Foreign Trade Policy Export Promotion Schemes Rajasthan’s Export Ecosystem

RIDHISH RAJVANSHI
SENIOR RESEARCH FELLOW
CENTRE FOR TRADE AND INVESTMENT LAW

Why are we here

- India's Trade Regime
- Foreign Trade Policy
- Export Promotion Schemes
- Unilateral Measures
- Supply Chains
- Agreements other than FTAs

- How to get investment?
- Rules of Origin
- Rajasthan's Ambition
- Policy Synergy
- Subsidies and Support
- Growth Levers
- Strategic Roadmap

GOAL

How trade policy, FTAs, and state incentives can transform these physical and financial pathways into maximum global market access for Rajasthan

India’s Trade Regime

- India's Foreign Trade Policy 2023 was launched to promote exports and facilitate ease of doing business for exporters, while also placing a stronger emphasis on the “export control” regime.

- Key objective of the FTP 2023: process re-engineering and automation to facilitate ease of doing business for exporters; Districts as Export Hubs (DEH); streamlining Advance Authorization and EPCG schemes; wider outreach and understanding of Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET)

- India's Expanding FTA Strategy: India focuses on bilateral, regional, and plurilateral agreements like IPEF, aiming to boost domestic manufacturing and export-led growth

- Multilateral Engagement: Participation in the Indo-Pacific Economic Framework (IPEF), covering areas like supply chain resilience, clean economy, and fair trade

India's Foreign Trade Policy

- Unlike previous 5-year cycles, FTP 2023 is open-ended/static, allowing for iterative updates based on trade needs.
  - 5. Foreign Trade Policy.—The Central Government may, from time to time, formulate and announce, by notification in the Official Gazette, the foreign trade policy and may also, in like manner, amend that policy:
  - Provided that the Central Government may direct that, in respect of the Special Economic Zones, the foreign trade policy shall apply to the goods, services and technology with such exceptions, modifications and adaptations, as may be specified by it by notification in the Official Gazette
- Four Pillars:

Incentive to Remission	Collaboration	Ease of Doing Business	Emerging Areas
Shifting from subsidies to duty remission.	Export promotion through States, Districts, and Indian Missions.	Focus on automation and reduced transaction costs.	E-commerce, SCOMET, and Green Energy.

Foreign Trade Policy

- **Objectives**
  - Global Integration of India, incl. Integrating Indian businesses into GVCs
  - Creating a Supportive Ecosystem, incl. simplifying trade procedures and reducing transaction costs and Promoting digitalisation and paperless trade processes
  - Preparing for the Future; Collaborating with State Governments; Tripling India's Goods and Services Exports
  - Supporting MSMEs engaged in export activities
  - Promoting district-level export development through the Districts as Export Hubs initiative.
- The main goals of India's FTP are to boost exports, create favourable conditions for trade, and support steady economic growth
- **Highlights**
  - Incentive to Remission
  - Export Promotion through Collaboration
  - Ease of Doing Business
  - Process Re-Engineering and Automation
  - Towns of Export Excellence
  - Recognition of Exporters
  - Promoting Export from the Districts
  - Streamlining SCOMET Policy
  - Facilitating E-Commerce Exports
  - Facilitation under the EPCG Scheme
  - Facilitation under the Advance Authorisation Scheme
  - Merchanting Trade
  - Amnesty Scheme
  - Emerging Areas

Export Promotion Schemes

- Advance Authorisation (AA)
- Duty Free Import Authorisation (DFIA)
- Export Promotion Capital Goods (EPGC)
- Deemed Exports
- Status Holder Certificate
- Interest Equalization Scheme (IES)
- Market Access Initiative (MAI) Scheme
- Export Development & Promotion of Spices
- Refund of Duties and Taxes on Exported Products (RoDTEP)
- Export of Apparel/Garments and made-ups (RosCTL)
- Export Promotion- Providing Transit/Freight Assistance for Coffee Exports
- The Financial Assistance Scheme
- Export Promotion programs/ measures by MSMEs

Export Promotion Scheme Outlay

Financial Outlay

₹25,060 Crore (US$ 2.83 Billion)

Tenure & Duration

6 Years (FY 2025–26 to FY 2030–31)

Nodal Implementing Agency

Directorate General of Foreign Trade (DGFT)

Primary Financial Sub-Scheme

Niryat Protsahan (~₹10,401 Crore allocation)

Primary Capability Sub-Scheme

Niryat Disha (~₹14,659 Crore allocation)

National Export Target

USD 2 Trillion total exports by 2030; **15% Export-to-GDP ratio**

Target Beneficiary Segment

MSMEs, First-Time Exporters, Labor-Intensive Sectors, Low-Export Districts

Advance Authorisation Scheme

- allows exporters to import inputs required for manufacturing export products without paying customs duties. Enhances cash flow by providing upfront duty exemption.
- ensure that exporters have access to the raw materials and intermediate goods required for export production without being burdened by customs duties
- To ensure that inputs are used appropriately, the policy relies on input–output norms (SION (Standard Input-Output Norms) or ad-hoc norms) that specify the quantity of inputs required to produce a particular export product
  - SION (Standard Input-Output Norms): Sector-specific ratios of inputs/wastage published in the HBP If no SION exists, exporters can apply via Self-Declaration or Ad-hoc Norms fixed by the Norms Committee.
- Need to be physically incorporated in export products
- The importer must export finished goods of a specified value within a set timeframe, usually 18 months and meet a minimum threshold (excess value of exports over imported inputs).
- Eligible applicants include:
  - Manufacturer exporters who produce goods for export using imported inputs
  - Merchant exporters who are tied to supporting manufacturers
  - Exporters undertaking direct physical exports
  - Suppliers whose transactions qualify as deemed exports under the Foreign Trade Policy
- The Export Obligation Discharge Certificate is the final "closure" document to release bank guarantees.

Export Promotion Capital Goods (EPCG) Scheme

- EPCG scheme facilitates the import of capital goods required for export production, encourages technological up-gradation of Indian industry.
- exporters are permitted to import capital goods for pre-production, production and post-production activities at concessional or zero customs duty
- Exporters must achieve 6 times the duty saved in export value within 6 years.
- Eligible items - industrial machinery, computer systems integrated with production equipment, tools, moulds, dies, jigs, fixtures and other equipment used in manufacturing processes
- available to - manufacturer exporters, merchant exporters associated with supporting manufacturers and service providers engaged in export activities
- promotes technological upgradation and encourages modernization in Indian manufacturing industries
- Reduction in user charges for MSMEs; expanded to cover Green Technology items.

Districts as Export Hubs (DEH) Initiative

- broader strategy of decentralising export promotion and integrating local production ecosystems with global trade networks

- identify export potential across districts and build institutional mechanisms that can support export development at the local level

- A central component of the initiative is the preparation of District Export Action Plans, which serve as the primary operational instrument for promoting exports at the district level

Importance?

- The **Districts as Export Hubs (DEH)** framework ensures that clusters in Jaipur, Bhilwara, Jodhpur, and Udaipur receive targeted infrastructure support.

Deemed Exports: Stimulating Domestic Production

- Transactions where goods do not leave the country, but payment is received in INR or foreign exchange.

- Supply of goods as specified in Paragraph 7.02 of FTP are regarded as Deemed Exports provided goods are manufactured in India. (https://content.dgft.gov.in/Website/dgftprod/fd464381-4a8a-48ee-99ca-5cade8dcf4dd/FTP2023_Chapter07.pdf)

- Scheme is available to EOUs, STPs, or projects funded by international agencies under International Competitive Bidding (ICB).

- Deemed Export Drawback, Refund of Terminal Excise Duty (TED), and Advance Authorisation.

SCOMET: Strategic Trade Control System

- Sections 14A to 14E of the FTDR Act
- Dual-use items (Special Chemicals, Organisms, Materials, Equipment, and Technologies) that have both civilian and military applications.
- Balancing national security and non-proliferation with high-tech trade facilitation.
- Focus on emerging technologies like Quantum Computing, Semiconductors, and Additive Manufacturing.
- Strict licensing and enforcement to prevent diversion to unauthorised end-users.
- FTP 2023 places heavy emphasis on SCOMET to boost high-tech exports while ensuring strict end-user monitoring.
- Refer to the NCSTC 2026 Handbook for specific lists of regulated technologies like Quantum and Semiconductors.

E-commerce Exports

- Contributing $200–$300 billion toward the $1 trillion export goal by 2030.
- Tailored handbook for artisans and weavers to access global markets.
- Dak Niryat Kendras (hub-and-spoke model with Post Offices) and increased courier export limits (up to ₹10 Lakh).
- Establishing E-commerce Export Hubs (ECEH) for warehousing and returns processing.
- Courier Limit Increased to ₹10 Lakh per consignment to aid small-scale sellers.
- FTP 2023 simplifies cross-border e-commerce procedures. Combined with state subsidies, small handicraft and jewellery artisans can ship directly to global consumers, capturing retail margins rather than wholesale trade discount rates.

Export Promotion Mission

- The Export Promotion Mission (EPM) is a flagship initiative of the Government of India, aimed at strengthening India’s export ecosystem through a **unified, outcome-driven, and digitally enabled framework**.
- The Mission has a total outlay of ₹25,060 crore for the period FY 2025–26 to FY 2030–31.
- EPM is designed to enhance India’s export competitiveness, with a focused emphasis on MSMEs, first-time exporters, labour-intensive sectors, and exporters from interior and low-export-intensity regions.
- By integrating financial and non-financial export support under a single mission and consolidating key schemes such as the Interest Equalisation Scheme (IES) and the Market Access Initiative (MAI), EPM addresses long-standing structural constraints in trade finance, compliance, market access, and logistics—driving measurable export growth, employment generation, and global competitiveness.
- The Mission is implemented through two integrated sub-schemes, each targeting a distinct set of exporter challenges:
  - NIRYAT PROTSAHAN – Strengthening access to affordable trade finance
  - NIRYAT DISHA – Enhancing export readiness and market competitiveness

Unilateral Measures

- Carbon Border Adjustment Mechanism (CBAM) [EU, UK]
- European Union Deforestation Regulation (EUDR)
- European Union Corporate Sustainability Due Diligence Directive (CSDDD)
- EU Deforestation Regulation
- EU Eco-Design for Sustainable Products Regulation
- EU Waste Shipment Regulation
- US List of goods produced from Child Labour and Forced Labour and EU Forced Labour Directive
- US Steel, Aluminium and other tariffs and Reciprocal Tariffs

Supply Chains

Transparency: consulting diverse set of stakeholders including private sector, academia, civil society, different levels of government, and other relevant stakeholders

Diversification: promoting diversification and increase global capacities for multiple, reliable, trusted, and sustainable sources of materials and inputs, intermediate goods, and finished goods and related services in priority sectors, along with logistics infrastructure capacities, increasing resilience of supply chains to make economies less vulnerable to disruptions and shocks.

Sustainability: encourage global sustainability and responsible business conduct across supply chains, as well as objectives set out in multilateral environmental agreements to which we are parties, including the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement.

Predictability: work together to promote predictability, openness, fairness, and non-discrimination in economic relations as they impact supply chains.

Security: promote supply chain security, intend to deepen consultations to identify and address risks arising from supply dependencies and potential vulnerabilities in critical infrastructure

Inclusivity: is an indispensable consideration in the development of resilient and robust supply chains. An inclusive supply chain takes into account different levels of development, economic and geographic characteristics, and capacity constraints as well as the individual characteristics of different sectors. The efforts for inclusive supply chains can include equitable access to resources, and ensuring capacity building and technical assistance for enterprises, especially MSMEs.

What are other Agreements/ laws?

- ❑ Critical Mineral Partnership Agreements
- ❑ Cooperation and harmonisation agreements
- ❑ Mini-Trade deals
- ❑ Sectoral or product-specific agreements
- ❑ Digital trade agreements
- ❑ Laws having extra-territorial application
- ❑ Standards?

INVESTMENT LINKAGE

- ❑ Labour law requirements?
- ❑ Environment and sustainability requirements?
- ❑ Anti-corruptive practices
- ❑ Non-tax evasion or money laundering provisions
- ❑ Transparency
- ❑ Protection of Intellectual Property

What can we do?

Compliance with domestic laws of country of production

Ensuring end to end traceability of supply chains

+

Ensuring confidentiality

Identification of gaps, risk assessment and risk mitigation

Rules of Origin

- Origin Requirement
  - Wholly Obtained
  - Produced entirely exclusively from originating goods
  - Product-specific ROO
    - Change in Tariff Classification
    - Qualifying Value Content
      - Build up method
      - Build-down method
    - Other
      - Co-equal rules
      - Melt and Pour
      - Chemical Reaction
      - Blending

Importance?

- Misunderstanding value-addition criteria leads to tariff rejections at destination ports. Proper origin documentation is essential

Rajasthan’s Ambition

₹1.5L Cr

Target State Exports by 2029

Up from ₹83,704 Cr in FY 2023-24

Macro Drivers of Export Growth

To nearly double exports by 2029, Rajasthan must transition from competitive manufacturing to **high-value Global Value Chain (GVC) integration**.

Strategic Imperative:

Leverage trade policy instruments, FTA market access, and state incentives to reduce transaction costs and elevate non-price competitiveness across key sectors.

Policy Synergy: Central & State Levers

Foreign Trade Policy 2023

Pivots from incentive-based schemes to **remission and partnership**. Focuses on Districts as Export Hubs (DEH), E-Commerce exports, and streamlined SCOMET licensing.

Rajasthan Export Policy 2024

Targets ₹1.5L Cr exports via targeted subsidies: **25% freight reimbursement**, tech acquisition grants up to ₹1 Cr, and documentation compliance support.

RIPS 2024 Framework

Dovetails with state trade policy by prioritizing **Green Growth & Export Acceleration** through SGST reimbursements, interest subsidies, and customized packages.

Key Subsidies & Financial Support

- Direct financial and compliance levers available under the Rajasthan policy framework

- **RIPS 2024 & REPP offer a 25% freight reimbursement** (up to ₹25 Lakh/year) for cargo routed through state ICDs and Air Cargo Terminals.
  - Combining EPM's LIFT (Logistics Interventions for Freight & Transport) with Rajasthan's 25% State Freight Reimbursement neutralizes landlocked inland freight disadvantages.

- **State has enhanced the technology acquisition grant to ₹1 Crore** (75% reimbursement) alongside 50% reimbursement (up to ₹5 Lakh/year) for international documentation and quality certifications.

- **50% ECGC premium subsidies de-risk entry into emerging markets**, while 75% e-commerce platform fee reimbursements empower smaller units.

Reducing Logistics Costs & Enhancing Multimodal Connectivity

- Position Rajasthan as a preferred sourcing hub by integrating state infrastructure with central initiatives.
- Aligning **PM Gati Shakti and the National Logistics Policy with Rajasthan's Inland Container Depots** (ICDs) and **Dedicated Freight Corridor** (DFC) nodes to accelerate port connectivity.
- Executing (DEH) initiative to optimize cargo aggregation and lower first-m**District Export Action Plans under the Districts as Export Hubs** ile/last-mile transit costs.
- Utilizing **E-Commerce Export Hubs (ECEH) and expanded postal networks** (Dak Niryat Kendras) for streamlined returns processing and shipping.
- MSME Action Plan:
  - Route export consignments through nearest ICDs/MMLPs to reduce inland logistics costs.
  - Utilize increased courier export limits (up to ₹10 Lakh per consignment) for direct B2C global shipping

Value Addition & Technology Upgradation Strategy

- Elevate product quality to meet global buyer standards and sustainability norms.
- **Import state-of-the-art machinery and green technologies at zero customs duty** via the EPCG Scheme (with reduced user charges for MSMEs).
- **Utilize Advance Authorization** (AA) via Standard Input-Output Norms (SION) to duty-free import raw materials incorporated into export products, boosting cost competitiveness.
- **Upgrade manufacturing to mitigate unilateral trade risks** such as EU CBAM and EUDR.
- MSME Action Plan:
  - Adopt SION / Ad-hoc norms for tax-exempt raw material inputs under AA.
  - Transition to EPCG Green Technology concessions to build sustainable supply chains demanded by global buyers.

Strategic Sector Growth Levers (I)

Gems & Jewellery: Transition from raw cut-stones to hallmarked, high-margin finished jewellery leveraging FTAs zero duty and utilise simplified consignment clearances.

Furniture & Handicrafts: Enforce **Vriksh/CITES timber traceability compliance** to secure frictionless EU and US market access. **Leverage Rules of Origin (RoO) flexibilities to export Jodhpur wooden craft & Jaipur goods globally.**

Apparel & Textiles: Adopt ZED (Zero Defect Zero Effect) certification and green energy to target premium Western buyers. Overcome tariff disadvantages against regional competitors by utilising duty-free access in new trade corridors.

Light Engineering: Integrate into auto and machinery GVCs by utilizing state tech-acquisition grants. Navigate non-tariff barriers by aligning product standards with international quality frameworks.

Strategic Sector Growth Levers (II)

Gems & Jewellery: Pre- and post-shipment credit support under Niryat Protsahan unlocks working capital locked in high-value raw gemstones and precious metals. **EPM assists jewellers with conflict-free sourcing certifications** and Responsible Jewellery Council (RJC) audit compliance under preferential trade corridors like the UAE CEPA.

Furniture & Handicrafts: Bulk furniture suffers high freight-to-value ratios; **LIFT freight subsidies and 30–50% overseas warehousing support reduce landed costs** in North America and EU. **Niryat Disha reimburses costs for Vriksh and CITES timber traceability certifications** required by Western buyers.

Dedicated credit lines (₹10–50 Lakh) enable small artisans in Jaipur blue pottery or Barmer embroidery to sell directly on global digital storefronts. 50–70% reimbursement on international trade fair stalls enables small exporters to participate in top design fairs in Paris, Milan, and New York.

Apparel & Textiles: Subsidies for OEKO-TEX, GOTS, and zero-liquid discharge (ZLD) testing de-risk Western buyer audits amid tightening EU sustainability laws. Combining EPM market access with zero-duty access in Australia and EFTA markets allows Bhilwara synthetic fabrics and Jaipur block prints to outcompete regional rivals.

Light Engineering: Financial support for ISO, CE, and specialised TBT testing allows engineering firms to pass stringent foreign technical audits. Utilising **EPM's INSIGHT platform to map foreign tender** requirements and high-growth global value chain opportunities.

Strategic Roadmap for Exporters

Register

On DGFT's unified EPM digital portal to access pre-approved credit and certification reimbursements.

Certify

Utilize **Niryat Disha** subsidies to upgrade ESG, timber, and technical certifications.

Avail 50% state subsidy for ISO, ZED, and quality testing certifications.

Optimise

Combine EPM's **LIFT** assistance with state ICD freight incentives.

Leverage ₹1 Cr tech grant and 25% RIPS freight subsidy via state ICDs.

FTA Utilisation

Structure supply chains to meet Rules of Origin for zero-duty FTA access.

Global Market Expansion

Scale e-commerce B2C exports and participate in trade fairs with REPC support.

Capitalize on e-commerce credit and overseas warehousing subsidies to establish last-mile distribution.

Feedback or Questions?

ridhish.ctil@iift.edu

https://www.linkedin.com/in/ridhish16

www.ctil.org.in

@ctilindia

Centre for Trade and Investment Law

@ctilevents

@ctilofficial