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Advance Authorisation Scheme

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Why is in news? DGFT implements the Advance Authorisation Scheme, allows duty-free import of inputs for export purposes

Directorate General of Foreign Trade (DGFT) implements the Advance Authorisation Scheme under the Foreign Trade Policy, which **allows duty-free import of inputs for export purposes.**

The eligibility of inputs is determined by **Sector-specific Norms Committees** based on input-output norms.

To make the norms fixation process more efficient, the DGFT has created a user-friendly and searchable database of Ad-hoc Norms fixed in the previous years.

These norms can be used by any exporter without requiring a Norms Committee review as outlined in the Foreign Trade Policy 2023.

The database is hosted on the DGFT Website and allows users to search using Export or Import Item Description, Technical Characteristics, or Indian Tariff Classification ITC (HS) codes.

This trade facilitation measure **simplifies the advance authorisation and norms fixation process**, resulting in **shorter turnaround times for exporters**, improved ease of doing business, and reduced compliance burden.

Advance Authorisation Scheme:

Advance Authorisation Scheme (AAS) or **Advance License Scheme** is a type of duty exemption scheme introduced by the Government of India **under the Foreign Trade Policy 2015-2020.**

Under this scheme, **exemption from the payment of import duties** is given to raw materials/inputs required for the manufacture of export products i.e., one can import raw materials/inputs at zero customs duty for the production of export products.

The purpose of this scheme is to **make India's products competitive in the global market.** When duties paid on raw materials are saved, it automatically brings down the cost of the final export product.

Under the advance authorisation scheme, the products that are required to be **exported within a specified time.**

They are **not allowed to sell the products in the domestic market.**

Advance Authorization is **valid for 12 months from the date of issue** of such Authorization.

The revised composition fee formula is based on a specific rate for different levels of the **'CIF (cost, insurance, freight) value of authorisation.**

The fees levied under these **3 slabs**; at ₹5,000 for a cost, insurance, freight (CIF) value of advance authorization license valued at up to ₹2 crores, ₹10,000 for a value between ₹2 crore and 10 crores, and ₹15,000 for value over ₹10 crores.

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The simplification of calculations for composition fees helps in automation and faster service delivery by making the process more efficient and easier to understand.

Directorate General of Foreign Trade:

Directorate General of Foreign Trade (DGFT) Organization is an **attached office of the Ministry of Commerce and Industry** and is headed by Director General of Foreign Trade.

Right from its inception till 1991, when liberalization in the economic policies of the Government took place, this organization has been essentially **involved in the regulation and promotion of foreign trade through regulation**.

Keeping in line with liberalization and globalization and the overall objective of increasing of exports, DGFT has since been assigned the **role of “facilitator”**.

The **shift was from prohibition and control of imports/exports to promotion and facilitation of exports/imports**, keeping in view the interests of the country.

This Directorate, with headquarters at New Delhi, is headed by the Director General of Foreign Trade.

It is responsible for **implementing the Foreign Trade Policy** with the main objective of promoting India's exports.

The DGFT **also issues licenses to exporters and monitors their corresponding obligations** through a network of 25 Regional Offices and an extension counter at Indore.