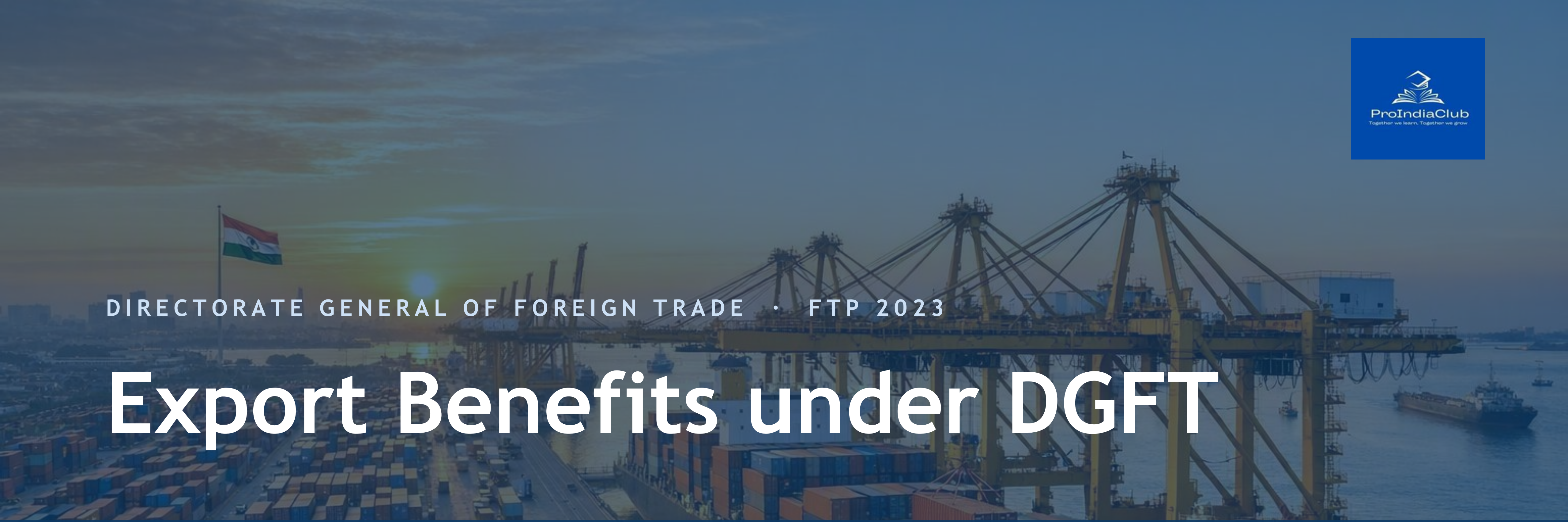

DIRECTORATE GENERAL OF FOREIGN TRADE · FTP 2023

Export Benefits under DGFT

A practical guide to India's key duty-exemption, remission and recognition schemes for exporters — what each scheme is, the benefit it delivers, who qualifies, and the conditions to meet.

Ministry of Commerce & Industry, Government of India

www.proindiaclub.com

Prepared by **ProIndiaClub** (A Unit of VNCA Consultants & Advisors Private Limited)

About DGFT — and what is the Foreign Trade Policy 2023?

THE REGULATOR: DGFT

- The Directorate General of Foreign Trade sits under the Ministry of Commerce & Industry and frames and administers India's export–import policy.
- It issues the authorisations, duty-credit scrips and certificates that carry these benefits — the Importer-Exporter Code (IEC) is the entry key.
- Almost everything is now filed on a single online, faceless portal (dgft.gov.in), speeding approvals and cutting paperwork.

THE RULEBOOK: FTP 2023

- The Foreign Trade Policy 2023 took effect on 1 April 2023 as a dynamic, open-ended policy with no fixed end date.
- It is built on trade facilitation, ease of doing business and 'Atmanirbhar Bharat' — shifting from cash incentives to an enabling ecosystem.
- Benefits fall into clear families: exempt input duties, import capital goods duty-free, remit embedded taxes, recognise top exporters, and reward domestic 'deemed' exports.

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Five families of benefits for exporters

1

Duty-free inputs

Import raw materials without paying duty when they go into export goods.

Advance Authorisation · DFIA

2

Capital goods at 0%

Import machinery and equipment at zero customs duty to upgrade capacity.

EPCG Scheme

3

Remit embedded taxes

Recover central, state and local taxes hidden in the cost of exports.

RoDTEP · RoSCTL

4

Exporter recognition

Earn star status and procedural privileges for strong export performance.

Status Holder

5

Deemed exports

Benefits for goods supplied within India to projects, EOUs and licence holders.

Deemed Exports

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FAMILY 1

Duty exemption on inputs

Advance Authorisation Scheme · Duty Free Import Authorisation (DFIA)

Advance Authorisation: about the scheme & benefit

ProIndiaClub
Together we learn, Together we grow

ABOUT THE SCHEME

- Lets an exporter import inputs free of duty when those inputs are physically incorporated into the finished export product.
- Fuel, oil and catalyst consumed in making the product are also covered.
- The quantity allowed is fixed by Standard Input Output Norms (SION), self-declaration, or ratification by the Norms Committee.
- Issued on a pre-import, 'actual-user' basis — the inputs must be used to produce exports, not sold on.

BENEFIT AVAILABLE

- Exemption from Basic Customs Duty, Additional Customs Duty, IGST & Compensation Cess (where notified), plus Anti-dumping, Countervailing and Safeguard duties.
- Frees up working capital — no upfront duty outflow on imported raw materials.
- Inputs can instead be sourced domestically using an Advance Release Order (ARO) or Invalidation Letter, giving the supplier deemed-export benefits.

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Advance Authorisation: who is eligible & conditions

WHO IS ELIGIBLE

- Manufacturer exporters, or merchant exporters tied to a supporting manufacturer.
- Available for physical exports (including supplies to SEZ), intermediate supplies, and specified deemed-export supplies.
- Also covers supply of 'stores' on board foreign-going vessels/aircraft where an SION exists.

KEY CONDITIONS

- Minimum value addition of 15% (specific or higher norms apply to some sectors; positive value addition for certain items).
- Export obligation must be met within 18 months from the date of issue (extendable as per the Handbook of Procedures).
- Authorisation is valid 12 months for imports; maintain proper input–output accounts.
- Close the authorisation by obtaining an Export Obligation Discharge Certificate (EODC).

DFIA: a transferable, post-export input scheme

ABOUT THE SCHEME

- A duty-free import authorisation for inputs used in export products, issued only where an SION is notified.
- Works like Advance Authorisation but is granted after exports are completed — and is transferable.

BENEFIT AVAILABLE

- Exemption from Basic Customs Duty on the notified inputs.
- Because it is transferable, an unused entitlement can be sold or passed on.
- Simplifies input sourcing for standard, well-defined products.

WHO IS ELIGIBLE

- Manufacturer exporters and merchant exporters.
- Issued only for products with notified Standard Input Output Norms.
- Minimum CIF value and other conditions apply.

KEY CONDITIONS

- Minimum value addition of 20%.
- Exports completed against the authorisation before transfer.
- Becomes freely transferable once the export obligation is met and EODC is granted.

FAMILY 2

Capital goods at zero duty

Export Promotion Capital Goods (EPCG) Scheme

EPCG: about the scheme & benefit

ABOUT THE SCHEME

- Lets exporters import capital goods — machinery and equipment for pre-production, production and post-production — at zero customs duty.
- The goal is to modernise plant and raise the quality and global competitiveness of Indian goods and services.
- Capital goods can also be bought from domestic manufacturers, who then receive deemed-export benefits.

BENEFIT AVAILABLE

- 0% customs duty on imported capital goods, with IGST exemption where notified.
- Sharply lowers the cost of technology upgrades and capacity expansion.
- The domestic-sourcing route supports 'Make in India' while keeping the duty concession intact.

EPCG: who is eligible & conditions

WHO IS ELIGIBLE

- Manufacturer exporters.
- Merchant exporters tied to a supporting manufacturer.
- Service providers who export services.

KEY CONDITIONS

- Export Obligation equal to 6 times the duty saved, to be fulfilled over 6 years from the authorisation date.
- Maintain the average export obligation of the previous 3 years, over and above the specific EO.
- Install the capital goods and submit an installation certificate.
- Reduced export obligation is available in some cases — e.g. domestic sourcing or green technology.

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FAMILY 3

Remission of embedded taxes

RoDTEP · RoSCTL

RoDTEP: refunding taxes that no other scheme returns

ABOUT THE SCHEME

- Remission of Duties and Taxes on Exported Products refunds embedded central, state and local taxes not refunded under any other scheme — e.g. fuel VAT, electricity duty, mandi tax.
- WTO-compliant; live since 1 January 2021, administered by DGFT with Customs.

BENEFIT AVAILABLE

- Rebate given as a percentage of FOB value (product-wise rates, broadly ~0.3%–4.3%, per Appendix 4R).
- **Issued as a transferable electronic scrip in the customs ledger — usable to pay Customs Duty, or sold.**

WHO IS ELIGIBLE

- All exporters, including MSMEs and merchant exporters.
- Some products and categories are specifically excluded.

KEY CONDITIONS

- Declare the intent to claim in the shipping bill at the time of export.
- Realise export proceeds as required.
- e-scrip is credited to the exporter's ledger after export; the same tax cannot be claimed twice.

RoSCTL: rebate for apparel and made-up exporters

ABOUT THE SCHEME

- Rebate of State and Central Taxes and Levies — a Ministry of Textiles scheme.
- Rebates embedded state and central taxes/levies on export of garments/apparel (Chapters 61 & 62) and made-ups (Chapter 63) not covered by GST refunds or RoDTEP.

BENEFIT AVAILABLE

- Rebate as a percentage of FOB value at notified rates.
- Issued as transferable duty-credit scrips usable to pay Basic Customs Duty.
- Keeps Indian textile and apparel exports price-competitive; continued and revised through recent years.

WHO IS ELIGIBLE

- Exporters of apparel/garments and made-ups under Chapters 61, 62 and 63.
- A valid Importer-Exporter Code (IEC) is required.
- Products outside these chapters use RoDTEP instead.

KEY CONDITIONS

- Declare the RoSCTL claim in the shipping bill.
- Realise export proceeds; scrip is issued electronically.
- The same taxes cannot also be claimed under RoDTEP or duty drawback.

FAMILIES 4 & 5

Recognition & deemed exports

Status Holder · Deemed Exports

Status Holder: recognition earned by performance

ABOUT THE RECOGNITION

- DGFT recognition awarded to exporters for proven export performance, in five tiers from One to Five Star Export House.
- Rank is based on cumulative FOB/FOR export value over the current plus three preceding financial years.
- Certificates (e-SHC) are now generated automatically from official DGCI&S export data — in most cases with no application to file.
- Status Holders are expected to mentor and hand-hold new exporters as well as grow the country's exports.

Recognition tiers — export performance threshold

Status category	Export performance (US$ 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

Thresholds as per FTP 2023 (FOB/FOR value, current + 3 preceding years). Double weightage applies for MSMEs and certain categories.

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Status Holder: benefit, eligibility & conditions

BENEFIT — PRIVILEGES

- Self-certify goods as 'originating in India' (manufacturer status holders) and self-declare for faster clearances.
- Exemption from furnishing bank guarantees and from compulsory bank negotiation of documents.

BENEFIT — FACILITATION

- Priority customs handling and priority in DGFT schemes and approvals.
- Permission to establish export warehouses.
- Easier access to credit and other incentives.

WHO IS ELIGIBLE

- Any IEC-holding exporter meeting the export-value threshold for a tier.
- Double weightage for MSMEs, ISO/BIS-certified units and units in specified regions.

KEY CONDITIONS

- Performance verified from official export data; status is time-bound and renewable.
- Privileges depend on continued compliance with the FTP.
- Some benefits (e.g. self-certification of origin) are limited to manufacturer status holders.

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Deemed Exports: benefits for supplies within India

ABOUT THE SCHEME

- Transactions where goods manufactured in India are supplied within the country — the goods do not leave India — and payment is received in Indian rupees or free foreign exchange.
- Examples: supplies to EOUs, projects under international competitive bidding, and Advance Authorisation / EPCG holders.

BENEFIT AVAILABLE

- Refund of GST
- Deemed Export Drawback and brand-rate fixation.
- The supplier can also access Advance Authorisation / DFIA for inputs used in such supplies.

KEY CONDITIONS

- Suppliers (and in some cases recipients) of goods to the categories specified in Para 7.02 of FTP 2023.
- Both parties must hold a valid IEC; goods must be manufactured in India.

DECISION GUIDE

Which scheme fits your situation?

DUTY-FREE INPUTS

“I import raw materials to make my exports.”

Advance Authorisation — or DFIA for standard, SION-notified products where you want transferability.

CAPITAL GOODS

“I need to buy machinery or equipment.”

EPCG — import capital goods at zero duty and repay through an export obligation.

TAX REMISSION

“I just want to recover taxes hidden in my export costs.”

RoDTEP for most goods; RoSCTL if you export apparel, garments or made-ups.

DEEMED / STATUS

“I supply to EOUs or mega projects within India.”

Deemed Exports — and aim for Status Holder recognition as your export volumes grow.

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TURN POLICY INTO WORKING CAPITAL

Know the scheme. Claim the benefit.

Where to go next: dgft.gov.in · Foreign Trade Policy 2023 & Handbook of Procedures · your jurisdictional DGFT Regional Authority

Disclaimer: rates, thresholds and timelines are indicative under FTP 2023. Verify current norms on dgft.gov.in before filing any claim.

What we do — how we help exporters

SCHEME APPLICATION & LICENSING

End-to-end filing of Advance Authorisation, EPCG, DFIA, RoDTEP and RoSCTL applications — from registration through to EODC and closure.

SCRIP TRADING — BUY & SELL

Facilitating the sale and purchase of transferable RoDTEP, RoSCTL and other duty-credit scrips at the best available market value.

DGFT ADVISORY & CONSULTANCY

Advisory on Foreign Trade Policy matters — scheme selection, eligibility and interpretation tailored to your business.

IEC & COMPLIANCE SUPPORT

IEC registration, DGFT portal management, export-obligation monitoring and up-to-date record keeping.

STATUS HOLDER & REPRESENTATION

Status Holder certification, renewals and representation before DGFT and Customs authorities.

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Other services relating to export & import

MOOWR LICENCE — DUTY DEFERMENT

Assistance in obtaining a licence under the MOOWR scheme, enabling eligibility for deferment of customs duty on imported inputs and capital goods.

FREIGHT SUBSIDY CLAIMS

Assistance in claiming freight subsidy available under applicable State Government export-incentive schemes.

DGFT & CUSTOMS NOTICE REPLIES

Preparation of replies and submissions to notices issued by DGFT and Customs authorities.

REPRESENTATION BEFORE DGFT

Representation of cases before the DGFT Committee, including Policy Relaxation and related committees.

EXPORT DEBT RECOVERY

Assistance in recovering outstanding dues and delayed payments arising from international trade transactions.