



India Introduces Enabling Framework for Forced-Labour Import Restrictions

INTRODUCTION

On July 13, 2026, the Directorate General of Foreign Trade (**DGFT**) issued Notification No. 23/2026-27 amending the Foreign Trade Policy, 2023 (**FTP 2023**). The notification inserts Paragraph 2.20B in the FTP 2023, which enables the Central Government to prohibit the import of goods produced or manufactured, wholly or in part, through forced labour. It also inserts Paragraph 11.64 in the FTP 2023 defining “Forced Labour” by reference to the International Labour Organisation (**ILO**) Forced Labour Convention, 1930.¹

KEY FEATURES

- **Enabling power for product-specific prohibitions:** The Central Government may specify, by notification, the goods whose import will be prohibited under Paragraph 2.20B of the FTP 2023.
- **Defines forced labour by reference to international law:** Paragraph 11.64 of FTP 2023 now defines “Forced Labour” consistently with the ILO Forced Labour Convention, 1930, as work or service exacted from any person under the menace of penalty and for which the person has not offered himself voluntarily.
- **Enquiry-based framework:** The Central Government may issue such notifications having regard to the findings of an enquiry or such other material as it considers appropriate. The procedure governing such enquiries has not yet been issued by the DGFT and will be prescribed in the Handbook of Procedures, 2023 (**HBP 2023**).

USTR SECTION 301 INVESTIGATIONS

The notification follows shortly after the Office of the United States Trade Representative (**USTR**) issued its report and determination under the Section 301 investigation concerning the failure of 60 economies to impose and effectively enforce prohibitions on the importation of goods produced with forced labour. USTR concluded that the acts, policies and practices of all investigated economies, including India, were actionable under Section 301 of the Trade Act of 1974.²

India was among the 54 economies that USTR found did not maintain a legal prohibition on the importation of goods produced wholly or in part through forced labour. Consequently, India was placed within the residual “Others” category under USTR’s proposed remedial framework, attracting a proposed additional duty of 12.5%, compared with 10% for

¹ Notification No. 23/2026-27, Directorate General of Foreign Trade, Ministry of Commerce & Industry, dated July 13, 2026.

² Notice of Determinations and Request for Comments Concerning Actions in Section 301 Investigations of Acts, Policies, and Practices of Various Economies Related to the Failure to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labour”, USTR, dated June 02, 2026, available at - [<FRN - Section 301 Forced Labor Import Ban Actionability and Proposed Action 6-2-26 FINAL.pdf>](#).

jurisdictions that had adopted such import prohibitions, adopted partial regimes for such prohibitions or undertaken relevant commitments in a reciprocal trade agreement with the USA to do so.³

KEY TAKEAWAYS

The notification establishes the legal framework under which India may impose future import restrictions on goods produced using forced labour. However, it does not itself prohibit the import of any goods, and businesses are not presently subject to any new import restrictions or compliance obligations under Paragraph 2.20B of the FTP 2023. The practical operation of the framework will depend on the issuance of the enquiry procedure under the Handbook of Procedures, 2023 and subsequent notifications identifying the goods that will become subject to import prohibition.

While the notification addresses one of the regulatory gaps identified by USTR in the Section 301 investigations, the proposed additional duties have not yet been imposed. It remains to be seen whether, and to what extent, USTR takes this development into account in its final determination on the proposed Section 301 measures that would be applicable to India.

We trust you will find this an interesting read. For any queries or comments on this update, please feel free to contact us at insights@elp-in.com or write to our authors:

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³ Notice of Determinations and Request for Comments Concerning Actions in Section 301 Investigations of Acts, Policies, and Practices of Various Economies Related to the Failure to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labour”, USTR, dated June 02, 2026, available at - [<FRN - Section 301 Forced Labor Import Ban Actionability and Proposed Action 6-2-26 FINAL.pdf>](#).