sector, recognizes their contribution to the export sector. This measure acknowledges the importance of agricultural exports and incentivizes exporters in the fruits and vegetables sector to improve their export performance. It stimulates growth in the agriculture sector, generates employment, and contributes to the overall development of rural and peri-urban areas.

Special One-time Amnesty Scheme for Default in Export Obligations:

1. Resolving non-compliance issues: The scheme reflects the government's commitment to reducing litigation and fostering trust-based relationships with exporters. By providing a one-time opportunity to regularize pending cases of default in Export Obligations, the scheme aims to address non-compliance issues and promote compliance among exporters. This helps create a conducive environment for exporters to rectify past discrepancies and move forward with a clean slate.

2. Encouraging voluntary disclosure: The scheme incentivizes authorization holders to come forward and voluntarily disclose their default in Export Obligations. By doing so, exporters can avoid prolonged litigation, penalties, and legal disputes. This encourages exporters to proactively resolve their non-compliance issues, fostering a culture of self-regulation and compliance in the export sector.

3. Financial implications: Under the scheme, authorization holders are required to pay all customs duties that were exempted in proportion to the unfulfilled Export Obligation. The maximum interest payable is capped at 100% of such duties exempted, while no interest is levied on the portion of Additional Customs Duty and Special Additional Customs Duty. This financial aspect ensures that exporters bear the responsibility for their non-compliance while providing them with an opportunity to regularise their obligations without excessive financial burdens.

4. Limited period availability: The scheme is available for a limited period, up to 30.09.2023. This time frame creates a sense of urgency for exporters to take advantage of the scheme and regularise their non-compliance issues within the stipulated time. The limited period availability encourages prompt action and resolution, benefiting both the exporters and the government in terms of efficient utilisation of resources and timely resolution of pending cases.

5. Exclusion of fraud and diversion cases: The scheme explicitly states that cases under investigation for fraud and diversion are not eligible. This exclusion ensures that the scheme is targeted towards genuine cases of non-compliance and encourages exporters to comply with the highest standards of integrity and ethical business practices. By excluding fraudulent cases, the scheme maintains the integrity of the export sector and focuses on addressing unintentional or procedural non-compliance issues.

Emphasis on Streamlining SCOMET Licensing Procedure:

1. Consolidation and clarity: The policy for the export of dual-use items under SCOMET has been consolidated in one place for ease of understanding and compliance by the industry. This consolidation provides clarity to exporters regarding the regulations and requirements for exporting sensitive and dual-use items. Having a consolidated policy helps streamline the licensing procedure and reduces ambiguity, enabling exporters to navigate the process more efficiently.

2. Compliance with international commitments: The SCOMET policy emphasises India's commitment to international export control regimes such as the Wassenaar Arrangement, Australia Group, and Missile Technology Control Regime. By aligning with these regimes, India ensures that its export control measures are in line with global standards and norms. This enhances India's reputation as a responsible exporter and promotes international cooperation in controlling the trade of sensitive items, software, and technology.

3. Streamlined licensing: Recent policy changes have introduced general authorizations for the export of certain SCOMET items. This streamlines the licensing process for these items, making it more efficient and globally competitive. By providing general authorizations, the government simplifies the export procedures for specific SCOMET items, reducing the administrative burden on exporters and promoting ease of doing business.

4. Facilitation of dual-use high-end goods/technology: The focus on simplifying policies to facilitate the export of dual-use high-end goods/technology, such as UAV/drones, cryogenic tanks, and certain chemicals, has a positive impact on the Indian economy. Streamlining the licensing procedures for these items reduces barriers to their export, promoting the growth of industries involved in their production and development. This, in turn, enhances India's technological capabilities, fosters innovation, and contributes to economic growth and competitiveness.

5. Global competitiveness: By streamlining the SCOMET licensing procedure and simplifying policies, India aims to make its export of sensitive and dual-use items globally competitive. This enables Indian exporters to effectively compete in international markets while ensuring compliance with export control regulations. Enhancing global competitiveness in this sector benefits the Indian economy by expanding export opportunities, attracting foreign investment, and driving technological advancements.

Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme:

1. Boost to Export Competitiveness: By refunding the embedded duties and taxes, the RoDTEP scheme reduces the cost of production for exporters. This makes Indian products more competitive in the global market, leading to increased demand for Indian exports. The enhanced competitiveness helps Indian businesses expand their market share and generate higher export revenues.

2. Increased Export Revenue: The scheme incentivizes exporters to increase their export volumes as it provides financial benefits. This, in turn, leads to higher foreign exchange earnings for the country. Increased export revenue contributes to a favourable balance of trade, strengthens the Indian economy, and supports overall economic growth.

3. Job Creation and Industrial Growth: The RoDTEP scheme benefits various sectors, including manufacturing and services, by providing uniform benefits across industries. The growth in export-oriented industries stimulates production, leading to increased employment opportunities. The scheme encourages investment in production capacities, technology upgradation, and innovation, fostering industrial growth and creating a multiplier effect on the economy.

4. Compliance with International Trade Norms: The RoDTEP scheme aligns with India's international commitments under the WTO and export control regimes. By providing a transparent and compliant mechanism for duty and tax refunds, it ensures that India adheres to global trade norms. This promotes a positive image of India as a reliable and responsible trading partner, enhancing its reputation in the international market.

5. Encouragement for MSMEs: The scheme's benefits extend to Micro, Small, and Medium Enterprises (MSMEs), which form a significant part of India's export ecosystem. The RoDTEP scheme helps MSMEs overcome cost disadvantages and enhances their competitiveness in the global market. It enables MSMEs to expand their export operations, create employment, and contribute to economic development at the grassroots level.

6. Attraction for Foreign Direct Investment (FDI): A favourable export environment, supported by schemes like RoDTEP, can attract foreign investors seeking opportunities in India. The scheme showcases the government's commitment to facilitating trade and providing incentives for exporters. Increased FDI inflows bring technology, expertise, and capital, stimulating industrial growth, job creation, and overall economic development.

1. Sectoral and Regional Growth: By addressing the specific challenges and issues faced by different sectors and regions, this measure will enhance the export competitiveness and performance of various industries. It will encourage the development of new export-oriented industries and the expansion of existing ones. This sectoral and regional growth will contribute to economic diversification, job creation, and overall economic development.

2. Increased Export Competitiveness: The collaboration among stakeholders, including exporters, states, districts, and trade associations, will lead to the sharing of market intelligence, best practices, and policy feedback. This will enable exporters to enhance their competitiveness by adopting innovative strategies, improving product quality, and meeting international standards. As a result, Indian products will be more attractive in global markets, leading to increased export volumes and revenues.

3. Ease of Doing Business: The establishment of Export Development Cells as single-window systems will streamline export-related procedures and reduce bureaucratic hurdles. It will simplify processes, provide timely information, and offer guidance to exporters. This will enhance the ease of doing business for exporters, reducing transaction costs and time delays. The improved business environment will attract more entrepreneurs to engage in export activities, fostering a conducive ecosystem for trade.

4. Policy Alignment and Coordination: The measure emphasises the coordination and alignment of policies and strategies at the national, state, and district levels. This collaborative approach will ensure that all stakeholders work towards common export objectives and priorities. It will facilitate the implementation of export promotion schemes, incentives, and initiatives, leading to a more coherent and effective policy framework. The synchronised efforts of stakeholders will result in a more robust and coordinated export ecosystem.

5. Export Awareness and Participation: By involving states, districts, and other stakeholders in the export sector, this measure will increase their awareness and understanding of export-related opportunities and challenges. It will encourage their active participation in export promotion activities, fostering a culture of export-oriented entrepreneurship. The enhanced involvement of states and districts will contribute to balanced regional development and create new avenues for economic growth.

Conclusion

The measures introduced in the Foreign Trade Policy (FTP) 2023 have the potential to significantly impact the Indian economy by boosting exports and enhancing competitiveness. The focus on export diversification, infrastructure development, e-commerce exports, manufacturing, and streamlining licensing procedures will contribute to economic growth, job creation, and improved trade performance. These measures aim to expand the export base, improve logistics and connectivity, promote digital trade, stimulate manufacturing, and enhance ease of doing business. By implementing these measures effectively, India can strengthen its position in the global market, attract investments, and foster sustainable economic development.

EVALUATION OF THE POLICY MEASURES

India's new Foreign Trade Policy announced by the Ministry of Commerce, Shri Piyush Goyal, which came into effect from April 1, 2023 seeks to integrate India further into global value chains and to make India an export hub.

In general, the FTP places a lot of focus on facilitating trade through technology and digitization, works to promote e-commerce, and strives to ease exports through a variety of plans and initiatives. The FTP's emphasis on e-commerce and "Local goes Global" further demonstrates the inclusive nature of the present strategy, even though it usually reflects India's aim to become an export hub and enhance its position in global value chains.

E-commerce exports are boosted by the new section on "Promoting Cross Border Trade in the Digital Economy." It achieves this through a number of strategies, such as extending all FTP benefits to e-commerce exports, raising the value cap for exports made through couriers to INR 1,000,000 per consignment, promoting e-commerce via postal routes, and outreach and handholding programmes.

One of the greatest e-commerce markets in the world is in India, and it is anticipated that it will continue to expand over the next several years.

The proposed strategy calls for the establishment of E-Commerce Export Hubs (ECEHs), which would serve as a focal point for advantageous business infrastructure and resources for cross-border e-commerce operations. These hubs would link to and utilise the services of the nearby logistics hubs while also providing the infrastructure required for exports. The government wants to raise awareness through undertaking outreach efforts, adopting steps for skill development and capacity building in collaboration with other government agencies and knowledge partners, and implementing these programmes.

Most significantly, the FTP also seeks to advance e-commerce via postal channels. In order to ease cross-border e-commerce and help MSMEs in the hinterland and landlocked regions access global markets, it wants to operationalize "Dak Niryat Kendras" to "work in a hub-and-spoke model with Foreign Post Offices (FPOs)".

With the help of this approach, sellers will be able to export from places that are often left out of the logistical networks.

It proposes to do so by creating District Export Promotion Committees (DEPCs) and creating District Export Action Plans for each district, which can be monitored online.

A larger number of exporters can be on boarded by identifying export of goods/services at the district level and carrying out outreach activities, including buyer-seller meetings, trade fairs, and seminars. Competition and innovation may be increased by selecting and prioritising two to three high potential goods and services from the districts.

These district-level initiatives can raise awareness and facilitate entry to larger marketplaces for small sellers. Even if certain Indian regions are already well-known for their exports, the new initiatives will broaden the reach and perhaps bring in exporters who were previously shut out.

The FTP has declared four new 'Towns of Export Excellence' (TEE) with the objective of moving up the value chain and tapping into new markets. These four new TEEs are in addition to the already existing 39 towns of export excellence. Under this scheme, (i) recognised associations of units 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, and to visit various trade exhibitions/fairs for exploring more marketing avenues; (ii) Common Service Providers in these areas shall be entitled for authorisation under the EPCG scheme. These added benefits will further promote local handicrafts and industry and consequently support the livelihoods of artisans.

The aforementioned regulations demonstrate the efforts made by the government to interact with smaller retailers, companies, and regional craftsmen. Exports from smaller businesses and rural areas will also help India reach its 2030 goal of 2 trillion dollars in yearly exports of products and services. Exports from small enterprises and craftsmen will be encouraged, which will benefit the economy and improve peoples' standard of living.

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Overall, the FTP's goal to make India a reliable and trusted trading partner, with the vision of increasing the country's share in the global supply chain in exports, is propelled by government schemes for larger exports along with positive interventions for small-scale vendors and businesses. By including and empowering local vendors, the FTP seeks to make every seller a part of India's export story.

INDIA AND US

History of trade between INDIA and US

India and the United States have a strong trade partnership characterised by growing trade volumes and diverse sectors of engagement. The history of India and the US as export partners dates back to the early 19th century. In 1820, the United States imported $2.3 million worth of goods from India, while exporting only $1.2 million worth of goods to India. This trade imbalance continued for much of the 19th century.

In the early 20th century, the trade relationship between India and the US began to change. The United States began to import more goods from India, while exporting more goods to India. This trend continued throughout the 20th century, and by the end of the century, the United States had become India's largest export market.

Present Trade Relations

The trade relationship between India and the United States is robust. Bilateral trade in 2022 reached $128.55 billion, making the United States India's largest trading partner. The strong relationship is driven by complementary economies, the growing Indian middle class, and increasing investment flows. This trade partnership benefits both countries, fostering economic growth and job creation. Efforts to enhance the relationship include negotiations for a free trade agreement and collaboration on various economic initiatives.

These initiatives aim to reduce trade barriers, improve market access, and deepen economic cooperation, leading to sustained prosperity for both nations.

The India-US trade agreement negotiations face challenges in areas such as market access, intellectual property rights (IPR), investment climate, tariffs, and non-tariff barriers. Market access is a major contention, with India cautious about opening sectors like agriculture, pharmaceuticals, and IT. Concerns over IPR enforcement, particularly in pharmaceuticals and software, persist for the US. The investment climate and foreign direct investment (FDI) policies in India are areas of concern. High tariffs on American goods and non-tariff barriers also complicate negotiations. While challenges exist, efforts are made to address them. The economic ties extend beyond trade, encompassing substantial foreign direct investment flows and collaborative initiatives.

Foreign Trade Policy 2023

The Foreign Trade Policy (FTP) 2023-2027 of India is set to positively impact India-US relations. It includes measures to enhance market access for US goods and services, lower tariffs on US exports, encourage US investment in India, and promote cooperation in various sectors. These steps will likely lead to increased trade and investment, strengthening the economic ties between both nations and fostering closer political and strategic cooperation. The FTP also addresses US concerns by promoting transparency, enforcing intellectual property rights, and reducing export subsidies. This is expected to alleviate tensions and improve cooperation.

The United States-India Foreign Trade Policy (FTP) is a significant document outlining the trade and investment goals for the next five years between the two countries. Its primary objective is to foster economic growth, development, and reinforce the bilateral trade and investment relationship. The FTP aims to increase trade by setting ambitious targets and implementing measures such as tariff reductions and enhanced market access. It also encourages investment through guarantees and tax breaks, promoting job creation, economic growth, and technological advancement.

Furthermore, the FTP facilitates closer cooperation on trade barriers, investment protection, and intellectual property rights, creating a more stable trading environment. It has the potential to have positive economic, political, and security impacts, reinforcing the strategic partnership and fostering regional stability.

UAE - INDIA

History of Trade between UAE and India

India and the UAE have been trading partners for several decades, with their relationship accelerating since the 1950s due to improved access to storage facilities and the oil boom. The trade between the two countries has grown significantly over the years, from around $180 million in the 1970s to $49.88 billion in FY 2018.

In the early years, trade was dominated by traditional items such as dates, pearls, and fishes However, a significant shift in the economic relations between the two nations happened post-1990s. India exported several minerals, gems, jewelry, machinery, equipment, and chemicals to the UAE and is the third-largest crude petroleum supplier to the UAE

Present Trade Relations

The UAE has consistently remained India's third-largest trading partner and the second-largest export destination for Indian products, while for the UAE, India is the second-largest trading partner , accounting for 9% of its total foreign trade and 14% of non-oil exports . The UAE is India's third-biggest trade partner, with bilateral trade reaching $72.8 billion in FY21.

The two countries have set a target to increase bilateral non-oil trade to $100 billion in the next five years.

India is the UAE's largest export destination and trading partner with bilateral trade turnover of US$ 68.4 billion during the calendar year 2021. India-UAE bilateral trade increased from US$ 180 million per year in the 1970s to US$ 72.8 billion in FY21.

The Comprehensive Economic Partnership Agreement (CEPA) between India and the UAE, signed in 2022, is expected to further boost trade relations including greater access for UAE exports entering the Indian market through the reduction or removal of tariffs on more than 80% of products, an open and non-discriminatory environment for cross-border trade with India, and enhanced access for UAE businesses to Indian government procurement opportunities.

Foreign Trade Policy 2023

The FTP 2023 has helped tackle trade problems between India and the UAE by facilitating exports and promoting ease of doing business for exporters. It emphasizes technology interface, collaboration, and compliance with international regulations. The policy also seeks to make the Indian rupee a global currency and allow international trade. The CEPA agreement, which is part of the FTP 2023, prevents Indian products from being subject to UAE's antidumping investigations in cases where the products are transshipped. This helps in enhancing trade integration between the regions and protecting the Indian domestic market against a sudden surge of imports from the UAE due to tariff concessions

In conclusion, the history of trade between India and the UAE dates back several decades, with significant growth in recent years. The FTP 2023 aims to further strengthen trade relations and tackle existing problems by promoting exports, easing business processes, and ensuring compliance with international regulations.

SINGAPORE AND INDIA

History of Trade between Singapore and India

The trading history between India and Singapore can be traced back to the 16th century, when the Portuguese established a trading post in India. In the 19th century, Singapore became a British colony, and this period saw a flourishing trade between India and Singapore. Even after India gained independence in 1947, the trade between the two countries continued to expand. In 1993, India and Singapore signed a Free Trade Agreement (FTA), which further boosted trade between the two countries. In 2005, India and Singapore signed a Comprehensive Economic Cooperation Agreement (CECA), which further bolstered trade and investment between them. In 2015, India and Singapore signed a Memorandum of Understanding (MoU) on cooperation in the field of trade and investment. India and Singapore had disagreements during the negotiations for the Comprehensive Economic Cooperation Agreement (CECA) regarding intellectual property rights (IPRs), services, and investment. However, they reached a resolution, and the CECA has been successful in boosting trade and investment between the two countries.

Present Trade Relations

In recent times, the trade between India and Singapore has experienced rapid growth. As of 2021, the bilateral trade between the two countries amounted to US $30.11 billion. Singapore ranks as the 12th largest trading partner for India, while India holds the position of the 6th largest trading partner for Singapore. India primarily exports the following goods to Singapore: petroleum products, jewellery, engineering goods, textiles, and chemicals. On the other hand, Singapore's main exports to India include electronics, machinery, chemicals, transport equipment, and services. Both India and Singapore are significant investors in each other's economies. In 2021, Singapore emerged as the second-largest investor in India, with a cumulative foreign direct investment (FDI) inflow of US$140.987 billion. India, in turn, ranked as the eighth-largest investor in Singapore, with a cumulative FDI outflow of US$12.97 billion.

India and Singapore are working together to develop infrastructure projects in both countries. These projects include the Delhi-Mumbai Industrial Corridor in India and the Tuas megaport in Singapore.

Foreign Trade Policy 2023

The FTP 2023, with its provisions aimed at enhancing the India-Singapore relationship, brings several positive impacts to the table. Firstly, it focuses on expanding market access, allowing Indian goods and services to gain increased entry into the Singaporean market. This expansion in trade opportunities is expected to stimulate economic growth and strengthen bilateral ties. It promotes investment from Singapore into India by implementing measures to attract more capital. Furthermore, the FTP 2023 emphasises technology transfer from Singapore to India. This transfer of advanced technologies and knowledge is crucial for India's manufacturing and services sectors to upgrade and improve their competitiveness in the global market. Lastly, the FTP 2023 recognizes the importance of robust infrastructure for seamless connectivity and efficient business operations. It allocates funding for infrastructure projects in India, contributing to the development of transport networks, logistics capabilities, and connectivity between India and Singapore. These measures collectively contribute to job creation, economic growth, and mutually beneficial cooperation between India and Singapore.

The India-Singapore economic relationship is poised for growth. The provisions of the FTP 2023, the complementary nature of the two economies, the strong political ties between the two countries, and the growing connectivity between the two countries are all factors that are likely to contribute to the growth of the economic relationship between the two countries.

INDIA - CHINA

History of India-China Trade

The history of trade between India and China dates back to ancient times, with the Silk Road serving as a major trade route between the two countries. This ancient network facilitated not only trade but also the spread of Buddhism from India to East Asia

The southern branch of the Silk Road, also known as the Tea and Horse Road, played a significant role in the growth of Chinese and Indian civilizations.

The trade relationship between the two countries continued to evolve over the centuries, with direct participation in the Indian Ocean trade starting in the 13th century

Present Scenario of India-China Trade

In recent years, trade between India and China has grown exponentially. In the financial year 2021-22, total trade between the two countries increased by 29% to US$ 115 billion, compared to US$ 89.72 billion in the financial year 2017-18

India imports most of the Active Pharmaceuticals Ingredients (APIs) from China because the cost of the Chinese APIs is cheaper than Indian ones.

About 24% of coal energy generated in India is coming from plants that are using critical equipment imported from China.

In 2022, the overall trade between India and China reached US$ 135.98 billion, marking an 8.4% increase from the previous year.
China remains one of India's leading trade partners, with a 15.4% share in India's total imports.

However, the trade imbalance between the two countries has been a cause for concern, as it is heavily skewed in favour of China. In 2022, the trade deficit breached the US$ 100 billion mark for the first time. India's trade deficit with China accounted for 38-40% of its total merchandise trade deficit in the post-Covid era

Problems Tackled by India and China in Terms of Trade

India has been trying to reduce its trade deficit with China since 2020, but with little success, as China is a key and cheap supplier of goods, including active pharmaceutical ingredients, electrical equipment, and several chemicals

The trade gap with China widened by 28% in April-December 2022 compared to the same period a year earlier

In response, India is considering a number of tariffs and non-tariff steps to cut imports of non-essential consumer and electronic goods, including from China.
Another challenge faced by India is the narrow basket of commodities it exports to China, which are mostly primary goods, while China's exports to India involve higher-value manufactured goods

This has led to calls for India to limit or block imports from China, but such a move would likely hurt Indian companies more than Chinese firms

Despite the ongoing border tensions and efforts to reduce dependence on Chinese imports, India's bilateral trade with China grew by 44% in 2021

This growth highlights the complex nature of the economic relationship between the two countries and the challenges they face in addressing trade imbalances and fostering a more equitable trading partnership.

RECOMMENDATIONS

"The Foreign Trade Policy report created by SRCRC is very informative and easy to understand. Pestel analysis included in the report helped me to analyse the policy in a better manner and helped me clear my doubts regarding the same. Overall, the policy has been very well evaluated in the report. I would recommend students and professors to give it a read."

- Veer

"The new Foreign trade policy is a great read and very informative. It is a thorough, perceptive examination that offers a profound comprehension of the topic. It is mandatory reading for anybody interested in international commerce and economics since it provides insightful information on how current policies have changed and probable future developments. Anyone who is interested in the dynamics of future commerce can benefit from it. Strongly advised for its depth, lucidity, and insight."

- Aadit

"Foreign Trade Policy 2023 report is a well-researched and provides a comprehensive overview of the policy. The centre has done an excellent job of summarizing the key provisions of the policy, and the report is essential reading for anyone interested in the Indian economy or international trade. This report provides a valuable analysis of the Indian Foreign Trade Policy 2023. It is a must-read for anyone involved in international trade, as it provides a timely and informative resource on the latest developments in India's trade policy."

- Rishab

"The policy report refelcts about how the implementation of India's Foreign Trade Policy (FTP) 2023 aims to strengthen the country's position in the international market by encouraging exports. It on providing incentives, promoting teamwork, streamlining corporate procedures, and developing industries. It introduces initiatives such as an Amnesty Scheme for exporters and recognizes exporters through the Status Holder Scheme and Export Excellence Scheme. The policy also emphasizes automation and streamlining of processes. A PESTEL analysis highlights the importance of political stability, economic growth, social factors, technological advancements, environmental sustainability, and legal considerations in the success of the policy."

- *Diya*

"The research report on new foreign trade policy by SRCRC is a must-read. It's a comprehensive, insightful analysis that provides a deep understanding of the subject. not only presents the current scenario but also offers future-oriented suggestions. It's a valuable resource for anyone interested in future trade dynamics. Highly recommended for its clarity, depth, and foresight."

- *Naman*

"The Foreign Trade Policy 2023 report of SRCRC is a comprehensive guide to understanding the policy's objectives, impacts, and new schemes. It offers valuable insights changes from previous policies and potential future trends, making it essential reading for anyone interested in international trade and economics."

- *Arnav*

"The aforementioned Foreign Trade Policy Report is thorough and easy to read. If one wants a complete comprehension of this report, they should read it. Not only does it include a synopsis of the policy, but it also provides examples of how the policy has affected other sectors. Additionally, it made recommendations for the 2025 Foreign Trade Policy Report. Overall, I thought it was quite helpful and would advise other students and professionals to read it."

- *Aasthi*

"Upon receiving the notification of the new foreign trade policy for 2023 from DGFT, we immediately expressed our eagerness to conduct a critical analysis of the newly introduced initiatives and schemes within this policy to determine the feasibility of the aim of $2 trillion in trade by 2023. The report effectively presents a comprehensive overview of the policy, highlighting its major points and drawing comparisons with the previous policy. Moreover, it sheds light on the potential impact of this policy on the Indian economy and foreign trade relations. In conclusion, I strongly recommend that various stakeholders involved in or impacted by foreign trade, including exporters, importers, students, educators, researchers, and policymakers, delve into this report as it provides a detailed account of the FTP 2023 and its future implications on trade."

- *Shiva*

I suggest that the Foreign Trade Policy 2023 give sustainability, inclusivity, and innovation a priority in light of the SRCRC report. A fair and progressive global trading environment will be facilitated through promoting ecologically friendly trade practices, assisting marginalized communities' economic involvement, and fostering international research partnerships. Regulation simplification and taking use of digital trade opportunities can boost productivity and competitiveness. Finally, the development of efficient conflict settlement systems will improve international relations. Together, these actions can open the door to a future of commerce that is more fair, robust, and mutually profitable.

- *Vipul Roy*

SUGGESTIONS

HEALTHCARE SECTOR

The FTP 2023 mentions the importance of **cooperation with international partners in the healthcare sector**. However, the policy could do more to promote cooperation with international partners. For example, the policy could provide funding for joint research projects or for the establishment of joint ventures between Indian and foreign companies.

One of the biggest challenges facing the healthcare sector in India is the **lack of access to finance**. The FTP 2023 could do more to address this challenge. For example, the policy could provide guarantees or other financial assistance to companies that are exporting healthcare products and services.

The FTP 2023 does mention the importance of **research and development** in the healthcare sector. However, the policy could do more to support research and development. For example, the policy could provide tax breaks or other financial incentives for companies that invest in research and development.

Provide more clarity on the rules and regulations governing the export of healthcare products and services. This would help to reduce uncertainty and make it easier for companies to export their products and services.

Promote the use of e-commerce in the export of healthcare products and services. E-commerce is a growing trend, and it could be used to reach new markets and to improve the efficiency of the export process.

FUTURE PREDICTION:

- Growth of the digital healthcare sector: The digital healthcare sector is expected to grow rapidly in India in the coming years. The FTP 2023 provides incentives for the development of digital healthcare solutions, which is expected to accelerate the growth of this sector.

- Increased focus on preventive healthcare: The government of India is increasingly focusing on preventive healthcare. The FTP 2023 supports this focus by providing incentives for the development of preventive healthcare products and services.

- Emerging of new healthcare hubs in India: The FTP 2023 encourages the development of new healthcare hubs in India. This is expected to lead to the creation of jobs and the improvement of healthcare services in these areas.

The future of the healthcare sector in India is bright, and the FTP 2023 is expected to play a key role in its growth. The policy has several provisions that are designed to boost exports of healthcare products and services from India. It is also expected to attract investment in research and development, promote cooperation with international partners, and improve access to finance for healthcare companies

CONSUMER DURABLES

The Indian consumer durables sector has experienced rapid growth in recent years, and the government's new foreign trade policy (FTP) 2023 has the potential to further enhance this growth. The policy includes several measures specifically aimed at supporting the consumer durables sector, such as:

- Increased emphasis on e-commerce exports: The policy aims to double the value of consumer durables exported through e-commerce by 2030, facilitating access to new markets and consumers worldwide.
- Extension of the production-linked incentive (PLI) scheme: The PLI scheme, which provides financial support to companies establishing manufacturing plants in India, has been extended to the consumer durables sector. This extension is expected to attract more investment and generate job opportunities.
- Reduction in import duties: The policy incorporates measures to reduce import duties on raw materials and components used in consumer durables manufacturing. This reduction in costs will enhance the competitiveness of Indian products in the global market.

Overall, the new FTP is a positive development for the consumer durables sector in India. The outlined measures have the potential to boost exports, attract investment, and create jobs.
However, there are areas where the policy could be further improved. For instance, it could focus on promoting exports to emerging markets, which offer substantial growth opportunities. Additionally, providing greater support to small and medium-sized enterprises (SMEs) within the sector would contribute to their growth and competitiveness in the global market.

FUTURE PREDICTION:

- The sector is expected to achieve a compound annual growth rate (CAGR) of 10-12% over the next five years.
- The e-commerce segment is projected to experience even higher growth, with a CAGR of **15-20%**.
- Increased investment from both domestic and foreign players is anticipated in the sector.
- The sector is likely to create more jobs, particularly in manufacturing and services.

Overall, the future appears promising for the consumer durables sector in India. The new FTP 2023 provides a solid foundation for sustained growth and prosperity in the coming years

IT SECTOR

Greater faith is being reposed on exporters through automated IT systems with risk management system for various approvals in the new FTP. The policy emphasizes export promotion and development, moving away from an incentive regime to a regime which is facilitating, based on technology interface and principles of collaboration

Duty exemption schemes for export production will now be implemented through Regional Offices in a rule-based IT system environment, eliminating the need for manual interface.

There will be reduction in fee structures and IT-based schemes will make it easier for MSMEs and others to access export benefits.

So overall primary expectation is the enhancement of trade relations and the creation of a more conducive environment for international business. Moreover, the policy focus on reducing trade barriers and tariffs, which could significantly reduce the operational costs for IT companies. This could make IT products and services more competitive in the international market, potentially leading to an increase in demand. The policy could also encourage foreign direct investment (FDI) in the IT sector, which could provide the necessary capital for IT companies to innovate and expand.

In terms of future predictions, the IT sector could witness a surge in growth due to the new foreign trade policy. The policy could potentially lead to the creation of new opportunities for IT companies, both in terms of market expansion and technological innovation. The increased ease of doing business could attract more foreign companies to invest in the IT sector, leading to increased competition and innovation

BFSI SECTOR

The Foreign Trade Policy 2023 (FTP 2023) has introduced a number of measures These measures include:

Streamlining of the Advance Authorization and EPCG schemes: These schemes are popular with exporters in the BFSI sector, as they allow them to import goods and services without paying customs duty. The streamlining of these schemes is expected to make it easier for exporters to avail of these benefits, and in turn, boost exports.

Introduction of provisions for merchanting trade: Merchanting trade is a type of trade where goods are bought and sold without actually crossing the Indian border. The introduction of provisions for merchanting trade in the FTP 2023 is expected to open up new opportunities for BFSI exporters, as they will now be able to trade in goods and services that do not physically enter India.

Facilitation of e-commerce exports: The FTP 2023 has extended all FTP benefits to e-commerce exports. This is expected to boost the growth of e-commerce exports in the BFSI sector, as it will make it easier for exporters to sell their products and services online.

Increase in the value limit for exports through courier service: The value limit for exports through courier service has been increased from US$ 6,056.31 (Rs. 5 lakh) to US$ 12,112.62 (Rs. 10 lakh) per consignment. This is expected to make it easier for small and medium-sized exporters in the BFSI sector to export their products and services.

In addition to the above, the FTP 2023 also includes a number of other measures that are expected to have a positive impact on the BFSI sector, such as:

1. Introduction of provisions for merchanting trade:
2. Facilitation of e-commerce exports:
3. Increase in the value limit for exports through courier service:
4. Overall, the FTP 2023 is a positive step for the BFSI sector in India
5. Rationalization of export performance threshold for recognition of exporters as status holders

Overall, The measures introduced in the policy are expected to make it easier for exporters to avail of benefits, boost exports, and facilitate e-commerce exports. This is likely to lead to increased growth and opportunities for the BFSI sector in India.

CHEMICAL SECTOR

- Expand the coverage of the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme to include more chemicals, pharmaceuticals, and iron and steel products. This expansion will boost the competitiveness of Indian exports in international markets by reducing production costs and improving product quality.

- Provide additional incentives and benefits to chemical exporters under the Status Holder Scheme. This can include offering duty credit scrips, implementing an interest equalization scheme, providing transport and marketing assistance, and facilitating priority sector lending. These measures will incentivize exporters to invest in technology upgrades, innovation, and diversification of products and markets.

- Strengthen collaboration between the government, state governments, districts, Indian missions, and industry associations to promote chemical exports. This can be achieved by identifying export-worthy products and services, addressing concerns at the district level, developing district-specific export action plans, and establishing effective market intelligence and feedback mechanisms for exporters.

- Enhance the supply chain and logistics infrastructure for the chemical sector by establishing dedicated chemical corridors, clusters, parks, terminals, warehouses, and laboratories. These initiatives will improve connectivity, safety, efficiency, and cost-effectiveness in the transportation and storage of chemical products, both domestically and internationally.

- Address the skill gap and focus on human resource development in the chemical sector. Collaborate with industry associations, academic institutions, and training providers to design and deliver high-quality training, education, and capacity building programs for the existing and potential workforce. This will enhance the skills and knowledge of chemical exporters, contributing to their professional growth and competitiveness.

FUTURE PREDICTION:

- **Increased Domestic Demand and Export Opportunities**: The chemical sector is anticipated to benefit from a surge in domestic demand and export opportunities, particularly in segments such as agrochemicals, dyes and pigments, personal care ingredients, and specialty polymers. The initiatives outlined in the Foreign Trade Policy (FTP) 2023, including infrastructure development, improved market access, duty credit scrips, and priority sector lending, are likely to stimulate growth and profitability in these sectors.

- **Challenges and Compliance with International Regulation**s: While the chemical sector is poised for growth, it may also face challenges in meeting international regulations and standards for export control and environmental management. Recognizing this, the FTP 2023 is expected to prioritize broader outreach and understanding of SCOMET (Special Chemicals, Organisms, Materials, Equipment, and Technologies) among stakeholders. This proactive approach will ensure a robust policy regime that effectively implements international treaties and agreements entered into by India.

- **Leveraging FTAs and PTAs**: The chemical sector can leverage existing and upcoming FTAs and PTAs with various countries and regions to enhance market access and diversification. The FTP 2023 is anticipated to facilitate exports by streamlining popular schemes such as Advance Authorization and Export Promotion Capital Goods (EPCG). Additionally, the policy is expected to enable merchanting trade from India, allowing chemical exporters to tap into new markets and expand their reach.

AUTOMOBILE SECTOR

- **Self-certification of origin:** This will allow exporters to self-certify the origin of their products, which will reduce the time and cost of exporting.
- **Reduction of threshold for status holders of exporters:** This will make it easier for small and medium-sized enterprises (SMEs) to avail of the benefits of the FTP.
- **Enabling rupee payment:** This will allow exporters to receive payments in rupees for their exports, which will reduce the risk of currency fluctuations.
- **Reduced export obligation under EPCG Scheme for electric vehicles:** This will make it more attractive for manufacturers to export electric vehicles from India.
- **Increased focus on exports:** The FTP 2023 sets a target of exporting $2 trillion worth of goods and services by 2023. This will require a strong performance from the automobile sector, which is one of India's largest export earners.
- **Promoting investment:** The FTP 2023 provides a number of incentives for investment in the automobile sector, such as tax breaks and custom duty exemptions. This will help to attract new investment and create jobs in the sector.
- **Supporting R&D:** The FTP 2023 provides funding for R&D in the automobile sector. This will help to keep India's automotive industry at the forefront of innovation.

FUTURE PREDICTION:

- **Incentives for the production of electric vehicles:** The government could provide incentives for the production of electric vehicles, such as tax breaks and subsidies. This would help to accelerate the adoption of electric vehicles in India and make the country a global leader in the field.
- **Support for the development of new technologies:** The government could provide funding for the development of new technologies in the automobile sector, such as self-driving cars and connected vehicles. This would help to keep India's automotive industry at the forefront of innovation.
- **Improved infrastructure:** The government could invest in improving the infrastructure for the automobile sector, such as roads, ports, and warehouses. This would make it easier for manufacturers to transport their products and for consumers to purchase them.

By implementing these suggestions, the government could help to create a more favorable environment for the automobile sector in India. This would lead to increased investment, job creation, and exports, which would boost the Indian economy

FMCG SECTOR

- In March 2021, the central government announced plans to establish a new mechanism to increase import screening to protect domestic manufacturers.
- Details of the new screening process would be available in the foreign trade policy 2021-26, which is expected to commence next month.
- The available data would help domestic manufacturers analyze the market potential of such goods.
- Indian food processing market size reached US$ 307.2 trillion in 2022 and is expected to reach US$ 547.3 trillion by 2028, exhibiting a growth rate (CAGR) of 9.5% during 2023-2028.
- Digital advertising will grow at 14.75% CAGR to reach Rs. 35,809 crore (US$ 4.3 billion) by 2023, with FMCG industry being the biggest contributor at 42% share of the total digital spend.

FUTURE PREDICTION:

- Entrepreneurs interested in setting up food-related FMCG industry can setup their processing units in the government-designated agro-processing clusters, which help cut down the plant setup costs.
- With the advent of online retail and e-commerce, FMCG businesses are able to market and sell their products across the country without investing much in marketing activities.

OIL, GAS AND ENERGY SECTOR

- The government plans to achieve this goal by providing financial incentives to exporters of petroleum products, such as duty drawback and export promotion capital goods (EPCG) schemes. The government will also simplify the export procedures for petroleum products and promote the use of e-commerce for their export.
- The government plans to achieve this goal by providing financial incentives to exporters of natural gas, such as duty drawback and EPCG schemes. The government will also simplify the export procedures for natural gas and promote its use in neighbouring countries.
- The government plans to promote the export of renewable energy products, such as solar cells and modules, wind turbines, and electric vehicles. This will be done by providing financial incentives to exporters of these products, simplifying the export procedures, and promoting the use of e-commerce for their export.
- The government plans to attract foreign investment in the oil, gas, and energy sector by providing a favorable investment climate. This will include simplifying the regulatory framework, providing tax incentives, and creating a skilled workforce.
- The government plans to facilitate the development of oil and gas infrastructure in India by providing financial assistance, simplifying the regulatory framework, and promoting public-private partnerships.

CONCLUSION

The policy report reflects how the implementation of India's Foreign Trade Policy (FTP) 2023 aims to strengthen the country's position in the international market by encouraging exports. It provides incentives, promotes teamwork, streamlines corporate procedures, and develops industries. The policy's Key Approach is built around four pillars: Emerging Areas, Export Promotion via Collaboration, Ease of Doing Business and Reduction in Transaction Cost. The Foreign Trade Policy Report 2023, places a lot of focus on facilitating trade through technology and digitization and works to encourage e-commerce since they think it can generate between $200 and $300 billion in revenue on its own. The policy also emphasizes automation and streamlining of processes. A PESTEL analysis highlights the importance of political stability, economic growth, social factors, technological advancements, environmental sustainability, and legal considerations in the success of the policy.This will help exporters with their issues and result in less litigation and the growth of partnerships built on trust. Trading in commodities that are banned or illegal under the export policy is now permissible. It will aid in the development of financial centres into key commercial hubs, such as GIFT city, etc. With India's upcoming international trade strategy, our exports are expected to increase significantly. Government programmes for greater exports coupled with beneficial interventions for small-scale vendors and enterprises are driving the policy's overall objective to make India a trustworthy and trusted trading partner with the purpose of boosting the nation's role in the global supply chain for exports. Local suppliers are empowered and included in the policy.