



Chapter - 10: Commerce

Introduction

- The **Department of Commerce** is a part of the Ministry of Commerce and Industry in the Government of India.
- Its primary mandate is the **regulation and development** of India's international trade and commerce.
- The department formulates, implements, and monitors the Foreign Trade Policy (**FTP**), which outlines strategies for promoting exports and trade.
- Responsibilities include **managing multilateral and bilateral commercial relations**, overseeing special economic zones, state trading, export promotion, trade facilitation, and regulating certain export-oriented industries and commodities.
- The department **aims to establish India as a major global player** in goods and services trade, including project exports, by increasing the volume, diversity, and technological sophistication of exports in both physical and e-commerce domains.

Trade Performance

- India's global trade in **FY 2022-23** amounted to **USD 1,674.41 billion**.
- Total exports (merchandise and services) for the period were **USD 776.40 billion**, with a growth rate of **14.76%** compared to the previous year.
- Total imports (merchandise and services) for the same period were **USD 898.01 billion**, exhibiting a growth rate of **18.15%** over the previous year.
- In **FY 2023-24**, overall exports in **April-September 2023** were estimated at **USD 376.29 billion**, reflecting a negative growth rate of **(-) 2.96%** compared to the same period last year.
- Overall imports in **April-August 2023** were estimated at **USD 416.20 billion**, showing a negative growth rate of **(-) 10.15%** compared to the same period last year.

Foreign Trade Policy

- The Foreign Trade Policy (**FTP**) **2023** was launched in **April 2023** with the aim of integrating India into global markets and enhancing its reliability as a trade partner.
- The policy seeks to **bolster India's trade performance and competitiveness** by gradually moving away from incentive-based approaches and fostering an enabling ecosystem for self-reliance ("**Aatmanirbhar Bharat**") and global expansion ("**Local goes Global**").
- Emphasis is placed on promoting e-commerce, district-level export initiatives, easing guidelines for high-technology exports, and fostering collaborative partnerships with state governments to enhance export promotion at the district level.
- Key highlights of the policy include a shift from incentives to tax remission, leveraging technology for trade facilitation, focusing on e-commerce exports, and developing districts as export hubs.
- An **Amnesty Scheme is introduced** to enable exporters to close old pending authorizations and begin anew.
- The **overarching goal of the FTP** is to establish a sustainable framework for promoting exports from India, with a target of reaching \$2 trillion in services exports by **2030**.

Directorate General of Foreign Trade

- **Directorate General of Foreign Trade (DGFT)** is an office attached to the Ministry of Commerce and Industry, headed by the Director General of Foreign Trade.
- **Until 1991**, DGFT primarily regulated and promoted foreign trade through regulation.
- After the liberalization of economic policies in **1991**, DGFT's role shifted to being a facilitator in line with **liberalization and globalization trends**.
- DGFT, headquartered in New Delhi, is responsible for formulating and implementing the Foreign Trade Policy with the main objective of promoting India's exports.

Capacity Building

- **Skilling new entrepreneurs** for exports is a significant priority.
- The Niryat Bandhu programme, under the **DGFT**, has trained numerous entrepreneurs in recent years.
- This initiative complements **Startup India and Skill India programs**.
- **Various institutions under the Department**, such as the Indian Institute of Foreign Trade, Indian Institute of Packaging, Indian Institute of Plantation, Export Promotion Councils, Centres of Excellence, and Plantation Research Institutes, are utilized for capacity building, export promotion, research, analysis, and long-term policy formulation.

Major Schemes for Export Promotion

District as Export Hub

- The initiative is **led by the Department** and **executed by the Directorate General of Foreign Trade**.
- Its primary objective is to **enhance exports by intervening** in the manufacturing process of network products, individual products, components, and assembled end products involved in global value chains.
- The initiative also includes **export promotion activities** to boost India's export potential.
- States and districts play crucial roles as **stakeholders and active participants** in realizing India's goal of becoming a significant exporter, aligning with the **Atma Nirbhar Bharat mission**.
- The overarching vision is to transition from local manufacturing to global exports, embodying the ethos of '**Make in India for the World**'.

Export Promotion Capital Goods Scheme

- **Export Promotion Capital Goods (EPCG)** Scheme is a part of the Foreign Trade Policy (**FTP**) and aims to facilitate the import of capital goods.
- Its objective is to **enhance India's manufacturing capabilities** by allowing the import of capital goods at zero customs duty.
- The scheme permits the **import of capital goods** (excluding those in a negative list) for various stages of production such as pre-production, production, and post-production.
- Import under **EPCG** is subject to fulfilling specific export obligations.
- Capital goods imported under **EPCG** authorizations for physical exports are exempt from **Integrated Goods and Services Tax (IGST)**.

Interest Equalisation Scheme

- The Interest Equalisation Scheme (**IES**) aims to **provide benefits in interest rates** charged by banks to exporters on pre and post shipment rupee export credits.
- Launched in **2015 for a 5-year period**, it was later extended until **March 2024**.
- Presently, the interest equalisation rate is **2%** for manufacturers and merchant exporters dealing with specified **410 HS lines**.
- **MSME** manufacturers exporting under any HS line receive a higher interest equalisation rate of **3%**.

Advance Authorization Scheme

- **Advance Authorisation Scheme** permits **duty-free import of inputs**.

- Inputs must be incorporated into an export product.
- Export obligations must be **fulfilled within a specified timeframe.**
- Prescribed value addition must be achieved.
- Quantity of inputs allowed is based on specific norms for the export product.
- Norms consider wastage generated in the manufacturing process.
- **DGFT** provides a **sector-wise list of Standard Input-Output Norms (SIGN)** for exporters to choose from.

Special Economic Zone Scheme

- The **Special Economic Zones (SEZ) Act of 2005**, along with supporting SEZ Rules, **simplifies procedures and offers** single window clearance for both central and state government matters.
- **Objectives of the SEZ Scheme include:** boosting economic activity, enhancing exports of goods and services, attracting investment from domestic and foreign sources, and developing infrastructure.
- **Salient features of the SEZ Policy include:** SEZs are designated duty-free enclaves outside India's customs territory, no import licence is required for inputs within SEZs, and customs authorities do not routinely examine **export/import cargo.**
- As of **June 2023**, there were **275** operational SEZs in India, with **166** focused on **IT/ITES** and the remaining **109** categorized as multi-sector Special Economic Zones.

Niryat Bandhu Scheme

- The Niryat Bandhu Scheme commenced in **2013** with the objective of providing training programs for individuals and firms intending to engage in international trade.
- Training sessions are conducted **both in-person and online** to accommodate diverse learning preferences and accessibility.
- **The Directorate General of Foreign Trade (DGFT)** Regional Offices collaborate with knowledge partners such as the Indian Institute of Foreign Trade (**IIFT**), management institutes, and Industry Associations for effective implementation of the scheme.
- The training covers essential aspects of international trade to equip participants with the necessary skills and knowledge for successful engagement in global markets.
- Through partnerships with various institutions and organizations, the scheme aims to **facilitate comprehensive training and support for individuals** and firms venturing into international trade.

NIRYAT Portal

- **NIRYAT (National Import-Export Record for Yearly Analysis of Trade)** is a **comprehensive platform.**
- It is designed to provide stakeholders with all essential information related to India's foreign trade.
- It serves as a **one-stop destination** for accessing trade data and analysis.
- The platform aims to facilitate **better understanding and decision-making** regarding import-export activities.
- NIRYAT's purpose is to **enhance transparency and efficiency** in India's trade operations.

Remission of Duties and Taxes

- The scheme is called **Remission of Duties and Taxes on Exported Products (RoDTEP).**
- It aims to reimburse central, state, and local taxes and duties that are currently not refunded during the manufacturing and distribution of exported products.
- RoDTEP was implemented in **2021.**
- Its primary objective is **to make exports more competitive** by reducing the tax burden on exported products.
- The scheme intends to boost India's exports by making them more cost-effective in the global market.
- RoDTEP **covers a wide range of taxes and duties** incurred throughout the export process.
- By providing reimbursement, RoDTEP seeks to **encourage domestic manufacturers** to focus on exporting their products.

Trade Infrastructure for Export Scheme

- Trade Infrastructure for Export Scheme (**TIES**) **initiated in 2017** to support central and state government agencies in developing export-oriented infrastructure.
- Aims to facilitate **the establishment and enhancement of infrastructure** projects crucial for export growth.
- Offers financial aid for the **construction and improvement of infrastructure** with significant export connections.
- **Target areas include** border hats, land customs stations, quality testing and certification labs for exports, trade promotion centers, among others.

Plantation Sector

- The **Department implements** central sector schemes for the growth, development, and promotion of the plantation industry.
- Implementation is carried out through commodity boards such as tea, coffee, rubber, and spices boards.
- The schemes aim to **enhance production, productivity, and quality within the industry.**
- **Financial and technical assistance** is provided to growers and stakeholders for various purposes including new planting, re-planting, quality upgradation, value addition, and export promotion.
- **Programs/components are designed** to improve production, productivity, and quality, while also promoting exports and value addition.
- **Assistance includes** support for new planting, re-planting, quality improvement, and export promotion.

Agricultural and Processed Food Products Export Development Authority

- The **Agricultural and Processed Food Products Export Development Authority (APEDA)** was established by the Government of India in **1985**.
- **Its functions include:**
 - **Development** of industries related to scheduled products for export by providing **financial assistance, conducting surveys and feasibility studies, and offering subsidies.**
 - **Participation in equity capital** through joint ventures and other relief schemes.
 - **Inspection of meat and meat products** in various facilities to ensure quality.
 - **Promotion of export-oriented production** and development of scheduled products.
 - Providing training in various aspects of industries connected with scheduled products.
- APEDA also has the mandate to protect the **Geographical Indication (GI)** of Basmati Rice, included in the Second Schedule of the APEDA Act.
- Additionally, APEDA is **responsible for monitoring the import of sugar.**

Marine Products Export Development Authority

- The Marine Products Export Development Authority (**MPEDA**) is a statutory body under the Department, established in **1972**.
- MPEDA's **mandate** is to **develop a conducive ecosystem** for marine products in India and promote their export.
- The headquarters of **MPEDA is located in Kochi, Kerala.**
- MPEDA provides **assistance to marine products exporters, processors, and aquaculturists.**
- One of MPEDA's key roles is to **offer timely advice to stakeholders** in the marine products industry.

Government e-Marketplace (GeM) Scheme

- Establishment: Government e-Marketplace (**GeM**) was established in **2016** by the Government of India.

- **Purpose:** GeM aims to enhance transparency, efficiency, and inclusivity in public procurement.
- **Replacement:** It replaced the Directorate General of Supplies & Disposals (**DGS&D**) and introduced technology-driven innovations.
- **Mission:** GeM's mission is to democratize access to procurement markets, utilize taxpayer funds judiciously, and promote a corruption-free governance model.
- **Infrastructure:** GeM provides an end-to-end digital infrastructure for procurement, streamlining the process from bid inception to final payment.
- **Technology Integration:** GeM leverages AI and ML-based advanced analytics solutions, such as Market Intelligence, Product Similarity, Price Gap Analysis, and Anomaly Detection Modules.
- **Benefits:** These tools enhance decision-making, prevent anomalies, and reduce fraud, contributing to a trustworthy ecosystem.

India's Engagement in Free Trade Agreements

- India advocates for an international trading system **characterized by openness, equity, predictability, non-discrimination, and adherence to rules.**
- Free Trade Agreements (**FTAs**) are considered essential "**building blocks**" in India's pursuit of trade **liberalization and supporting** the multilateral trading system.
- India has already concluded **13 FTAs** and **6 Preferential** Trade Agreements.
- Currently, India is actively negotiating FTAs with several trading partners:
 - Negotiations with the United Kingdom for an **India-UK Free Trade Agreement.**
 - Negotiations with the European Union for an **India-EU Free Trade Agreement.**
 - Negotiations with the European Free Trade Association for an **India-EFTA agreement.**
 - Negotiations with Australia for an India-Australia **Comprehensive Economic Cooperation Agreement (CECA).**

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