Foreign Trade Policy 2023

CHAPTER 1

LEGAL FRAMEWORK AND TRADE FACILITATION

B. TRADE FACILITATION AND EASE OF DOING BUSINESS

1.06 National Committee on Trade Facilitation (NCTF)

India has ratified the World Trade Organization"s Trade Facilitation Agreement (TFA) in April 2016. To facilitate coordination and implementation of the TFA provisions, an inter-ministerial body i.e. National Committee on Trade Facilitation (NCTF) has been constituted.

TFA emanates from the following four pillars:

i. Transparency: focus on improved access to accurate and complete information.

ii. Technology: development and use of digital and detection technologies to ease out trade bottlenecks and improve efficiency.

iii. Simplification of Procedures and Risk based Assessments: simplified, uniform and harmonised procedures with increased adoption of a risk based management approach.

iv. Infrastructure Augmentation: enhancement of infrastructure, particularly the road and rail infrastructure leading to ports and the infrastructure within ports, airports, ICDs, Land Customs Stations is a major enabler for growth in trade that cuts across all stakeholders.

National Trade Facilitation Action Plan aims to achieve : -

- Improvement in Ease of Doing Business through reduction in transaction cost and time
- Reduction in cargo release time
- A paperless regulatory environment
- A transparent and predictable legal regime
- **Improved investment climate through better infrastructure**

1.07 DGFT as a facilitator of exports/ imports

DGFT has a commitment to function as a facilitator of exports and imports. Focus is on good governance, which depends on efficient, transparent and accountable delivery systems. In order to facilitate international trade, DGFT consults various Export Promotion Councils as well as Trade and Industry bodies from time to time.

1.08 Free passage of Export Consignment

Consignments of items meant for exports shall not be withheld/ delayed for any reason by any agency of Central/ State Government. In case of any doubt, authorities concerned may ask for an undertaking from exporter and release such consignment.

1.09 No seizure of export related Stock

No seizure shall be made by any agency so as to disrupt manufacturing activity and delivery schedule of exports. In exceptional cases, concerned agency may seize the stock on the basis of prima facie evidence of serious irregularity. However, such seizure should be lifted within 7 days unless the irregularities are substantiated.

1.10 Export of perishable agricultural Products

To reduce transaction and handling costs, a single window system to facilitate export of perishable agricultural produce is being facilitated through Agricultural and Processed Food Products Export Development Authority (APEDA). The detailed procedure is at Appendix 1C.

1.11 Niryat Bandhu - Hand Holding Scheme for new export/ import entrepreneurs

DGFT is implementing the Niryat Bandhu Scheme for mentoring new and potential exporter on the intricacies of foreign trade through counseling, training and outreach programmes including the "Districts as Export Hubs" initiative with "industry partners", "knowledge partners" and other stakeholders to create vibrant District-Product-Market relevant knowledge ecosystem.

1.12 DGFT Online Customer Portal

Export Import related information including Acts, Rules, Policy and Procedures etc. are available online at DGFT portal https://dgft.gov.in/).

1.13 Issue of e-IEC (Electronic-Importer Exporter Code)

Importer Exporter Code (IEC) is mandatory for export/ import from/to India as detailed in paragraph 2.05 of this Policy. DGFT issues Importer Exporter Code in electronic form (e-IEC). For issuance of e-IEC, application can be made on DGFT website (https://dgft.gov.in).

1.14 Online facility for e-RCMC/RC Related Processes

DGFT has created a common digital platform for application of issuance, renewal, amendment and related processes pertaining to Registration Cum Membership Certificate (RCMC)/ Registration Certificate (RC) issued by Registering Authorities in electronic form as per Chapter 2 of HBP.

1.15 Online facility for e-Certificate of Origin (e-CoO)

DGFT has created a common digital platform for issue of Preferential and Non-Preferential Certificate of Origin (e-CoO) by designated agencies. The CoO Certificates are issued in an online environment without any physical interface (https://coo.dgft.gov.in). A unique number i.e. UDIN (Unique Document Identification Number) and a QR code is endorsed on every e-CoO for validation and authentication by user agencies.

1.16 Online facility to file Quality Control and Trade Disputes (QCTD)

DGFT has created a common digital platform for handling Quality Control and Trade Disputes cases as per Chapter 8 of Foreign Trade Policy where all jurisdictional Indian Mission abroad and Regional Authorities of DGFT have been onboarded to work towards amicable resolution of disputes raised by Indian/Foreigner Importer/Exporter in online environment.

1.17 Electronic record of export proceeds through eBRC & EDPMS

(a) e-BRC (Electronic Bank Realisation Certificate) has enabled DGFT to capture details of realisation of export proceeds directly from the Banks through secured electronic mode. This has facilitated the implementation of various export promotion schemes without any physical interface with the stake holders.

(b) RBI has also developed a comprehensive IT-based system called Export Data Processing and Monitoring System (EDPMS) for monitoring of export of goods and software and facilitating AD banks to report various returns through a single platform. RBI EDPMS data available in DGFT IT System can also be used by exporters on DGFT portal.

1.18 IT Initiatives in DGFT

DGFT has undertaken a number of IT Initiatives to enable a paperless, contactless and transparent environment for availing benefits under the export promotion schemes with a view to improve the ease of doing business. The details of these initiatives have been provided in Para 1.04 of Handbook of Procedures.

1.19 24 X 7 Helpdesk Facility

A dedicated 24 X 7 Helpdesk facility has been put in place to assist the exporters in filing online applications on the DGFT portal and other matters pertaining to Foreign Trade Policy.

1.20 Trade Data and Statistics

Continuous efforts are being made for better collection, compilation and wider dissemination of Trade Data and Statistics to help the policy makers, researchers, exporters and importers to formulate their trade strategy. The trade statistics for merchandise trade is available at -

i. Department of Commerce"s portal at https:// commerce.gov.in & data bank available at https:// tradestat.commerce.gov.in/eidb/default.asp,

ii. DGCI&S portal at http://www.dgciskol.gov.in and

iii. NIRYAT Portal at https://niryat.gov.in.

1.21 Trade Facilitation at Customs

CBIC has undertaken a number of initiatives to facilitate Trade. Some of these are as follows:

i. 24X7 Customs clearance in 20 sea ports and 17 Airports and extended clearance in ICDs as per the needs of the Trade.

ii. Single Window in Customs

iii. E-Sanchit " Enabling Paperless clearance environment

iv. Pan-India Implementation of Faceless e-Assessment in imports.

v. TURANT Customs

vi. Implementation of electronic messages from Document Clearance to Cargo Movement

vii. Paperless Customs initiatives "Preparation and issuance of electronic documents like e-LEO SB, e-Gatepass/e-OOC etc.,

viii. Contactless customs initiatives such as Turant Suvidha Kendras (TKSs).

ix. Release of ICE-DASH"Indian Customs EoDB Monitoring Dashboard

x. Direct Port Delivery (DPD) on imports and Direct Port Entry (DPE) on exports

xi. Compliance Information Portal (CIP)

xii. End to End automated and simplified procedure for Import of certain specified Goods at Concessional Rate of Duty or for specified end use.

For detailed guidelines/procedures visit https://www.cbic. gov.in/ and https://icegate.gov.in/.

1.22 Authorised Economic Operator (AEO) Programme

(a) Based upon WCO"s SAFE Framework of Standards, "Authorised Economic Operator (AEO) programme" has been developed by Indian Customs to enable business involved in the international trade to reap the following benefits:

(i) Secure supply chain from point of export to import;

(ii) Ability to demonstrate compliance with security standards when contracting to supply overseas importers /exporters;

(iii) Enhanced border clearance privileges in Mutual Recognition Agreement (MRA) partner countries;

(iv) Minimal disruption to flow of cargo after a security related disruption;

(v) Reduction in dwell time and related costs; and

(vi) Customs advice / assistance if trade faces unexpected issues with Customs of countries with which India have MRA.

(b) The AEO programmes have been implemented by other Customs administrations that give AEO status holders preferential Customs treatment in terms of reduced examination, faster clearances and other benefits. Indian Customs has signed MRA with South Korea, Taiwan, Hong Kong and US Customs to recognize respective AEO Programmes to enable trade to get benefits on reciprocal basis.

(c) As a step further towards trust-based compliance, Indian Customs has introduced the new/revamped Authorised Economic Operator (AEO) Programme wherein extensive benefits, including greater facilitation and self-certification, have been provided to those entities who have demonstrated internal strong control system and compliance with CBIC.

(d) Under the AEO program of Indian Customs, the MSMEs are also covered.

For detailed guidelines/procedures, visit https://www. aeoindia.gov.in/ and https://www.cbic.gov.in/.

1.23 Towns of Export Excellence (TEE)

(a) Objective: Development and growth of export production centres. A number of towns have emerged as dynamic industrial clusters contributing handsomely to India"s exports. It is necessary to grant recognition to these industrial clusters with a view to maximize their potential and enable them to move up the value chain and also to tap new markets.

(b) Selected towns producing goods of Rs. 750 Crore or more may be notified as TEE based on potential for growth in exports. However, for TEE in Handloom, Handicraft, Agriculture and Fisheries sector, threshold limit would be Rs.150 Crore. The following facilities will be provided to such TEE:

(i) Recognized associations of units will be provided financial assistance under MAI scheme, on priority basis, for export promotion projects for marketing, capacity building and technological services.

(ii) Common Service Providers in these areas shall be entitled for Authorisation under EPCG scheme.

(c) Notified Towns (TEE) are listed in Appendix 1B.

1.24 Duty Free Entitlements to Select Sectors

With a view to expand employment opportunities, certain special focus initiatives for Marine Products and Sports Goods & Toys sectors are required. These sectors are being provided the following duty free entitlements (only basic customs duty is exempted) as per the relevant Customs Notifications:

(a) Marine Sector - Duty free import of specified specialized inputs/ chemicals and flavoring oils not exceeding 1% of FOB value of seafood exports during the preceding financial year.

(b) Sports Goods and Toys - Duty free import of specified inputs not exceeding 3% of FOB value of sports goods exports during the preceding financial year.

For details, refer relevant Customs Notifications in this regard.

1.25 Status Holder Certification

(a) The objective behind certifying certain exporter firms as "Status Holder" is to recognize such exporter firms as business leaders who have excelled in international trade and have successfully contributed to country"s foreign trade. Status Holders are expected to not only contribute towards India"s exports but also provide guidance and handholding to new entrepreneurs.

(b) All exporters of goods, services and technology having an import-export code (IEC) number, on the date of application, shall be eligible for recognition as a status holder based on export performance. An applicant may be categorized as status holder on achieving the threshold export performance in the current and preceding three financial years as indicated in para 1.26 of Foreign Trade Policy. However, for Gems & Jewelry Sector above export performance threshold during the current and preceding two financial years shall be required. The export performance shall be counted on the basis of FOB of export earnings in freely convertible foreign currencies or in Indian Rupees as per para 2.53of the FTP.

(c) For deemed export, FOR value of exports in Indian Rupees shall be converted in USD at the exchange rate notified by CBIC, as applicable on 1st April of each Financial Year.

(d) For granting status, an export performance would be necessary in all the three preceding financial years (and in all the two preceding financial years for Gems & Jewelry Sector).

1.26 Status Holder Categories

Status Category	Export Performance Threshold In USD Million
One Star Export House	3
Two Star Export House	15
Three Star Export House	50
Four Star Export House	200
Five Star Export House	800

1.27 Grant of Double Weightage

(a) Double Weightage shall be available for grant of One Star Export House Status category only. Such benefit of double weightage shall not be admissible for grant of status recognition of other categories namely Two Star Export House, Three Star Export House, Four Star export House and Five Star Export House. The exports by IEC holders under the following categories shall be granted double weightage for calculation of export performance for grant of status:

i. Micro and Small Enterprises as defined in Micro, Small & Medium Enterprises Development (MSMED) Act 2006

ii. Manufacturing units having ISO/BIS Certification

iii. Units located in North Eastern States including Sikkim, and Union Territories of Jammu , Kashmir and Ladakh

iv. Export of fruits and vegetables falling under Chapters 7 and 8 of ITC HS

(b) A merchandise shipment/ service rendered can get double weightage only once in any one of above categories.

1.28 Other Conditions for Grant of Status

(a) Export performance of one IEC holder shall not be permitted to be transferred to another IEC holder. Hence, calculation of exports performance based on disclaimer shall not be allowed.

(b) Exports made on re-export basis shall not be counted for recognition.

(c) Export of items under Authorisation, including SCOMET items, would be included for calculation of export performance.

1.29 Privileges of Status Holders

A Status Holder shall be eligible for privileges as under:

(a) Authorisation and Customs Clearances for both imports and exports may be granted on self-declaration basis;

(b) Input-Output norms may be fixed on priority within 60 days by the Norms Committee; Special scheme in respect of Input Output Norms to be notified by DGFT from time to time, for specified status holder

(c) Exemption from furnishing of Bank Guarantee for Schemes under FTP, unless specified otherwise anywhere in FTP or HBP;

(d) Exemption from compulsory negotiation of documents through banks. Remittance / receipts, however, would be received through banking channels;

(e) Two star and above Export houses shall be permitted to establish Export Warehouses as per Department of Revenue guidelines.

(f) The status holders would be entitled to preferential treatment and priority in handling of their consignments by the concerned agencies.

(g) Manufacturers who are also status holders (Three Star/Four Star/Five Star) will be enabled to self-certify their manufactured goods (as per their IEM/IL/LOI) as originating from India with a view to qualify for preferential treatment under different preferential trading agreements (PTA), Free Trade Agreements (FTAs), Comprehensive Economic Cooperation Agreements (CECA) and Comprehensive Economic Partnership Agreements (CEPA). Subsequently, the scheme may be extended to remaining Status Holders. Manufacturer exporters who are also Status Holders shall be eligible to self-certify their goods as originating from India as per Para 2.93 (e) of Hand Book of Procedures.

(h) Status holders shall be entitled to export freely exportable items (excluding Gems and Jewelry, Articles for export promotion subject to an annual limit of Rupees One Crore or 2% of average annual export realization during preceding three licensing years, whichever is lower. For export of pharma products by pharmaceutical companies, the annual limit would be 2% of the average annual export realisation during preceding three licensing years. In case of supplies of pharmaceutical products, vaccines and lifesaving drugs to health programmes of international agencies such as UN, WHO-PAHO and Government health programmes, the annual limit shall be upto 8% of the average annual export realisation during preceding three licensing years. Such free of cost supplies shall not be entitled to Duty Drawback or any other export incentive under any export promotion scheme.

1.30 Skilling and Mentorship Obligations

(a) To improve the trade ecosystem by enhancing the available skilling opportunities, Status Holders are being made

"partners" in providing mentoring and training in international trade. Status Holders will endeavor to provide skill

upgradation/ training in international trade as detailed below :

Status	Number of Trainees per year
Two Star Export House	5
Three Star Export House	10
Four Star Export House	20
Five Star Export House	50

(b) A model training program of a minimum duration of 6 weeks would be put up in public domain for guidance.

(c) Detailed eligibility requirements, selection criteria, training curriculum etc will be at the discretion of the Status Holder.

1.31 Inter-Ministerial Committee for MSME Trade related grievances

An inter-ministerial committee to be set up to examine MSME trade related grievances which have policy ramifications. This will expedite decision making with a "whole of government approach".

1.32 Citizen"s Charter

DGFT has in place a Citizen"s Charter, giving time schedules for providing various services to clients. Timeline for disposal of an application is given in Chapter 11 of HBP.