



# **Hand Book of Procedures (Vol. I)**

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MINISTRY OF COMMERCE AND INDUSTRY  
DEPARTMENT OF COMMERCE

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NEW DELHI, DATED THE 23<sup>rd</sup> August, 2010**

In exercise of powers conferred under paragraph 2.4 of the Foreign Trade Policy, 2009-14, the Director General of Foreign Trade hereby notifies the Handbook of Procedures (Volume 1) incorporating Annual Supplement as updated on 23rd August, 2010 as contained in Annexure to this Public Notice. This shall come into force from 23rd August, 2010.

This issues in Public interest.



(P. K. Chaudhery)

Director General of Foreign Trade and  
Additional Secretary to the Government of India

(Issued from F.No. 01/ 91 / 180 / 954 / AM-11/PC-3)



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## GLOSSARY (ACRONYMS)

<b>Acronym</b>	<b>Explanation</b>
ACC	Assistant Commissioner of Customs
ACU	Asian Clearing Union
AEZ	Agri Export Zone
ANF	Aayaat Niryaat Form
ARO	Advance Release Order
ASIDE	Assistance to States for Infrastructure Development of Exports
BG	Bank Guarantee
BIFR	Board of Industrial and Financial Reconstruction
BOA	Board of Approval
BOT	Board of Trade
BRC	Bank Realisation Certificate
BTP	Biotechnology Park
CBEC	Central Board of Excise and Customs
CCP	Customs Clearance Permit
CEA	Central Excise Authority
CEC	Chartered Engineer Certificate
CIF	Cost, Insurance & Freight
CIS	Commonwealth of Independent States
CoD	Cash on Delivery
CoO	Certificate of Origin
CVD	Countervailing Duty
DA	Document against Acceptance
DoBT	Department of Bio Technology
DC	Development Commissioner
DEPB	Duty Entitlement Passbook Scheme
DFIA	Duty Free Import Authorisation
DFRC	Duty Free Replenishment Certificate
DGCI&S	Director General, Commercial Intelligence & Statistics.
DGFT	Director General of Foreign Trade
DIPP	Department of Industrial Policy & Promotion
DoC	Department of Commerce
DoE	Department of Electronics
DoIT	Department of Information Technology
DoR	Department of Revenue
DoT	Department of Tourism
DTA	Domestic Tariff Area
EDI	Electronic Data Interchange
EEFC	Exchange Earners' Foreign Currency
EFC	Exim Facilitation Committee
EFT	Electronic Fund Transfer
EH	Export House
EHTP	Electronic Hardware Technology Park
EIC	Export Inspection Council
EO	Export Obligation

EODC	Export Obligation Discharge Certificate
EOP	Export Obligation Period
EOU	Export Oriented Unit
EPC	Export Promotion Council
EPCG	Export Promotion Capital Goods
EPO	Engineering Process Outsourcing
FDI	Foreign Direct Investment
FIEO	Federation of Indian Export Organisation
FIRC	Foreign Exchange Inward Remittance Certificate
FMS	Focus Market Scheme
FOB	Free On Board
FPS	Focus Product Scheme
FT (D&R)	Foreign Trade ( Development & Regulation) Act, 1992 (22 of 1992)
Act	
FTDO	Foreign Trade Development Officer
FTP	Foreign Trade Policy
GATS	General Agreement on Trade in Services
GRC	Grievance Redressal Committee
HACCP	Hazard Analysis and Critical Control Process
HBP v1	Handbook of Procedures (Vol.1)
HBP v2	Handbook of Procedures (Vol.2)
ICD	Inland Container Depot
ICM	Indian Commercial Mission
IEC	Importer Exporter Code
ISO	International Standards Organisation
ITC (HS)	Indian Trade Classification (Harmonised System) Classification for Export & Import Items, 2004-2009
ITPO	India Trade Promotion Organisation
LoC	Line of Credit
LoI	Letter of Intent
LoP	Letter of Permit
LUT	Legal Undertaking
MAI	Market Access Initiative
MDA	Market Development Assistance
MEA	Ministry of External Affairs
MoD	Ministry of Defence
MoF	Ministry of Finance
NC	Norms Committee
NFE	Net Foreign Exchange
NOC	No Objection Certificate
PRC	Policy Relaxation Committee
PTH	Premier Trading House
PSU	Public Sector Undertaking
R&D	Research and Development
RA	Regional Authority
RBI	Reserve Bank of India
REP	Replenishment
RCMC	Registration-cum-Membership Certificate
RSCQC	Regional Sub-Committee on Quality Complaints



S/B	Shipping Bill
SHE	Star Export House
SEI CMM	Software Engineers Institute's Capability Maturity Model
SEZ	Special Economic Zone
SFIS	Served from India Scheme
SIA	Secretariat for Industrial Assistance
SION	Standard Input Output Norms
SSI	Small Scale Industry
STE	State Trading Enterprise
STH	Star Trading House
STP	Software Technology Park
TEE	Towns of Export Excellence
TH	Trading House
TRA	Telegraphic Release Advice
TRQ	Tariff Rate Quota
VA	Value Addition
VKGUY	Vishesh Krishi and Gram Udyog Yojana
WHOGMP	World Health Organisation Good Manufacturing Practices



# CHAPTER 1

## INTRODUCTION

- Notification* 1.1 In pursuance of the provisions of paragraph 2.4 of FTP, the Director General of Foreign Trade (DGFT) hereby notifies the compilations known as HBPv1, HBPv2 and Schedule of DEPB rates. These compilations, as amended from time to time, shall remain in force until 31st March, 2014, except DEPB scheme, which shall continue to be operative till 30<sup>th</sup> June, 2011.
- Objective* 1.2 Objective is to implement provisions of FT (D&R) Act, Rules and Orders made thereunder and FTP (2009-14) by laying down simple, transparent and EDI compatible procedures, which are easy to comply with and administer, for efficacious management of foreign trade.
- Definition* 1.3 For the purpose of this Handbook, definitions and glossary contained in FT (D&R) Act, Rules and Orders made thereunder and the FTP (2009-14) shall apply.



## CHAPTER 2

### GENERAL PROVISIONS REGARDING EXPORTS AND IMPORTS

<b><i>Policy</i></b>	2.1	Policy relating to general provisions regarding exports and imports is given in Chapter-2 of FTP.
<b><i>Countries of Imports / Exports</i></b>	2.2	Unless otherwise specifically provided, import / export will be valid from / to any country. Above provisions shall, however, be subject to all conditionality, or requirement of Authorisation as required under Schedule I and / or Schedule II of ITC (HS).
<b><i>Application Fee</i></b>	2.3	The scale of fee, mode of payment, procedure for refund of fee and categories of persons exempted from payment of fee are contained in Appendix-21B.
<b><i>Territorial Jurisdiction of Regional Authorities (RA)</i></b>	2.4	Every application, unless otherwise specified, shall be submitted to RA concerned, as indicated in Appendix-1 of HBP v1.
<b><i>Filing of Application</i></b>	2.5	An incomplete or unauthorised application is liable to be rejected giving specific reason for rejection. In case of manual applications, applicant would furnish a soft copy of the application in MS word format.
<b><i>Profile of Importer/ Exporter</i></b>	2.6	Each importer / exporter shall be required to file importer / exporter profile once with RA in ANF 1. RA shall enter such information in database so as to dispense with need for asking information again. In case of any change in information given in ANF 1, importer / exporter shall intimate same to RA.
<b><i>Self Addressed Stamped Envelope</i></b>	2.7	Applicant shall furnish a self-addressed envelope of 40 x 15 cm with required postal stamp affixed, for all documents required to be sent by Speed Post.
<b><i>IEC No: Exempted Categories</i></b>	2.8	Following categories of importers or exporters are exempted from obtaining IEC number: <ol style="list-style-type: none"><li>(i) Importers covered by clause 3(1) [except sub-clauses (e) and (l)] and exporters covered by clause 3(2) [except sub-clauses (i) and (k)] of Foreign Trade (Exemption from application of Rules in certain cases) Order, 1993.</li><li>(ii) Ministries / Departments of Central or State Government.</li><li>(iii) Persons importing or exporting goods for personal use not connected with trade or manufacture or agriculture.</li><li>(iv) Persons importing / exporting goods from / to Nepal, Myanmar through Indo-Myanmar border areas and China (through Gunji, Namgaya Shipkila and Nathula ports), provided CIF value of a single consignment does</li></ol>

not exceed Indian Rs.25, 000. In case of Nathula port, the applicable value ceiling will be Rs. 100,000.

However, exemption from obtaining IEC number shall not be applicable for export of Special Chemicals, Organisms, Materials, Equipments and Technologies (SCOMET) as listed in Appendix- 3, Schedule 2 of ITC (HS) except in case of exports by category (ii) above.

(v) Following permanent IEC numbers shall be used by non-commercial PSUs and categories of importers / exporters mentioned against them for import / export purposes:

S.No	Code Number	Categories of Importers / Exporters
1.	0100000011	All Ministries / Departments of Central Government and agencies wholly or partially owned by them.
2.	0100000029	All Ministries / Departments of any State Government and agencies wholly or partially owned by them.
3.	0100000037	Diplomatic personnel, Counselor officers in India and officials of UNO and its specialised agencies.
4.	0100000045	Indians returning from / going abroad and claiming benefit under Baggage Rules.
5.	0100000053	Persons / Institutions / Hospitals importing or exporting goods for personnel use, not connected with trade or manufacture or agriculture.
6.	0100000061	Persons importing / exporting goods from / to Nepal
7.	0100000070	Persons importing / exporting goods from / to Myanmar through Indo-Myanmar border areas
8.	0100000088	Ford Foundation
9.	0100000096	Importers importing goods for display or use in fairs / exhibitions or similar events under provisions of ATA carnet. This IEC number can also be used by importers importing for exhibitions/fairs as per Para 2.29 of HBPv1.
10.	0100000100	Director, National Blood Group Reference Laboratory, Bombay or their authorized offices.
11.	0100000126	Individuals / Charitable Institution / Registered NGOs importing goods, which have been

		exempted from Customs duty under Notification issued by Ministry of Finance for bonafide use by victims affected by natural calamity.
	12.	0100000134 Persons importing / exporting permissible goods as notified from time to time, from / to China through Gunji, Namgaya Shipkila and Nathula ports, subject to value ceilings of single consignment as given in Para 2.8(iv) above.
	13	0100000169 Non-commercial imports and exports by entities who have been authorized by Reserve Bank of India.
<b><i>Application for Grant of IEC Number</i></b>	2.9	An application for grant of IEC Number shall be made by Registered Office, in case of companies and Head Office in case of proprietorship concerns, partnership concerns and HUFs, of applicant, except EOUs and SEZ units, to concerned RA in ANF2A with documents prescribed therein.  Only one IEC would be issued / allowed against a single PAN number.  The application (ANF 2 A) for issuance of fresh IEC or modification of IEC shall indicate the name and designation of the person whose photograph has been affixed on the Bank Certificate. A photograph of the person alongwith his/her name and designation shall also be affixed on the IEC No. to be issued (Appendix 18 B).
<b><i>IEC Format and Statements</i></b>	2.9.1	RA concerned shall issue an IEC number in prescribed format (Appendix-18B). A copy of such IEC number shall be endorsed to concerned banker (as per details given in ANF 2A).  A consolidated statement (in Appendix 18 C) of IEC numbers issued by RA shall be sent to Exchange Control Department of RBI as given in Appendix-18D.
<b><i>Validity of IEC No.</i></b>	2.9.2	An IEC number allotted to an applicant shall be valid for all its branches / divisions / units / factories.
<b><i>Duplicate Copy of IEC Number</i></b>	2.9.3	Where an IEC Number is lost or misplaced, issuing authority may consider requests for grant of a duplicate copy of IEC number, on an affidavit.
<b><i>Surrender of IEC Number</i></b>	2.9.4	If an IEC holder does not wish to operate allotted IEC number, he may surrender the same by informing issuing authority. On receipt of such intimation, issuing authority

shall immediately cancel it and electronically transmit it to DGFT and Customs authorities.

***Application for Import and Export of Restricted Items*** 2.10

An application for grant of an Authorisation for import or export of items mentioned as restricted in ITC (HS) may be made to RA as specified under relevant Chapters of this Handbook.

***Imports under Indo-US Memorandum of Understanding*** 2.11

Import of specified capital goods, raw materials and components, from United States of America (USA) is subject to US Export Control Regulations.

US suppliers of such items are required to obtain an export authorisation based on import certificate issued in India. The following are designated Import Certificate Issuing Authorities (ICIA):

- (i) Department of Electronics (DoE), for computer and computer based systems;
- (ii) Department of Industrial Policy and Promotion (DIPP), Technical Support Wing (TSW), for organised sector units registered under it, except for computers and computer based systems;
- (iii) Ministry of Defence (MoD), for defence related items;
- (iv) DGFT for small scale industries and entities not covered above as well as on behalf of any of the above;
- (v) Embassy of India, Washington, DC, on behalf of any of the above.

A request for an import certificate shall be made in ANF 2C. Import certificate in Appendix-31 may be issued by ICIA directly to importer with a copy to (i) Ministry of External Affairs (MEA) (AMS Section), New Delhi, (ii) DoE, New Delhi; and (iii) DGFT.

However, this import certificate will not be regarded as a substitute for an import authorisation in respect of items mentioned as restricted in ITC (HS) and an import authorisation will have to be obtained for such items.

2.11A

In case of import of any freely importable item in India, if a foreign Government insists on certification of end user of the item, before permitting export of the same from their country, RA may issue such certificates as per Appendix 31A of HBPv1. The certificate shall be issued based on application made under ANF 2C-1 along with documents prescribed therein.



**Validity Of Import  
Licence / Certificate /  
Authorisation /  
Permissions / CCPs /  
Export licence**

2.12 Validity of import / export Authorisation from date of issue shall be as follows, unless specified otherwise:

- |        |  |   |
|--------|--|---|
| (i)    | Advance Authorisation / DFIA (including Advance Authorisation for annual requirement, and Replenishment Authorisation for Gem & Jewellery as per Chapter-4 of FTP) | 24 months   |
| (ii) a | For Zero duty EPCG Authorisations (other than spares)  | 9 months  |
| (ii) b | For 3% EPCG Authorisations (other than spares)   | 36 months   |
| (iii)  | EPCG Authorisation for Spares, refractories, catalyst and consumables  | Co-terminus with EOP of EPCG Authorisation.   |
| (iv)   | Others including CCP and DEPB, unless otherwise specified  | 24 months   |
| (v)    | Advance Authorisation / DFIA for deemed export (including Advance Authorisation for annual requirement)  | 24 months or Co-terminus with contracted duration of project execution, whichever is later.   |
| (vi)   | Export Licence / Authorisation   | 12 months (However, EFC may decide to issue Export Authorisation for a longer duration in case of R&D studies based on recommendation of technical authority) |

2.12.1 Where an Authorisation expires during the month, such Authorisation shall be deemed to be valid until last day of concerned month.

This proviso would be applicable even for a revalidated Authorisation.

2.12.2 Validity of an import Authorisation is decided with reference to date of shipment / dispatch of goods from supplying country as given in Paragraph 9.11 A of HBP v1 and not the date of arrival of goods at an Indian port.

2.12.3 Provisions of paragraph 2.12.1 above shall not be applicable to DEPB, Service Providers under SFIS, VKGUY and duty credit scrips issued under FMS and FPS, which are duty credit entitlements and must be valid on date on which actual debit of duty is made.

2.12.4 Similarly, EOP shall be deemed to be valid until month end.

***Revalidation of Import / Export Licence / Certificate / Authorisation / Permissions***

2.13 RA concerned may revalidate import Authorisation on merits, for six months from date of expiry of validity. However, Export Licence may only be revalidated by RA concerned on recommendation of DGFT for six months at a time and maximum upto 12 months from date of expiry of validity.

2.13.1 However, revalidation of freely transferable Authorization / Duty credit scrips and stock and sale Authorization shall not be permitted unless validity has expired while in custody of Customs authority / RA.

2.13.2 Such revalidation (under 2.13 and 2.13.1 above) would be permitted under specific orders of Head of concerned Office and would be maximum up to the extent of custody period.

2.13.2A For the purpose of re-credit of 4% Special Additional Duty (SAD) of customs in the freely transferable Duty credit scrips (including DEPB), revalidation for a maximum period of 6 months from the date of endorsement, shall be allowed in case the balance period of validity is less than 6 months on the date of re-credit.

2.13.3 An application for revalidation (including for restricted items), may be made to RA concerned. RA would consider such application as per government rules / notifications. Where DGFT is concerned authority, original application shall be submitted to RA concerned and self-attested copy of same shall be submitted to DGFT.

***Duplicate Copies of Export-Import Licence / Certificate / Authorisation / Permissions / CCPs***

2.14 Where an Authorization is lost or misplaced, an application for issue of a duplicate may be made along with an affidavit, as given in Appendix-24, to issuing RA. RA concerned may, on merits to be recorded, issue a duplicate after issuing an order for cancellation of original and informing customs authority where original was registered.

2.15 Duplicate copy of freely transferable Authorisation, may be issued against an application accompanied with following documents:

- a. An application with fee equivalent to 10% of duty saved or duty credit (of unutilized balance).

- b. A copy of FIR reporting loss.
- c. Original affidavit on notorised stamp paper.
- d. Indemnity bond on a stamp paper undertaking to indemnify revenue loss, which may be caused on account of issue of such duplicate.

2.15.1 When an Authorisation has been lost by a Government agency and a proof to this effect is submitted, documents at serial nos. (a) to (d) above shall not be required.

In such cases, revalidation shall be for six months from date of endorsement.

2.15.2 RA concerned shall obtain a report regarding utilization of such Authorisation from Custom authority at port of registration before issuing duplicate, for balance unutilized.

2.15.3 Validity of duplicate Authorisation shall be co-terminus with original period. No request shall be entertained if validity has expired.

2.15.4 Provision of paragraph 2.15.2 and 2.15.3 shall be applicable both for cases covered under paragraph 2.14 and 2.15.

***Identity Cards***

2.16 To facilitate collection of Authorisation and other documents from DGFT Head Quarters and RA, identity cards (as in Appendix 20B, valid for 3 years) may be issued to proprietor / partners / directors and authorised employees (not more than three), of importers and exporters, upon application as in Appendix 20A.

In addition, Identity Card may also be issued by the applicant firms on their letterhead to the concerned employees. These Identity Cards may be countersigned by the concerned RA. However, application for identity card in Appendix 20B will require to be made by the applicant and all other parameters would need to be met.

However, in case of limited companies, RA may approve allotment of more than three identity cards per company.

In case of loss of an identity card, a duplicate card may be issued on the basis of an affidavit.

Common directors / partners, of a group company or in any other similar cases, RA may issue multiple identity cards after recording reasons in writing.

***Interviews with authorised Officers***

2.17 Officers may grant interview at their discretion to authorised representative of importer / exporter. Interviews / clarifications may also be sought through E-mails.

***Export of Items  
Reserved for SSI  
Sector***

2.18 Units other than small scale units are permitted to expand or create new capacities in respect of items reserved for small scale sector, subject to condition that they obtain an Industrial licence under the Industries (Development and Regulation) Act, 1951, with export obligation as may be specified.

Such licensee is required to furnish a LUT to RA and DGFT in this regard. DGFT / RA concerned shall monitor export obligation.

***Warehousing Facility***

2.19 Public / Private Customs Bonded Warehouses may be set up in DTA as per Chapter-IX of Customs Act, 1962, to import items in terms of paragraph 2.28 of FTP.

On receipt of goods, such warehouses shall keep these goods for one year without payment of applicable customs duties. Goods can be cleared against Bill of Entry for home consumption, on payment of applicable custom duty and on submission of Authorisation wherever required, after an order for clearance of such goods for home consumption is issued by competent customs authorities.

In case of clearance against duty free categories / concessional duty categories, exemption / concession from duty shall be allowed.

In case of clearance against DEPB and other duty credit scrips customs duty on imports may be adjusted.

Goods can be re-exported without payment of customs duty provided (i) a shipping bill or a bill of export is presented in respect of such goods; and (ii) order for export of such goods has been made by competent customs authorities.

***Execution of Bank  
Guarantee / Legal  
Undertaking for  
Advance Authorisation  
/ DFIA and EPCG  
Authorisation***

2.20 Before clearance of goods through Customs, Authorisation holder shall execute a BG/LUT with customs authorities. In such cases, RA shall endorse the following condition on the licence/ Authorisation:

" BG / LUT as applicable, to be executed with concerned Customs Authorities."

In case of indigenous sourcing, Authorisation holder shall furnish BG / LUT to RA as per Customs Circular No.58/2004 dated 31.10.04, as amended from time to time.

In case, the firm has already executed BG / LUT for the full value of the licence/ certificate / authorization / permission (covering the items indigenously procured) to the Customs and furnishes proof of the same to Regional Authority (RA), no BG / LUT shall be required to be executed with the RA. The RA concerned shall endorse on the authorization that the Customs Authority shall release / redeem BG / LUT only after receipt of NOC or EODC from the RA concerned. RA shall endorse a copy of the same along with a forwarding letter to the Customs Authority at the Port of registration for their information and record.

<b><i>Execution of Bank Guarantee/Legal Undertaking for DEPB/Freely transferable schemes under Chapter 3</i></b>	2.20A	At the time of filing application for scrip(s) under DEPB Scheme/Freely transferable incentive Scheme under Chapter 3 of FTP without Bank Realisation Certificate (BRC), the applicant shall execute BG/LUT (as per Customs circular no. 58/2004) with the RA as per Appendix 25C or Appendix 25D respectively.
<b><i>Corporate Guarantee</i></b>	2.20.1	A status holder or a PSU may also submit Corporate Guarantee in lieu of Bank Guarantee/LUT in terms of the provisions of relevant Customs Circular in this regard. In case of a group company, if one company of a Group is a status holder, Corporate Guarantee may be given for another company by this company, which is not a status holder.
<b><i>Certificate of Origin (CoO)</i></b>	2.21	Certificate of Origin (CoO) is an instrument to establish evidence on origin of goods imported into any country. There are two categories of CoO viz. (1) Preferential and (2) Non preferential.
<b><i>Preferential</i></b>	2.21.1	Preferential arrangement / schemes under which India is receiving tariff preferences for its exports are Generalised System of Preferences (GSP), Global System Of Trade Preferences (GSTP), SAARC Preferential Trading Agreement (SAPTA), Asia-Pacific Trade Agreement (APTA), India–Sri Lanka Free Trade Agreement (ISLFTA) and Indo- Thailand Free Trade Agreement. These arrangements / agreements prescribe Rules of Origin which have to be met for exports to be eligible for tariff preference.
		<p>Authorised agencies shall provide services relating to issue of CoO, including details regarding rules of origin, list of items covered by an agreement, extent of tariff preference, verification and certification of eligibility. Export Inspection Council (EIC) is the agency authorised to print blank certificates. Authorised agencies may charge a fee, as approved by DoC, for services rendered.</p>
<b><i>Generalised System of Preferences (GSP)</i></b>		(a) GSP is a non-contractual instrument by which industrialized (developed) countries unilaterally and based on non-reciprocity extend tariff concessions to

developing countries. Following countries extend tariff preferences under their GSP Scheme:

- (i) United States of America
- (ii) New Zealand
- (iii) Belarus
- (iv) European Union
- (v) Japan
- (vi) Russia
- (vii) Canada
- (viii) Norway
- (ix) Australia (only to LDCs)
- (x) Switzerland
- (xi) Bulgaria

GSP schemes of these countries detail sectors / products and tariff lines under which benefits are available, including conditions and procedures governing benefits. These schemes are renewed and modified from time to time. Normally Customs of GSP offering countries require information in Form 'A' (prescribed for GSP Rules Of Origin) duly filled by exporters of beneficiary countries and certified by authorised agencies. List of agencies authorised to issue GSP CoO is given in Appendix-4A.

***Global System of Trade Preference (GSTP)***

- (b) Under agreement establishing GSTP, tariff concessions are exchanged among developing countries, who have signed agreement. Presently, 46 countries are members of GSTP and India has exchanged tariff concessions with 12 countries on a limited number of products. EIC is sole agency authorised to issue CoO under GSTP.

***SAARC Preferential Trading Agreement (SAPTA)***

- (c) SAPTA was signed by seven SAARC members namely India, Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka and Maldives in 1993 and came into operation in 1995. Four rounds of trade negotiations have been completed and more than 3000 tariff lines are under tariff concessions among SAARC countries. List of agencies, authorised to issue CoO under SAPTA are notified under Appendix – 4B.

***Asia- Pacific Trade Agreement (APTA)***

- (d) APTA is a preferential trading arrangement designed to liberalise and expand trade in goods progressively in Economic and Social Commission for Asia and Pacific (ESCAP) region through liberalization of tariff and non-tariff barriers. At present, Bangladesh, Sri Lanka, South Korea, India and China are exchanging tariff concessions under APTA. Agencies authorised to issue CoO under APTA are listed in Appendix – 4B.

***India-Sri Lanka Free Trade Agreement (ISLFTA)***

(e) Free Trade Agreement (FTA) between India and Sri Lanka was signed on 20.12.1998 and was operationalised in March, 2000 following notification of required Customs tariff concessions by Government of Sri Lanka and India. EIC is sole agency to issue CoO under ISLFTA.

***India Afghanistan Preferential Trade Agreement***

(f) A Preferential Trade Agreement between Transitional Islamic State of Afghanistan and Republic of India was signed on 6.3.2003 and was operationalised with issuance of Customs Notification No 76/2003 dated 13.5.2003. EIC is sole agency to issue CoO under India Afghanistan Preferential Trade Agreement.

***Indo – Thailand Framework Agreement for Free Trade Area***

(g) India and Thailand have signed protocol to implement Early Harvest Scheme under India- Thailand Free Trade Agreement on 01.09.2004. Tariff preferences for imports on items of Early Harvest Scheme would be available only to those products, which satisfy Rules of Origin Criteria, notified by Department of Revenue, Ministry of Finance, vide notification No.101/2004-Customs dated 31.08.2004. EIC would be sole agency to issue CoO under Early Harvest Scheme of Framework Agreement on India-Thailand Free Trade Agreement.

***Non Preferential***

2.21.2

Government has also nominated certain agencies to issue Non Preferential CoO in accordance with Article II of International Convention Relating to Simplification of Customs formalities, 1923. These CoOs evidence origin of goods and do not bestow any right to preferential tariffs. List of notified agencies is provided in Appendix – 4C. In addition, agencies authorized to issue Preferential CoO as per Para 2.21.1 of HBP v1 are also authorized to issue Non-Preferential CoO.

All exporters who are required to submit CoO (Non Preferential) would have to apply to any of agencies enlisted in Appendix-4C with following documents:

- (a) Details of quantum / origin of inputs / consumables used in export product.
- (b) Two copies of invoices.
- (c) Packing list in duplicate for concerned invoice.
- (d) Fee not exceeding Rs.100 per certificate as may be prescribed by concerned agency.

The agency would ensure that goods are of Indian origin as per general principles governing rules of origin before granting CoO (non preferential). Certificate would be issued as per Format given in Annexure-II to Appendix-4C. It

should be ensured that no correction/re-type is made on certificate.

Any agency desirous of enlistment in Appendix-4C may submit their application as per Annexure I to Appendix 4C to the concerned RA.

In case of tea, all exporters who are required to submit CoO (Non-Preferential) shall apply to Tea Board or any Inspection Agency authorized by Tea Board and enlisted in Appendix-4C of HBP v1 with documents listed above.

<b><i>Automatic Licence / Certificate / Authorisation / Permission</i></b>	2.22	Status holders shall be issued Authorisation automatically within stipulated time period. Deficiency, if any, informed through covering letter, shall be required to be rectified by status holders within 10 days from date of communication of deficiency.
<b><i>Submission of Certified Copies of Documents</i></b>	2.23	Wherever original documents have been submitted to a different RA / nominated agencies or to a different division of same RA, applicant can furnish photocopy of documents duly certified by him in lieu of original.
<b><i>Advance Payment</i></b>	2.24	In case, payment is received in advance and export / deemed exports takes place subsequently, application for an Authorisation shall be filed within specific period following the month during which exports / deemed exports are made, unless otherwise specified.
<b><i>Payment through ECGC cover</i></b>	2.25.1	Payment through ECGC cover would count for benefits under FTP.
<b><i>Payment through General/Private Insurance Companies</i></b>	2.25.2	Amount of Insurance Cover for transit loss by General Insurance and Private Approved Insurance Companies in India would be treated as payment realized for exports under various export promotion schemes.
<b><i>Irrevocable Letter of Credit</i></b>	2.25.3	In case where applicant applies for duty credit scrip / DEPB / DFIA / discharge of EO against confirmed irrevocable letter of credit (or bill of exchange which is unconditionally Avalised / Co-Accepted / Guaranteed by a bank) and this is confirmed and certified by exporter's bank in relevant Bank Certificate of Export and Realization, payment of export proceeds shall be deemed to be realized. For Status Holders, irrevocable letter of credit would suffice.
<b><i>RBI write-off on export proceeds realization</i></b>	2.25.4	Realization of export proceeds shall not be insisted under any of the Export Promotion Schemes under this Foreign Trade Policy, if the Reserve Bank of India (RBI) writes off the requirement of realization of export proceeds on merits and the exporter produces a certificate from the concerned Foreign Mission of India about the fact of non-recovery of export proceeds from the buyer. However, this would not be applicable in self-write off cases.



<b><i>Export by post</i></b>	2.26	<p>In case of export by post, exporter shall submit following documents in lieu of documents prescribed for export by sea / air:</p> <ol style="list-style-type: none"> <li>1) Bank Certificate of Export and Realisation as in Appendix-22A.</li> <li>2) Relevant postal receipt</li> <li>3) Invoice duly attested by Customs authorities.</li> </ol>
<b><i>Import/ Export through Courier Service</i></b>	2.26.1	Imports / Exports through a registered courier service is permitted as per Notification issued by DoR. However, importability / exportability of such items shall be regulated in accordance with FTP.
<b><i>Direct negotiation of export documents</i></b>	2.26.2	<p>In cases where exporter directly negotiates document (not through authorised dealer) with permission of RBI, he is required to submit following documents for availing of benefits under export promotion schemes:</p> <ol style="list-style-type: none"> <li>a. Permission from RBI allowing direct negotiation of documents (not required for status holders),</li> <li>b. Copy of Foreign Inward Remittance Certificate (FIRC) as per Form 10-H of Income Tax department in lieu of BRC and</li> <li>c. Statement giving details of shipping bills / invoice against which FIRC was issued.</li> </ol>
<b><i>Import/Export of Samples</i></b>	2.27	<p>No Authorisation shall be required for Import of bonafide technical and trade samples of items restricted in ITC(HS) except vegetable seeds, bees and new drugs . Samples of tea not exceeding Rs.2000 (CIF) in one consignment shall be allowed without an Authorisation by any person connected with Tea industry.</p> <p>Duty free import of samples upto Rs 100,000 for all exporters (Rs.300,000 for gems and jewellery sector) shall be allowed as per terms and conditions of Customs notification.</p> <p>Exports of bonafide trade and technical samples of freely exportable item shall be allowed without any limit.</p>
<b><i>Import under Lease Financing</i></b>	2.28	Import under lease financing shall be available under EPCG Scheme, EOU / SEZ scheme. Domestic supplier of capital goods to eligible categories of deemed exports shall be eligible for benefits of deemed exports as in paragraph 8.3 of FTP, even in cases where supplies are under lease financing.

<b><i>Exhibits Required for National and International Exhibitions or Fairs and Demonstration</i></b>	2.29	<p>Import / export of exhibits, including construction and decorative materials required for the temporary stands of foreign / Indian exhibitors at exhibitions, fair or similar show or display for a period of six months on re-export / re-import basis, shall be allowed without an Authorisation on submission of a certificate from an officer of a rank not below that of an Under Secretary / Deputy DGFT in DoC / DGFT or an officer of Indian Trade Promotion Organization (ITPO) duly authorised by its Chairman in this behalf, to effect that such exhibition, fair or similar show or display.</p> <p>(i) has been approved or sponsored by DoC or ITPO; and</p> <p>(ii) is being held in public interest.</p> <p>Extension beyond six months for re-export / re-import will be considered by Customs authorities on merits. Consumables such as paints, printed material, pamphlets, literature etc. pertaining to exhibits need not be re-exported / re-imported.</p>																		
<b><i>Import Policy</i></b>	2.30	Policy relating to general provisions regarding import of capital goods, raw materials, intermediates, components, consumables, spares, parts, accessories, instruments and other goods is given in Chapter 2 of FTP.																		
<b><i>General Procedure for Licensing of Restricted Goods</i></b>	2.31	Wherever an import Authorisation, including CCP, is required under FTP, procedure contained in this chapter shall be applicable.																		
	2.32	Import of Metallic Waste and Scrap																		
	2.32.1	Import of any form of metallic waste, scrap will be subject to the condition that it will not contain hazardous, toxic waste, radioactive contaminated waste / scrap containing radioactive material, any type of arms, ammunition, mines, shells, live or used cartridge or any other explosive material in any form either used or otherwise.																		
	2.32.2	Import of following types of metallic waste and scrap will be free subject to conditions detailed below :																		
		<table border="0"> <thead> <tr> <th style="text-align: left;">Sl.No.</th> <th style="text-align: left;">Exim code</th> <th style="text-align: left;">Item description</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>720410 00</td> <td>Waste and scrap of cast iron</td> </tr> <tr> <td>2.</td> <td>72042190</td> <td>Other</td> </tr> <tr> <td>3.</td> <td>72042920</td> <td>Of High speed steel</td> </tr> <tr> <td>4.</td> <td>72042990</td> <td>Other</td> </tr> <tr> <td>5.</td> <td>72043000</td> <td>Waste and scrap of tinned iron or steel</td> </tr> </tbody> </table>	Sl.No.	Exim code	Item description	1	720410 00	Waste and scrap of cast iron	2.	72042190	Other	3.	72042920	Of High speed steel	4.	72042990	Other	5.	72043000	Waste and scrap of tinned iron or steel
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6.	72044100	Turnings, shavings, chips, milling waste, saw dust, fillings, trimmings and stampings, whether or not in bundles
7.	72044900	Other
8.	72045000	Remelting scrap ingots
9.	74040010	Copper scrap
10.	74040022	Brass scrap
11.	75030010	Nickel scrap
12.	76020010	Aluminium scrap
13.	79020010	Zinc scrap
14.	80020010	Tin scrap
15.	81042010	Magnesium scrap

**Shredded form:**

Import of metallic waste and scrap listed above in shredded form shall be permitted through all ports of India subject to following conditions: -

- a. Importer shall furnish the following documents to the customs at the time of clearance of goods:
  - I) Pre-shipment inspection certificate as per the format in Annexure I to Appendix 5 from any of the Inspection & Certification agencies given in Appendix-5, to the effect that the consignment was checked for radiation level and scrap does not contain radiation level (gamma and neutron) in excess of natural background. The certificate shall give the value of background radiation level at that place as also the maximum radiation level on the scrap; and
  - II) Copy of the contract between the importer and the exporter stipulating that the consignment does not contain any radio active contaminated material in any form.

Import from Hodaideh, Yemen and Bandar Abbas, Iran will be in shredded form only.

**Unshredded compressed and loose form:**

Import of metallic waste, scrap listed in para 2.32.2 above in unshredded compressed and loose form shall be subject to the following conditions:-

a. Importer shall furnish the following documents to the Customs at the time of clearance of goods:

I) Pre-shipment inspection certificate as per the format in Annexure-I to Appendix 5 from any of the Inspection & Certification agencies given in Appendix-5 to the effect that:

i) The consignment does not contain any type of arms, ammunition, mines, shells, cartridges, or any other explosive material in any form either used or otherwise, and that the consignment was checked for radiation level and it does not contain radiation level (gamma and neutron) in excess of natural background. The certificate shall give the value of background radiation level at that place as also the maximum radiation level on the scrap.

ii) The imported item (s) is actually a metallic waste/scrap/seconds/defective as per the internationally accepted parameters for such a classification.

II) Copy of the contract between the importer and the exporter stipulating that the consignment does not contain any type of arms, ammunition, mines, shells, cartridges, radio active contaminated, or any other explosive material in any form either used or otherwise.

b Import of scrap would take place only through following designated ports and no exceptions would be allowed even in case of EOUs, SEZs:-

“1.Chennai, 2.Cochin, 3.Ennore, 4.JNPT, 5.Kandla, 6.Mormugao, 7.Mumbai, 8.New Mangalore, 9.Paradip, 10.Tuticorin, 11.Vishakhapatnam, 12. ICD Loni, Ghaziabad, 13.Pipava, 14.Mundra, 15.Kolkata, 16.ICD Ludhiana, 17.ICD Dadri (Greater Noida), 18.ICD Nagpur, 19.ICD Jodhpur, 20.ICD Jaipur, 21.ICD Udaipur, 22.CFS Mulund, 23.ICD Kanpur, 24.ICD Ahmedabad, 25.ICD Pitampur and 26.ICD Malanpur”.

- 2.32.2.A In case any agency wishes to be enlisted under Appendix-5, they may furnish an application to the Office of Director General of Foreign Trade with the following documents in the format in Appendix-5A, which will be considered by an Inter-Ministerial Committee:
- (a) A brief on the activities of the agency, its history, membership, organizational structure, manpower, etc.
  - (b) Infrastructural setup, logistics, testing labs etc. for carrying out the inspection of metallic scrap.
  - (c) List of companies/ agencies for which testing has been carried out.
- 2.32.3 However, import of other kinds of metallic waste and scrap will be allowed in terms of conditions of ITC (HS).
- 2.32.4 Import policy for second and defective, rags, PET bottles / waste, and ships is given in ITC (HS).

***Import of Second Hand Capital Goods***

- 2.33 Import of second hand capital goods including refurbished / reconditioned spares, except those of personal computers / laptops, shall be allowed freely, subject to conditions for following categories:

Import of second hand computers including personal computers / laptops and refurbished/reconditioned spares thereof is restricted.

Import of refurbished / reconditioned spares of capital goods, other than those of personal computers/laptops will be allowed on production of a Chartered Engineer certificate that such spares have atleast 80% residual life of original spare.

- 2.33A Customs or any other Central or State Government authority may avail of services of Inspection and Certification Agencies in Appendix 5 of the HBP v1, for certifying residual life as well as valuation / purchase price of capital goods.

***Import of Ammunition by Licensed Arms Dealers***

- 2.34 Import of following types of ammunition are allowed against an Authorisation by licensed arms dealers subject to conditions as may be specified:

- (i) Shotgun Cartridges 28 bore;
- (ii) Revolver Cartridges of .450, .455 and .45 bores;
- (iii) Pistol Cartridges of .25, .30 Mauser, .450 and .45 bores;
- (iv) Rifle Cartridges of 6.5 mm, .22 savage, .22 Hornet, 300 Sherwood, 32/40, .256, .275, .280, 7m/m Mauser, 7 m/m Man Schoener, 9m/m Mauser, 9 m/m Man Schoener,

8x57, 8x57S, 9.3 m/m, 9.5 m/m, .375 Magnum, .405, .30.06, .270, .30/30 Winch, .318, .33 Winch, .275 Mag., .350 Mag., 400/350, .369 Purdey, .450/400, .470, .32 Win, .458 Win, .380 Rook, .220 Swift and .44 Win bores.

An import Authorisation shall be issued at 5% of value of annual average sales turnover of ammunition (whether indigenous or imported) during preceding three licensing years subject to a minimum of Rs. 2000.

An application for grant of an Authorisation for items listed above may be made to RA in ANF 2B along with documents prescribed therein.

***Restricted Items  
Required By Hotels,  
Restaurants, Travel  
Agents, Tour Operators  
And Other Specified  
Categories***

2.35 Items mentioned as restricted for imports in ITC (HS) required by hotels, restaurants, travel agents and tour operators may be allowed against an Authorisation, based on recommendation of Director General, Tourism, Government of India.

2.35.1 Hotels, including tourist hotels, recognised by Director General of Tourism, Government of India or a State Government shall be entitled to import Authorisation upto a value of 25% of foreign exchange earned by them from foreign tourists during preceding licensing year, for import of essential goods related to hotel and tourism industry.

2.35.2 Travel agents, tour operators, restaurants, and tourist transport operators and other units for tourism, like adventure / wildlife and convention units, recognized by Director General of Tourism, Government of India, shall be entitled to import authorisation up to a value of 10% of foreign exchange earned by them during preceding licensing year, for import of essential goods which are restricted for imports related to travel and tourism industry, including office and other equipment required for their own professional use.

2.35.3 Import entitlement under paragraphs 2.35.1 and 2.35.2 of any one licensing year can be carried forward, either in full or in part, and added to import entitlement of two succeeding licensing years and shall not be transferable except within the group company or to managed hotels.

2.35.4 Such imported goods may be transferred after 2 years with permission of DGFT.

No permission for transfer will be required in case the imported goods are re-exported. However, re-export shall be subject to all conditionality, or requirement of licence, or permission, as may be required under Schedule II of ITC (HS).

- 2.35.5 An application for grant of an Authorisation under paragraphs 2.35.1 and 2.35.2 may be made in ANF 2B to DGFT through Director of Tourism, Government of India who will forward application to RA concerned along with their recommendations.
- Import of Other Restricted Items*** 2.36 ITC (HS) contains list of restricted items. An application for import of such items may be made, in ANF 2B along with documents prescribed therein. Original application along with Treasury Receipt (TR) / Demand Draft shall be submitted to RA concerned and self-attested copy of same shall be submitted to DGFT in duplicate along with proof of submission of application to concerned RA.
- EXIM Facilitation Committee*** 2.37 Restricted item Authorisation may be granted by DGFT or any other RA authorised by him in this behalf. DGFT / RA may take assistance and advice of a Facilitation Committee. The Assistance of technical authorities may also be taken by seeking their comments in writing. Facilitation Committee will consist of representatives of Technical Authorities and Departments / Ministries concerned.
- 2.37A Import authorizations for a restricted item, if so directed by the competent authority, shall be issued for import through one of the sea ports or air ports or ICDs or LCS, as per the option indicated, in writing, by the applicant. However, for import of rough marble, port of registration is mandatory and the applicant must indicate the same in the application itself. Authorization holder shall register the import authorisation at the port specified in the Authorization and thereafter all imports against said authorization shall be made only through that port, unless the authorization holder obtains permission from customs authority concerned to import through any other specified port.
- Gifts of Consumer or Other Goods*** 2.38 In terms of provisions contained in paragraph 2.19 of FTP, an application for grant of CCP for import as gifts of items appearing as restricted for imports in ITC (HS) shall be made to the DGFT as in ANF 2B along with documents prescribed therein.
- Where recipient of a gift is a charitable, religious or an educational institution registered under any law in force, and gift sought to be imported has been exempted from payment of customs duty, such import shall be allowed by customs authorities without a CCP.
- Import under Govt. to Govt. Agreements*** 2.39 Import of goods under Government to Government agreements may be allowed without an Authorisation or CCP on production of necessary evidence to satisfaction of Customs authorities

<b><i>Import of Cheque Books / Ticket Forms etc.</i></b>	2.40	Indian branches of foreign banks, insurance companies and travel agencies may import chequebooks, bank draft forms and travellers cheque forms without a CCP. Similarly, airlines / shipping companies operating in India, including persons authorised by such airlines / shipping companies, may import passenger ticket forms without a CCP.
<b><i>Import of Reconditioned/ Second Hand Aircraft Spares</i></b>	2.41	Import Authorisation for reconditioned / second hand aircraft spares is not needed on recommendation of Director General of Civil Aviation, Government of India (DGCA).
<b><i>Import of Replacement Goods</i></b>	2.42	<p>Goods or parts thereof on being imported and found defective or otherwise unfit for use or which have been damaged after import, may be exported without an Authorisation, and goods in replacement thereof may be supplied free of charge by foreign suppliers or imported against a marine insurance or marine-cum-erection insurance claim settled by an insurance company. Such goods shall be allowed clearance by the customs authorities without an import Authorisation provided that:</p> <p>(a) Shipment of replacement goods is made within 24 months from date of clearance of previously imported goods through Customs or within guarantee period in case of machines or parts thereof where such period is more than 24 months; and</p> <p>(b) No remittance shall be allowed except for payment of insurance and freight charges where replacement of goods by foreign suppliers is subject to payment of insurance and / or freight by importer and documentary evidence to this effect is produced while making remittance.</p> <p>2.42.1 In case of short-shipment, short-landing or loss in transit, import of replacement goods will be permitted based on certificate issued by customs authorities without an import Authorisation.</p> <p style="padding-left: 40px;">This procedure shall also apply to cases in which short-shipment of goods is certified by foreign supplier, who has agreed to replace free of cost.</p> <p>2.42.2 Cases not covered by above provisions will be considered on merits by DGFT for grant of Authorisation for replacement of goods for which an application may be made.</p>
<b><i>Transfer of Imported Goods</i></b>	2.43	Freely importable goods can be transferred by sale or otherwise by importer freely. Transfer of imported goods, which are



subject to Actual User condition and have become surplus to needs of Actual User, shall be made only with prior permission of RA concerned. Following information alongwith supporting documents shall be furnished with request for grant of permission for transfer, to RA concerned:

- (i) Reasons for transfer of imported material;
- (ii) Name, address, IEC number and industrial Authorisation registration, if any, of transferee;
- (iii) Description, quantity and value of goods imported and those sought to be transferred;
- (iv) Copies of import Authorisation and bills of entry relating to imports made;
- (v) Terms and conditions of transfer as agreed upon between buyer and seller.

2.43.1 Prior permission of RA shall not, however, be necessary for transfer or disposal of goods, which were imported with Actual User condition, provided such goods are freely importable without Actual User condition on date of transfer.

2.43.2 Prior permission of RA shall also not be required for transfer or disposal of imported goods after a period of two years from the date of import. However, transfer of imported firearms by the importer / Authorisation holder shall be permitted only after 10 years of import with approval of DGFT.

“Renowned Shooters” for 3 consecutive years are allowed to sell their imported weapons after three years from date of import of the respective weapon. Other “Renowned Shooters” are allowed to sell their weapons after 5 years from the date of import. The sale shall be subject to approval from DGFT.

### ***Sale of Exhibits***

2.44 (i) Sale of exhibits of restricted items, mentioned in ITC (HS), imported for an international exhibition / fair organized / approved / sponsored by ITPO may also be made, without an Authorisation within bond period allowed for re-export, on payment of applicable customs duties, subject to a ceiling limit of Rs.5 lakhs (CIF) for such exhibits for each exhibitor.

However, sale of exhibits of items, which were freely imported shall be made, without an Authorisation, within bond period allowed for re-export on payment of applicable customs duties.

(ii) If goods brought for exhibition are not re-exported or sold within bond period due to circumstances beyond control of importer, customs authorities may allow extension of bond period on merits.

<b><i>Import of Overseas Office Equipment</i></b>	2.45	On winding up of overseas offices, set up with approval of RBI, used office equipment and other items may be imported without Authorisation.
<b><i>Prototypes</i></b>	2.46	Import of new / second hand prototypes / second hand samples may be allowed on payment of duty without an Authorisation to an Actual User (industrial) engaged in production of or having industrial licence / letter of intent for research in item for which prototype is sought for product development or research, as the case may be, upon a self-declaration to that effect, to satisfaction of customs authorities.
<b><i>Restricted items for R&amp;D</i></b>	2.47	All restricted items and items permitted to be imported by STEs, except live animals, required for R&D purpose may be imported without an Authorisation by Government recognized Research and Development units.
<b><i>Export Policy</i></b>	2.48	Policy relating to Exports is given in Chapter-2 of FTP. Further, Schedule 2, Appendix-1 of ITC (HS) specifies list of items, which may be exported without an Authorisation but subject to terms and conditions specified.
<b><i>Application for Grant of Export Licence / Certificate / Permission</i></b>	2.49	An application for grant of Export Authorisation in respect of items mentioned in Schedule 2 of ITC (HS) may be made in ANF 2D (2E for SCOMET items) to DGFT along with documents prescribed therein. EFC shall consider applications on merits for issue of export Authorisation.

An Inter-Ministerial Working Group in DGFT shall consider applications for export of Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET) as specified in Appendix-3 to Schedule 2 of ITC (HS) based on guidelines given below.

Applications for licences to export items or technology on SCOMET List are considered case-by-case, based inter alia on the following general criteria: -

- I. Following factors, among others, are taken into account in the evaluation of applications for export of items on SCOMET List:
  - a. Credentials of end-user, credibility of declarations of end-use of the item or technology, integrity of chain of transmission of item from supplier to end-user, and on potential of item or technology, including timing of its export, to contribute to end-uses that are not in conformity with India's national security or foreign policy goals and objectives, objectives of global non-proliferation, or its obligations under treaties to which it is a State party.

- b. Assessed risk that exported items will fall into hands of terrorists, terrorist groups, and non-State actors;
  - c. Export control measures instituted by recipient State;
  - d. The capabilities and objectives of programmes of recipient State relating to weapons and their delivery;
  - e. Assessment of end-uses of item(s);
  - f. Applicability to an export licence application of relevant bilateral or multilateral agreements to which India is a party.
- II. A condition for consideration of an application for an export licence is submission of stipulated certifications to effect, inter alia, that:
- a. The item will be used only for stated purpose and that such use will not be changed, nor items modified or replicated without consent of Government of India;
  - b. Neither the items nor replicas nor derivatives thereof will be re-transferred without consent of Government of India;
  - c. End-user shall facilitate such verifications as are required by Government of India.

Government of India may also require additional formal assurances, as appropriate, including on end-use and non-retransfer, from State of recipient.

- III. Licensing authority for items in Category 0 in Appendix 3 to Schedule 2 of ITC(HS) is Department of Atomic Energy. Applicable guidelines are notified by that Department under Atomic Energy Act, 1962. For certain items in Category 0, formal assurances from recipient State will include non-use in any nuclear explosive device. Licences for export of certain items in Category 0 will not be granted unless transfer is additionally under adequate physical protection and is covered by appropriate International Atomic Energy Agency (IAEA) safeguards, or any other mutually agreed controls on transferred items.
- IV. Additional end-use conditions may be stipulated in licences for export of items or technology that bear

possibility of diversion to or use in development or manufacture of, or use as, systems capable of delivery of weapons of mass destruction.

- V. Applications for transfer of “Technology” for any item on the List will be considered as an application for export of item itself.
- VI. Licences for export of items in this List (other than those under Category 0, 1 and 2) solely for purposes of display or exhibition shall not require any end-use or end-user certifications. No export licence for display or exhibition shall be issued for ‘Technology’ in any category or for items under Categories 0, 1, and 2.
- VII. Export of items not on SCOMET List may also be regulated under provisions of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005.

Note 1: Export or attempt to export in violation of any of conditions of licence shall invite civil and/or criminal prosecution.

Note 2: Licences for export of items in this List for display or exhibition abroad are subject to a condition of re-import within a period not exceeding six months. Exporters are entitled to apply for an export licence for such items exhibited abroad if exhibitor intends to offer that item for sale during exhibition abroad. Such sale shall not take place without a valid licence.

Note 3: Export of items in Category 2 of this list may also be controlled by other applicable guidelines issued from time-to-time. Exporters of items in this category are advised to seek guidance from DGFT.

Note 4: Exporters are entitled to apply for a ‘destination licence’ for countries and / or groupings of countries for export to which only re-transfer conditions need be imposed.

Note 5: Exporters are entitled to request that only such conditions need be imposed as are subject of government-to-government instruments of accord over export of items on SCOMET List.

Note 6: ‘Technology’ (see also entry ‘Technology’ in glossary in Appendix-3 to Schedule 2 of ITC (HS)): Approval of export of an item on the SCOMET List also authorizes the export to same end-user of minimum ‘technology’ required for

installation, operation, maintenance and repair of the item.

DGFT in association with Administrative Ministries / Departments and Trade Associations will organize Industry Outreach Programme on regular basis for an effective awareness among the exporters /importers dealing with trade, in particular, in SCOMET items.

RAs may also issue, on application, Free Sale and Commerce Certificate for export of items not covered under Drugs & Cosmetics Act, 1940, which have usage in hospitals, nursing homes and clinics, for medical and surgical purposes and are not prohibited for export. Validity of such certificate shall be two years from date of issue unless otherwise specified.

An application for grant of Free Sale and Commerce Certificate may be made to RA concerned as per format in Appendix 39 of HBP Vol.I, along with Annexure A therein.

RA shall issue Free Sale and Commerce Certificate as per Annexure B of Appendix 39.

**PROCEDURE/GUIDELINES FOR FILING/  
EVALUATION OF APPLICATIONS FOR  
ENTERING INTO AN ARRANGEMENT OR  
UNDERSTANDING FOR SITE VISITS, ON-SITE  
VERIFICATION AND ACCESS TO RECORDS /  
DOCUMENTATION**

An application for entering into an arrangement or understanding involving site visit, on-site verification or access to records/documentation by a foreign government or a foreign third party either acting directly or through an Indian party as mentioned in Appendix 3 of Schedule 2 of ITC(HS) shall be made in ANF 2EE to DGFT(Hqrs.), New Delhi along with documents prescribed therein.

These applications shall be considered by an Inter-Ministerial Working Group (IMWG) in DGFT based on following guidelines/general criteria:

- I. Following factors, among others, will be taken into account in the evaluation of applications for entering into an arrangement or understanding for site visits, on-site verification and access to records/documentation:
  - (a) Purpose for which arrangement / understanding is proposed under which site visit or on-site verification or access to records/documentation is to be undertaken.
  - (b) Credentials and details of the parties involved.

- (c) Credentials of end-user, credibility of declarations of end-use of the items or technology, the integrity of chain of transmission of the item from the supplier to the end-user, and on the potential of the item or technology, including the timing of its export, to contribute to end-uses that are not in conformity with India's national security or foreign policy goals and objectives, the objectives of global non-proliferation, or its obligations under treaties to which it is a State party.
- (d) The assessed risk that the arrangement / understanding could lead to dual-use items and technology falling into the hands of terrorists, terrorist groups and non-State actors.
- (e) In case site visit, on-site verification or access to records/documentation is to be carried out by a foreign government or its representative(s), the following shall be taken into consideration :-
  - i. Export control measures instituted by the foreign government;
  - ii. Capabilities and objectives of programs of the foreign government relating to weapons and their delivery.
- (f) Applicability of relevant bilateral and multilateral agreements to which India is a party
- (g) Assessment of any threat that such site visit, on-site verification or access to records/documentation may pose to India's national security, and relations with any other country.
- (h) Assessment of possible links of the foreign parties with terrorist organizations and non-state actors within their own country or in any other country.

II. Permission for arrangement or understanding involving site visit, on-site verification or access to records / documentation will be subject to the following conditions:-

- (a) Site visit, on-site verification or access to records / documentation will be confined to the purpose, sites and activity for which permission given/which have been mentioned in the authorization.
- (b) Site visit, on-site verification or access to records / documentation will be allowed only to individuals mentioned in the authorization.
- (c) Site visit, on-site verification or access to records/documentation shall be concluded during the period mentioned in the authorization.
- (d) Exporter/Importer will keep a record of site visit, on-

site verification or access to records/documentation alongwith detail of individuals who visited the premises during this visit and produce the same as and when required to do so by the GOI.

- (e) No exchange of goods, services and technologies and any documentation including drawings, specification sheets etc. will take place during the visit.
- (f) Exporter/importer may be required to give any additional assurance that the Government of India may require.
- (g) Any other condition that may be stipulated in the permission.

III. Provisions of Weapons of Mass Destruction Act, 2005 shall also apply to an arrangement or understanding that involves site visit, on-site verification or access to records/documentation.

IV. Any violation of any condition of the license shall invite civil/ criminal prosecution as per law.”

RAs may also issue, on application, Free Sale and Commerce Certificate for export of items not covered under Drugs & Cosmetics Act, 1940, which have usage in hospitals, nursing homes and clinics, for medical and surgical purposes and are not prohibited for export. Validity of such certificate shall be two years from date of issue unless otherwise specified.

An application for grant of Free Sale and Commerce Certificate may be made to RA concerned as per format in Appendix 39 of HBP Vol.1, along with Annexure A therein.

RA shall issue Free Sale and Commerce Certificate as per Annexure B of Appendix 39.

RAs may also issue, on application, Free Sale and Commerce Certificate for export of any other item which is not restricted or prohibited for export. Validity of such certificate shall be two year from date of issue unless otherwise specified.

An application for grant of Free Sale and Commerce Certificate for these items may be made to RA concerned as per format in Appendix 39-A of HBP Vol. I along with Annexure A therein.

RA shall issue Free Sale and Commerce Certificate as per Annexure B of Appendix 39-A.

<b><i>Export Of Items under State Trading Regime (STR)</i></b>	2.50	An application for export of items mentioned in ITC (HS) under STR regime may be made to DGFT.
<b><i>Exports Of Samples / Exhibits</i></b>	2.51	An application for export of samples or exhibits, which are restricted for export, may be made to DGFT.
<b><i>Free of Cost Exports</i></b>	2.52	Status holders shall be entitled to export freely exportable items on free of cost basis for export promotion subject to an annual limit of Rs.10 lakh or 2% of average annual export realisation during preceding three licensing years whichever is higher.
<b><i>Gifts / Spares / Replacement Goods</i></b>	2.53	For export of gifts, indigenous / imported warranty spares and replacement goods in excess of ceiling / period prescribed in paragraphs 2.32, 2.33 and 2.37 respectively of FTP, an application may be made to DGFT.
<b><i>Furnishing of Returns in respect of Exports in non Physical form</i></b>	2.54	All exports made in non physical form by using communication links including high speed data communication links, internet, telephone line or any other channel which do not involve Customs authorities has to be compulsorily reported on quarterly basis to concerned EPC (Para 3.12 of FTP) as given in Appendix 19C.  These provisions shall be applicable to all exporting units located anywhere in country including those located in STP, SEZ, EHTP and under 100% EOU scheme.
<b><i>Duty Free Import of R&amp;D Equipment for Pharmaceuticals and Bio-technology Sector</i></b>	2.55	Duty free import of goods (as specified in list 28 of Customs notification No.21/2002 dated 1.3.2002, as amended from time to time) upto 25% of FOB value of exports during preceding licensing year, shall be allowed.  The eligible unit may furnish an application given in Appendix-15A to RA concerned duly countersigned by Chartered Accountant.  In respect of duty free import of R&D equipment, units not registered with Central excise shall be allowed to give Installation Certificate issued by an independent Chartered Engineer.
	2.55.1	Duty free imports of goods as specified in list 28A of Customs notification No. 21/2002 dated 1.3.2002, upto 1% of FOB value of exports made during preceding licensing year, shall be allowed to agro chemicals sector unit having export turnover of Rs. 20 crore or above during preceding licensing year.  The eligible unit shall apply in form given in Appendix-15B to RA concerned duly countersigned by Chartered Accountant.



In respect of duty free import of R&D equipment, units not registered with Central excise shall be allowed to give Installation Certificate issued by an independent Chartered Engineer.

- |   |        |   |
|---|--------|---|
| <b><i>Conversion of E.P. copy of shipping bill from one Scheme To Another</i></b> | 2.56   | If Customs Authorities, after recording reasons in writing, permit conversion of an E.P. copy of any scheme-shipping bill on which benefit of that scheme has not been availed, exporter would be entitled to benefit under scheme in which shipment is subsequently converted.   |
| <b><i>Offsetting of Export Proceeds</i></b>                                       | 2.57   | Subject to specific approval of RBI, any payables, or equity investment made by an Authorisation holder under any export promotion scheme, can be used to offset receipts of his export proceeds. In such cases, offsetting would be equal to realisation of export proceeds and exporter would have to submit following additional documents: <ul style="list-style-type: none"> <li>a) Appendix-22D in lieu of Bank Realisation Certificate.</li> <li>b) Specific permission of RBI.</li> </ul> |
| <b><i>Quality Certification</i></b>   | 2.58   | It has been a constant endeavor to promote quality standards in export product / units manufacturing export product.  |
|   | 2.58.1 | One of salient features incorporated in FTP as per paragraph 3.10.3 for promotion of quality standards is grant of Export / Trading House status on achievement of a lower threshold limit for units having ISO-9000 (series), ISO-14000 (Series) or HACCP certification or WHOGMP or SEI CMM level-2 & above status / certification.   |
|   | 2.58.2 | List of such agencies authorised to grant quality certification is given in Appendix-6.   |
|   |        | For ISO 9000 (Series) and for ISO 14000 (Series), the Agencies accredited with National Accreditation Board for Certification Bodies (NABCB) under Quality Council of India shall be deemed to be authorized under this Policy. List of such accredited agencies is available on the web site <a href="http://www.qcin.org">www.qcin.org</a> and also provided under Appendix 6.  |
|   |        | Any agency desirous of enlistment in Appendix –6 may submit their application as per Annexure I to Appendix 6 to concerned RA.  |
| <b><i>Procedure for import under the Tariff Rate Quota Scheme</i></b>             | 2.59   | Attention is invited to Government of India, Ministry of Finance (Department of Revenue), Notification No. 21/2002-Customs dated 01.03 2002 and Notification No. 33/2010-Customs dated 12.03.2010. As per these, import of four items viz., (1) Skimmed and whole milk powder, milk food for babies etc. (0402.10 or 0402.21) and White Butter, Butter oil, Anhydrous Milk Fat (0405) (2) Maize (corn): other (1005.90)   |

(3) Crude sunflower seed or safflower oil or fractions thereof (1512.11) and (4) Refined rape, colza or mustard oil, other (1514.19 or 1514.99) is allowed in a financial year, up to quantities as well as such concessional rates of customs duty as indicated below:

S.No	ITC Code No. & Item	Quantity of Quota	Concessional Duty
1(i)	Tariff Code No. 0402.10 or 0402.21 Skimmed and whole Milk Powder. Milk Food for babies etc.	30,000 MTs	0%
(ii)	Tariff Code No. 0405 White Butter, Butter oil, Anhydrous Milk Fat	15,000 MTs	0%
2	Tariff Code No. 1005.90 Maize (Corn): other	5,00,000 MTs	15%
3	Tariff Code No. 1512.11 Crude Sunflower seed or safflower oil or fractions thereof	150,000 MTs	50%
4	Tariff Code No. 1514.19 & 1514.99 Rape, Colza, Canola or Mustard Oil, Other (Refined)	150,000 MTs	45%

***Eligible entities for allocation of quota:***

- 2.59.1 (a) Milk Powder (Tariff Code No. 0402.10 or 0402.21) and White Butter, Butter oil, Anhydrous Milk Fat (0405): National Dairy Development Board (NDDB), State Trading Corporation (STC), National Cooperative Dairy Federation (NCDF), National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED), Minerals and Metals Trading Corporation (MMTC), Projects & Equipment Corporation of India Limited (PEC) and Spices Trading Corporation Limited (STCL).
- (b) Maize (corn)(Tariff Code No. 1005.90): National Agricultural Cooperative Marketing Federation of India Ltd.(NAFED), State Trading Corporation (STC), Minerals and Metals Trading Corporation (MMTC),

Projects & Equipment Corporation of India Limited(PEC), Spices Trading Corporation Limited (STCL) and State Cooperative Marketing Federations

- (c) Crude sunflower seed or safflower oil or fractions thereof (Tariff Code No. 1512.11) and Refined rape, colza, canola or mustard oil, other (Tariff Code No. 1514.19 or 1514.99): National Dairy Development Board (NDDDB), State Trading Corporation (STC), National Agricultural Cooperative Marketing Federation of India Ltd.(NAFED),Spices Trading Corporation Limited (STCL) and Central Warehousing Corporation (CWC), State Cooperative Marketing Federation & State Cooperative Civil Supplies Corporation

All eligible entities are eligible to avail quotas as per request of applicants received.

All eligible entities desiring availment of quota as mentioned above, may make application to EFC in ANF to DGFT, Udyog Bhavan, New Delhi – 110 011. Completed application forms along with prescribed documents must reach on or before 1<sup>st</sup> March of each financial year preceding to the year of quota e.g. Applications for TRQ for 2011-2012 must reach DGFT by 01.03.2011.

Imports have to be completed before 31<sup>st</sup> March of financial year i.e. consignments must be cleared by customs authorities before this date.

Since import of maize (corn) is through STEs, the allottees of quota i.e. designated agencies in para 1 (b) above for this item shall also be granted an import Authorisation for allotted quantities as indicated at Sl. No. 21(b) of Customs Notification No. 21/2002 dated 1.3.2002 in terms of para 2.11 of FTP, 2004-2009, if they do not wish to make imports through FCI.

Application fee for these applications shall be paid according to procedure contained in Appendix 21 B to HBP-v1.

EFC in DGFT will evaluate and allot quota among applicants by 31<sup>st</sup> March of each financial year preceding to year of quota e.g. for 2011-2012, EFC will allot quota by 31<sup>st</sup> March 2011.

***Issuance of scrips  
against lost EP copy of  
the Shipping Bills and /  
or original Bank  
Realisation Certificate***

- 2.60 In case where EP copy of Shipping Bill / original BRC has been lost, claim under VKGUY/ FMS/ FPS can be considered subject to submission of following documents: -
- a) A duplicate /certified copy of concerned document issued by Customs Authority / Bank in lieu of original;
  - b) An application fee equivalent to 2% of relevant entitlement.

However, no fee shall be charged when such document is lost by Government agencies and a documentary proof to this effect is submitted;

- c) An affidavit by exporter about loss of document and an undertaking to surrender it immediately to concerned RA, if found subsequently;
- d) An indemnity bond by exporter to effect that he would indemnify Government for financial loss if any on account of duty credit issued against lost Shipping Bills / BRC.

Customs Authority, before allowing clearance, shall ensure that benefit / duty credit against such shipping bill has not been availed.

2.60.1 Claim against lost Shipping Bill / BRC shall be preferred within a period of six months from date of release of duplicate copy of Shipping Bill / on date of realization of export proceeds. Any application received thereafter shall be rejected.

***Export Promotion Council (EPC)/ Commodity Boards (CB)***

2.61 A list and product category of EPCs, including CB is given in Appendix-2. Commodity Boards function as EPCs for products allotted to them. EPC is authority issuing RCMC.

***Non-Profit, Autonomous and Professional Bodies***

2.62 EPCs are non-profit organizations registered under Companies Act or Societies Registration Act.

2.62.1 EPCs shall be autonomous and shall regulate their own affairs. However, if Central Government frames uniform bylaws for constitution and / or for transaction of business for EPCs, they shall adopt the same with such modifications as Central Government may approve having regard to special nature or functioning of such EPC.

Concerned Administrative Ministry would interact with Managing Committee of EPC concerned at least twice a year.

***Registering Authorities issuing RCMC***

2.63 (i) While obtaining RCMC, an exporter has to declare his main line of business in the application. The exporter is required to obtain RCMC from the Council which is concerned with the product of his main line of business.

(ii) A status holder has an option to obtain RCMC from Federation of Indian Exporters' Organization (FIEO).

(iii) In case an export product is not covered by any Export Promotion Council/Commodity Board etc., RCMC in respect thereof is to be obtained from FIEO. Further, in case of multi

product exporters, not registered with any EPC, where main line of business is not discernible, the exporter has an option to obtain RCMC from Federation of Indian Exporters Organization (FIEO).

(iv) Exporters of minor forest produce and their value added products shall obtain RCMC from SHEFEXIL, EPC. Software exporters shall register themselves with Electronic and Software EPC.

(v) Exporters of 14 specific services as listed in Appendix-2 of HBPv1, are required to register themselves with Services EPC. Other service exporters shall register themselves with FIEO.

(vi) In respect of exporters having their head office / registered office in State of Orissa, RCMC may be obtained from FIEO office in Bhubaneswar irrespective of product being exported by them. However, exporters of minor forest product from the State can also obtain RCMC from SHEFEXIL, EPC.

(vii) In respect of multi product exporters having their head office/ registered office in the North Eastern States, RCMC may be obtained from Shellac & Forest Products Export Promotion Council (except for the products looked after by APEDA, Spices Board and Tea Board).

**Registration cum-  
Membership Certificate  
(RCMC)** 2.64

An exporter may, on application given in Appendix-19A, register and become a member of EPC. On being admitted to membership, applicant shall be granted forthwith Registration-cum-Membership Certificate (RCMC) of EPC concerned, in format given in Appendix-19B. In case an exporter desires to get registration as a manufacturer exporter, he shall furnish evidence to that effect.

Prospective / potential exporters may also, on application, register and become an associate member of an EPC .

**Validity Period of  
RCMC** 2.64.1

RCMC shall be deemed to be valid from 1<sup>st</sup> April of licensing year in which it was issued and shall be valid for five years ending 31<sup>st</sup> March of licensing year, unless otherwise specified.

**Intimation Regarding  
Change In Constitution** 2.65

In case of change in ownership, constitution, name or address of an exporter, it shall be obligatory on part of RCMC holder to intimate such change to registering authority within a period of one month from date of such change. Registering authority, however, may condone delays on merits.

**Furnishing Of Returns** 2.66

Exporter shall furnish quarterly returns / details of his exports of different commodities to concerned registering authority. However, status holders shall also send quarterly returns to

FIEO in format specified by FIEO.

**De-Registration** 2.67 Registering authority may de-register an RCMC holder for a specified period for violation of conditions of registration. Before such de-registration, RCMC holder shall be given a show cause notice by registering authority, and an adequate and reasonable opportunity to make a representation against the proposed de-registration. Upon de-registration, concerned EPC shall intimate the same to all RAs.

**Appeal Against De-registration** 2.68 A person aggrieved by a decision of registering authority in respect of any matter connected with issue of RCMC may prefer an appeal to DGFT or an officer designated in this behalf within 45 days against said decision and decision of appellate authority shall be final.

**Directives of DGFT** 2.69 DGFT may direct any registering authority to register or de-register an exporter or otherwise issue such other directions to them consistent with and in order to implement provisions of FT (D&R) Act, Rules and Orders made there under, FTP or this Handbook.

2.70 Electronic Data Interchange

**Eligibility** 2.70.1 Facility of electronic filing of applications shall be available to all exporters.

**Procedure** 2.70.2 An exporter would be able to file his application on DGFT website at <http://dgft.gov.in/>. Application will then be processed in accordance with prevalent rules and regulations.

Applicant will have to visit concerned office to hand-over hard copy of application along with requisite documents including application fee. Authorisation shall be issued on receipt of hard copies of documents as mentioned above after due scrutiny as prescribed in HBP v1.

**Fiscal Incentives for EDI** 2.70.3 Following deductions in Application Fee would be admissible for applications signed digitally and / or where application fee is paid electronically through EFT (electronic fund transfer)

Sr. No.	Mode of Application	Fee Deduction (as a % of normal application fee)
1	Digitally signed	25%
2	Application fee payment vide EFT	25%
3	Both digitally signed as well as use of EFT for payment of application fee	50%

***Benefits***

- 2.70.4 Facility will reduce unnecessary physical interface with DGFT. It will enable faster processing, speedier communication of deficiencies, if any, and on-line availability of application processing status.
- 2.70.5 Authorisation issued using DGFT Electronic Application System shall be transmitted electronically to Customs through EDI Mode. This shall also obviate need for verification of Authorisations before allowing clearance.





## CHAPTER 3

### PROMOTIONAL MEASURES

- Status Certificate* 3.1 Policy for Status Holder is given in Chapter 3 of FTP.
- Application for grant of Status Certificate* 3.2 Application for grant of status shall be filed by 31<sup>st</sup> March, in ANF 3A. An existing status holder shall be automatically treated to be an equivalent status holder as given in Para 3.10 of FTP.
- 3.2.1 Application shall be filed with jurisdictional RA / Development Commissioner (DC). However, in cases where export performance of EOUs / SEZs is clubbed together with company / firm / Group Company in DTA, the same will be considered by jurisdictional RA (in DGFT) only.
- 3.2.2 All newly issued Status certificates shall be valid from 1st April of the year during which application for recognition was filed. For renewals, application filed before expiry of current validity, renewals shall have a validity commencing from 1st April of next licensing year; otherwise validity period shall be 1st April of year during which application was filed.
- All Status Certificates shall be valid for a period of 5 years reckoned from the 1st April of the relevant year. All Status Certificates valid beyond 31.3.2014 shall continue to remain in force, in case provisions of Foreign Trade Policy (2014-19) continue to recognize the status.
- Pending the finalization of the applications for grant of recognition, existing status holders who have applied for recognition before the expiry of their status, shall have a grace period of 6 months. During this grace period of 6 months such status holders shall continue to be recognized as Status holders even after the expiry of earlier Status Certificate i.e. till September end, unless their applications are finally rejected or status recognition is granted once again, as the case may be.
- Maintenance of Accounts* 3.3 Status Holder shall maintain true and proper accounts of its exports and imports based on which such recognition has been granted.

Record shall also be maintained during validity period and for a minimum period of three years thereafter. These accounts shall be made available for inspection to RA concerned or any authority nominated by DGFT.

***Refusal /  
Suspension /  
Cancellation of  
Certificate***

- 3.4 Status Certificate may be refused or suspended or cancelled by RA concerned, if status holder or any agent or employee or authorized representative acting on his behalf:
- (a) Fails to discharge export obligation imposed;
  - (b) Tampers with Authorisations;
  - (c) Misrepresents or has been a party to any corrupt or fraudulent practice in obtaining any Authorisation;
  - (d) Commits a breach of FT (D& R) Act, or Rules, Orders made there under and FTP; or
  - (e) Fails to furnish information required by this Directorate.

- 3.4.1 A reasonable opportunity shall be given to Status Holder before taking any action under above paragraph.

***Appeal***

- 3.5 An applicant, who is not satisfied with decision taken to suspend or cancel Status Certificate, may file an appeal to DGFT within 45 days. Decision of DGFT shall be final thereon.

3.6 **SERVED FROM INDIA SCHEME (SFIS)**

- (a) Policy for SFIS is given in Chapter 3 of FTP.
- (b) For foreign exchange earned during current financial year, application for Duty Credit Scrip shall be filed on monthly/quarterly/half-yearly/annual basis, at the option of the applicant to be exercised along with first application for the current financial year, with jurisdictional RA, in ANF 3B along with documents prescribed therein, for which the last date for filing application on time shall be 12 months from the end of relevant month / quarter / half-year /year periodicity.
- (c) Service provider shall within one month of completion of imports made or expiry of validity of Duty Credit scrip whichever is earlier, submit a statement of imports made under it to jurisdictional RA with a copy to jurisdictional Excise authorities (service tax cell) wherever applicable.

***Ineligible  
Remittances and  
Services for  
SFIS scheme***

3.6.1 Foreign exchange remittances other than those that are earned for rendering of services would not be counted for entitlement. Thus, other sources of foreign exchange earnings such as equity or debt participation, donations, receipts of repayment of loans etc. and any other inflow of foreign exchange, unrelated to rendering of service, would be ineligible. For calculation of entitlement, following shall not be taken into account.

- a) Foreign Exchange remittances:
  - I. related to Financial Services Sector
    - 1. Raising of all types of foreign currency Loans;
    - 2. Export proceeds realization of clients;
    - 3. Issuance of Foreign Equity through ADRs / GDRs or other similar instruments;
    - 4. Issuance of foreign currency Bonds;
    - 5. Sale of securities and other financial instruments;
    - 6. Other receivables not connected with services rendered by financial institutions; and
  - II. earned through contract/regular employment abroad (e.g. labour remittances);
- b) Payments for services received from EEFC Account;
- c) Foreign exchange turnover by Healthcare Institutions like equity participation, donations etc. (However, remittances received on account of medical treatment, surgery, testing, consultancy and health care provided by the institution shall be eligible.);
- d) Foreign exchange turnover by Educational Institutions like equity participation, donations etc. (However remittances received on account of the course fees and consultancy provided by the institution shall be eligible.);
- e) Export turnover relating to services of units operating under SEZ / EOU / EHTP / STPI / BTP Schemes or supplies of services made to such units;
- f) Clubbing of turnover of services rendered by SEZ / EOU / EHTP / STPI / BTP units with turnover of DTA Service Providers;
- g) Service Providers in Telecom Sector (Sr. No 2C of Appendix 10);
- h) Foreign Exchange earnings for Services provided by Airlines, Shipping Lines Service Providers from plying from any country X to any country Y routes, not touching India at all; and
- i) Exports of Goods.

3.7 **VISHESH KRISHI AND GRAM UDYOG YOJANA (VKGUY)**

- 3.7.1 Policy pertaining to VKGUY is given in Chapter 3 of FTP. Appendix 37A contains the list of VKGUY items along with the admissible date of export. Application for grant of Duty Credit scrip under VKGUY for exports made from 27.8.2009 onwards shall be made to RA concerned in ANF3C along with documents prescribed therein.

Listed products shall be eligible for Duty Credit Scrip upon exports on or after the Date of Export indicated in the relevant Appendix.

- 3.7.2 Policy pertaining to the Agri. Infrastructure Incentive Scrip under VKGUY is given in Para 3.13.4 of Chapter 3 of FTP. All Status Holders may apply for grant of Duty Credit scrip for export made during current year to RA, CLA, New Delhi in 'ANF 3D - ANF for Policy Para 3.13.4.' along with documents prescribed therein.

Applicants may file one application before the last date prescribed for each half year period (Apr-Sep / Oct-Mar). Applications for exports during Apr-Sept period shall be filed from 15<sup>th</sup> January till 15<sup>th</sup> February of current year and for exports during Oct-Mar period, applications shall be filed from 1<sup>st</sup> May till 31<sup>st</sup> May of the next licensing year.

Applications received after the last date shall be summarily rejected, as Para 9.2 and Para 9.3 shall not be applicable.

The allocation of duty credit scrips by RA, CLA, New Delhi, under Para 3.13.4 of FTP, shall be done proportionate to the eligible claims of individual applications, vis-à-vis the total eligible claims of all the status holders put together, received for each half year (Apr-Sep / Oct-Mar) periods, in such a way that the total benefits granted for all status holders put together does not exceed the limit prescribed for each half year in Para 3.13.4 of FTP. Accordingly if the total eligible claim of all the status holders put together is, say, Rs 200 Cr, each applicant status holder would be granted one-fourth of the claim an applicant is eligible for.

## **FOCUS MARKET SCHEME (FMS)**

3.8 Policy pertaining to FMS is given in Chapter 3 of FTP. Notified Markets are listed in Appendix 37C.

3.8.1 An application for exports made from 27.8.2009 onwards shall be filed separately, with RA concerned in ANF3C along with documents prescribed therein.

Eligibility of Focus Market (as in Appendix 37C) shall be determined from date of export as per Para 9.12 of HBP v1.

### ***Proof of Landing – for FMS and MLFPS***

3.8.2 Applicant shall be required to submit proof of landing of export consignment in specified market.

Any one of the following documents should suffice, as a proof of landing of export consignment in specified Focus Market:

- (i) A self attested copy of import bill of entry filed by importer in specified market, or
- (ii) Delivery order issued by port authorities, or
- (iii) Arrival notice issued by goods carrier, or
- (iv) Tracking report from the goods carrier (Shipping Line/Airline etc. or his accredited agent in India) duly certified by them, evidencing arrival of export cargo to destination Focus Market, or
- (v) For Land locked Focus Market, Rail/Lorry receipts of transportation of goods from Port to Land locked Focus Market, or
- (vi) Any other documents that may satisfactorily prove to RA concerned that goods have landed in / reached the Focus Market.

In case of (iv) and (vi) above, the accredited agent of the Goods Carrier must certify that he is the accredited agent of the concerned Goods Carrier on the date of issuance of the tracking report / document.

Further, in the case of issuance of any other document under (vi) above, the accredited agent must state that he has verified that this proof of landing of goods in relevant Focus Market is given based on information available in the Goods Carrier's backup database and he has issued this document accordingly.

## **FOCUS PRODUCT SCHEME (FPS)**

3.9 Policy pertaining to FPS is given in Chapter 3 of FTP. Notified Products are listed in Appendix 37D.

3.9.1 An application for exports made from 27.8.2009 onwards shall be filed, with RA concerned in ANF3C along with documents prescribed therein.

Eligibility of Focus Product (as in Appendix 37D) shall be determined from date of export as per Para 9.12 of HBP v1.

3.9.2 The procedure for filing applications against export of Market Linked Focus Products under FPS (Para 3.15.3 of Foreign Trade Policy) will be the same as laid down for Focus Product Scheme in Para 3.9.1 above.

In case of applications for grant of benefit under Market Linked Focus Product scheme, for proof of landing of export consignment in specified market, Para 3.8.2 of HBP Vol.1 above shall apply.

### **3.10 Procedure for Status Holders Incentive Scrip**

3.10.1 Policy pertaining to Status Holders Incentive Scrip is given in Para 3.16 of Chapter 3 of FTP.

3.10.2 Application for grant of Duty Credit Scrip under SHIS (Para 3.16 of FTP) for exports made during 2009-10 or for exports made during 2010-11, as the case may be, shall be made to jurisdictional RA concerned in ANF3E along with documents prescribed therein.

3.10.3 The last date of filing the application shall be 31<sup>st</sup> March 2011/2012/2013 for SHIS scheme for exports made during 2009-10/2010-11/2011-12 respectively.

Further, in view of fourth subpara of Para 5.1A of HBPv1:

a) Para 9.3 of HBPv1 shall not be applicable for SHIS Scheme in cases where the SHIS application (say for exports made during 2009-10) has been filed after the prescribed date (i.e. after 31<sup>st</sup> March 2011) and Zero Duty EPCG Authorisation has been issued to the applicant by any RA during the year 2010-11 (from 1.4.2010 till 31.3.2011).

- b) Similarly for SHIS Applications for exports made during 2010-11 & 2011-12 filed late (i.e. after the prescribed dates of 31<sup>st</sup> March 2012/2013 respectively), Para 9.3 shall not be applicable in cases where Zero Duty EPCG Authorisation has been issued to the applicant by any RA during the year 2011-12 (from 1.4.2011 till 31.3.2012) or 2012-13 (from 1.4.2012 till 31.3.2013) as the case may be.
- c) In case SHIS Application is filed within the prescribed date (for exports made during 2009-10/2010-11/2011-12 as the case may be, including any supplementary claim under Para 9.4 of HBPv1) and where Zero Duty EPCG Authorisation has been issued to the applicant by any RA during the relevant year (i.e. during 2010-11/2011-12/2012-13 respectively, as the case may be), SHIS application shall be summarily rejected in view of fourth subpara of Para 5.1A of HBPv1.

3.10.4 As Para 3.17.8 of FTP does not apply to SHIS, shipments where VKGUY, FMS, FPS (including MLFPS) benefits have been claimed/will be claimed by applicant or by the supporting manufacturer (based on disclaimer by the exporter) shall be entitled for SHIS benefits to the exporter Status Holder. SHIS is entitled for shipments where foreign exchange realisation is in the name of applicant Status Holder.

3.10.5 Merchant Status Holders shall have the facility to list the supporting manufacturer till the date of filing of the Application for claiming the SHIS benefits.

To list the supporting manufacturer, proof of supporting manufacturer may be given to RA concerned by giving any of the export documents (Shipping Bill/Bill of Export/ARE forms/Customs/Bank attested Invoices) evidencing the same.

Listed Supporting Manufacturers shall be co-licensee of the SHIS Scrip.

3.10.6 SHIS scrip can be used for payment of applicable duties on import of Capital Goods (as defined in FTP) relating to the sectors specified in Para 3.16.4 of FTP. The Scrip / the goods so imported shall be with Actual User Condition. Imports of Capital Goods shall be related to any of the sectors listed in Para 3.16.4 of FTP, without any sector wise value limitation; even by the listed supporting manufacturers.

3.10.7 Para 3.11.8 of this HBP shall not apply to this Scheme. Further, Monitoring the realization of export proceeds shall be in terms of Para 3.11.12 & 3.11.13 of this HBP.

3.10.8 The following additional sectors shall be eligible for Status Holders Incentive Scrip on exports made during 2010-11 and 2011-12:

Sl. No.	Products / Product Groups	ITC(HS)
1	Chemical & Allied Products (other than Bulk minerals, Granite/Stones, Processed minerals, Cement, Clinkers and asbestos)	
	(i) Rubber products,	4001 to 4010, 4014 to 4017
	(ii) Paints, Varnishes & Allied Products	3208, 3209, 3210
	(iii) Glass and glassware	Chapter 70
	(iv) Plywood and allied products	Chapter 44
	(v) Ceramics / refractories	Chapter 69
	(vi) Paper, Paper Boards & Paper products	Chapter 48
	(vii) Books, Publications & Printings	Chapter 49
	(viii) Animal By-products (Codes 35030030, , 05069099, 05079010, 05079020, 05079050, 23011010, 23011090, 96062910, and 96063010)	Various codes
	(ix) Ossein & Gelatine	Codes 05061039 and 35030020
	(x) Graphite Products (Codes 3801, 85451100 and 85451900) & Explosives (Codes 3601, 3602 and 3603)	Various codes
	(xi) Misc. Products (Codes 3201, 32029010, 32030010, 3604, 3605, & 38021000)	Various codes
2	Electronics Products	
3	Sports Goods and Toys	Chapter 95 and Codes 420321, 650610
4	Engineering products for the three groups indicated below	Chapter 72
	(i) Iron and Steel	
	(ii) Pipes and tubes	
	(iii) Ferro Alloys	



3.11 **COMMON PROCEDURAL FEATURES FOR PROMOTIONAL SCHEMES, APPLICABLE TO ALL SCHEMES IN THIS CHAPTER, UNLESS SPECIFICALLY PROVIDED FOR:**

***Jurisdictional RA / RA Concerned***

3.11.1 Applicant shall have option to choose Jurisdictional RA on the basis of Corporate Office, Registered Office, Branch Office address endorsed on IEC. However, once opted, no change would be allowed.

3.11.2 Provisions contained in Chapter 2 and 9 of this HBP shall apply to all Promotional Schemes.

However, it is clarified that in case the importer wants to use a specific permission/license for import of a restricted item as well as pay the duty using Duty Credit Scrip, then Duty Credit Scrip shall be allowed to be used only if the item is also importable under the respective paras of Duty Credit Scrip (reference FTP Paras 3.12.6, 3.13.4, 3.16.4, and 3.17.5).

***Port of Registration***

3.11.3 Duty Credit Scrip (including splits) shall be issued with a single port of registration which shall be the port of export. After issue of Duty Credit Scrip, but before registration with Customs, the Applicant can change the port of registration from RA concerned. Before registration, authorities shall verify genuineness of Duty Credit scrip, from RA concerned, until EDI system of message exchange is put in place.

However, applicant may use Duty Credit scrip for imports from any other port (that includes ICD/LCS) after obtaining TRA from authorities at port of registration. The above procedure shall be applicable only in respect of EDI enabled ports. In case of exports through non-EDI ports, the port of registration shall be the port of exports.

***Facility for Split Scrips***

3.11.4 Split certificates of Duty Credit scrip subject to a minimum of Rs 5 Lakh each and multiples thereof may also be issued, on request at the time of application with different port of registration.

After issue, request of splits shall be permitted with same port of registration as appearing on the original scrip. The above procedure shall be applicable only in respect of EDI enabled ports.

In case of exports through non-EDI ports, the facility of splits shall not be allowed, after issue of scrip.

***Import from private / public bonded warehouses*** 3.11.5 Entitlement can be used for import from private / public bonded warehouses subject to fulfillment of paragraph 2.28 of FTP and terms and conditions of DoR notification.

***Re-export of defective / unfit goods*** 3.11.6 Goods imported which are found defective or unfit for use, may be re-exported, as per DoR guidelines. Where Duty Credit scrip has been used for imports, Customs shall issue a certificate containing particulars of scrip used, date of import of re-exported goods and amount debited while importing such goods. Based on this certificate, upon application, a fresh Scrip shall be issued by concerned RA to extent of 98% of debited amount, with same port of registration and valid for a period equivalent to balance period available on date of import of the defective / unfit goods.

***Validity Period & Revalidation*** 3.11.7 Duty Credit scrip shall be valid for a period of 24 months. Revalidation of Duty Credit scrip shall not be permitted unless covered under paragraph 2.13.1 or paragraph 2.13.2 A of HBP v1.

***Declaration of Intent on Free Shipping Bills*** 3.11.8 For export shipments filed under Free Shipping Bill category, for exports of products / to markets eligible under Chapter 3 of FTP (Appendix 37A, 37C, 37D), the exporter shall state the intention to claim benefits under Chapter 3 of FTP by declaring on the Free Shipping Bills as under:

‘I/We, hereby, declare that I/We shall claim the benefits, as admissible, under Chapter 3 of FTP’.

This declaration shall not be required for export shipments under any of the schemes of Chapter 4 (including drawback) or Chapter 5 of FTP.

Further for products, markets notified during the year, this declaration shall be necessary for exports under Free Shipping Bills, only after a grace period of one month from the date of relevant public notice.

Moreover for exports made prior to date of notification of products / markets, such a declaration will not be required, since export shipments under Free Shipping Bills have already taken place.

For exports made w.e.f 1<sup>st</sup> January 2011, the above Paragraph shall be replaced as under:

‘For products/markets listed in Appendix 37A, 37C, 37D that are eligible for benefit under Chapter 3 of FTP, exporters shall declare their intention to claim benefit by stating in all categories of Shipping Bills as under:

*‘I/We, hereby, declare that I/We shall claim the benefits, as admissible, under Chapter 3 of FTP’.*

This declaration shall also be required on export shipments under any of the Schemes of Chapter 4 or Chapter 5 or Chapter 6 of FTP as well as on Bills of Exports filed for Supply to SEZ. No claim under Chapter 3 shall be admissible without this declaration. However, Schemes names are not required to be mentioned in the declaration of intent.

Further, for products / markets notified during the year, the declaration of intent shall be necessary for exports under all categories of Shipping Bills only after a grace period of one month from the date of relevant Public Notice which notifies such product / market. For exports made prior to date of notification (i.e. the date of the relevant Public Notice which notified such product / market), such a declaration will not be required since export shipments have already taken place.’

***Last date of filing of application for Duty Credit Scrips, except for FTP Para 3.13.4 and FTP Para 3.16.***

3.11.9 Applications for obtaining Duty Credit Scrip shall be filed within a period of twelve months from the date of export or within six months from the date of realization or three months from the date of printing / release of shipping bill, whichever is later, in respect of shipments for which claim is being filed. Further, for shipments already made prior to the inclusion/modification of the items / markets in relevant appendices by various Public Notices issued from time to time; the last date for filing applications shall be six months from the end of the month of the relevant Public Notice that included/modified the items/markets, or the time period permitted in the first sentence of this Para, whichever is later.

For SFIS for current financial year, the last date shall be 12 months from the end of application frequency period.

3.11.10 Shipments from EDI Ports and Non-EDI Ports cannot be clubbed in one application.

Port of registration for EDI enabled ports shall be the port of export.

In case of exports through non-EDI port, the port of registration shall be the relevant non EDI port of exports. Accordingly separate application shall be filed for each non EDI port.

3.11.11 Freely Transferable Duty Credit scrip shall be granted on FOB value of exports. FOB Value of Exports shall be taken from the Shipping Bill (FOB value in free foreign exchange declared on the Shipping Bill and converted into Indian Rupees at the Monthly Customs Rate of Exchange on the date of LEO).

Date of export is determined as per Para 9.12 of HBPv1.

Multiple Applications can be filed and supplementary cut shall not be applicable. However, an application shall contain a maximum of upto 50 shipping bills.

3.11.12 All the pre-realization cases are to be monitored by RA concerned with respect to realization of export proceeds. The procedure prescribed in Para 4.45 shall apply, mutatis mutandis, to freely transferable Duty Credit Scrips issued under Chapter 3 on the pre-realization basis. However for adjustment of excess / short realisation, procedure in Para 3.11.13 is to be followed.

3.11.13 (i) In case there is no pending claim and there is no cash deposit towards the amount immediately after the expiry of 12 months time period from the date of issuance of the Scrip, the RA shall initiate necessary action. If the Scrip holder does not pay the amount within 60 days of the expiry of aforesaid 12 months time period, the scrip holder shall be required to pay the said amount along with 15% interest per annum from the date of issuance of the Scrip(s) for the Duty Credit for which BRC or Documentary evidence (evidencing realisation of export proceeds as required under FTP or the Procedure laid thereunder) could not be produced. In case the Scrip holder surrenders the unutilized / partially unutilized Duty Credit Scrip, then unutilized / partially unutilized credit shall be deducted from the payable amount.

- (ii) In case the FOB value realized in free foreign exchange is higher as per BRC, when compared to the FOB value in free foreign exchange as declared on the Shipping Bill(s) on which the original duty credit scrip was issued, supplementary claim shall be filed within a period of six months from the date of realization.



## CHAPTER 4

### DUTY EXEMPTION / REMISSION SCHEME

- Policy** 4.1 Policy relating to Duty Exemption / Remission Scheme is prescribed in Chapter 4 of FTP.
- General Provision** 4.2 An application for grant of an Advance Authorisation / Advance Authorisation for Annual Requirement / DEPB / DFIA may be made by Registered office or Head office or a branch office or manufacturing unit of eligible exporter, to RA concerned.
- 4.3 Where applicant is branch office or manufacturing unit(s) of an exporter, it shall furnish self certified copy of valid RCMC where name of branch office or manufacturing unit is given.
- Advance Authorisation** 4.4 Where SION have been published, an application in ANF 4A, along with documents prescribed therein, shall be submitted to RA concerned.
- 4.4.1 In case of export of gold /silver / platinum jewellery and articles thereof, quantity, wastage and value addition norms shall be as prescribed in paragraph 4A of FTP and HBP v1.
- 4.4.2 In case where norms have not been published, an application in ANF 4B, along with prescribed documents, shall be furnished to concerned Norms Committee (NC) at DGFT Headquarters for fixation of Norms.
- In such cases, original copy of application along with prescribed fee shall be filed with RA concerned and a self-attested copy of same shall be filed with NC.
- Authorisation in such cases shall be issued by RA as per NC recommendation.
- NC shall also function as a recommendatory authority for SION. DGFT may notify such norms.
- 4.4.3 Applications, where Acetic Anhydride, Ephedrine and Pseudo-ephedrine is required as an input for import, shall be filed with RA concerned.
- Copies of such applications shall also be simultaneously endorsed to the Drug Controller of India, Nirman Bhawan, New Delhi, Narcotics Commissioner, Central Bureau of Narcotics, Gwalior and respective Zonal Director of Narcotics Control Bureau, alongwith a declaration that applicant will maintain prescribed records and also submit prescribed returns.
- 4.4.4 RA, while issuing Advance Authorisation for import of Acetic Anhydride, Ephedrine and Pseudo- ephedrine, shall endorse a condition that before effecting imports, NOC shall be obtained

from Narcotics Commissioner of India, Central Bureau of Narcotics, Gwalior and shall also endorse a copy of Authorisation to Drug Controller, Nirman Bhawan, New Delhi and concerned Zonal Director of Narcotics Control Bureau.

- 4.4.5 Where import of meat and meat products of any kind including fresh, chilled and frozen meat, tissue or organs of poultry, pig, sheep, goat; egg & egg powder; milk & milk products; bovine, ovine and caprine embryos, ova or semen; and pet food products of animal origin has been sought as an input under Advance Authorisation, the RA, while issuing advance authorisation, shall endorse a condition that before effecting imports of any of these inputs, Sanitary Import Permit shall be obtained from the Department of Animal Husbandry, Dairying and Fisheries (DAHDF). RA shall also endorse a copy of authorisation to DAHDF, Krishi Bhawan, New Delhi.

***Advance  
Authorisation for  
applicants with  
multiple units***

- 4.5 Transfer of any duty free material imported or procured against Advance Authorisation from one unit of company to another for manufacturing purpose shall be done with prior intimation to jurisdictional Excise Authorities with a clear understanding that no benefit of CENVAT shall be claimed on such transferred inputs. However, such transfers shall not be allowed to units located in areas covered by Central Excise Notification No. 39/2003 and 50/2003 (i.e. Himachal Pradesh / Uttaranchal). In case of non-excisable company / products, units should maintain a proper record. However to avail facility, all such units should be available in IEC certificate and follow rules and regulation of Central Excise for job work. Large Taxpayer Units (LTUs) having multiple units, may not follow above job work procedure, after fulfillment of EO. Duty Free material imported or procured against advance authorization can be taken from the port directly to the project site of the project authority as per provisions stated in ANF 4 A and DOR guidelines.

***Advance  
Authorisation for  
Free of Cost and  
Paid Material***

- 4.6 For policy in paragraph 4.1.8, a specific endorsement shall be made on exchange control copy of Advance Authorisation disallowing remittances for material being supplied free of cost. All inputs imported shall be utilised in manufacturing of product except wastage.

***Self Declared  
Authorisations  
where SION does  
not exist***

- 4.7 RA may also issue Advance Authorisations, where SION are not fixed, based on self declaration and an undertaking by applicant for a final adjustment as per Adhoc / SION fixed by NC.



However, no Advance Authorisation shall be issued under this paragraph for import of following products:-

- i. All vegetable / edible oils classified under Chapter - 15 and all types of oilseeds classified under Chapter - 12 of ITC (HS) book;
- ii. All types of cereals classified under Chapter – 10 of ITC (HS) book;
- iii. All spices other than light black pepper (light berries) having a duty of more than 30%, classified under Chapter-9 and 12 of ITC (HS) book;
- iv. All types of fruits/vegetables having a duty of more than 30%, classified under Chapter 7 and 8 of ITC (HS) book;
- v. Horn, hoof and any other organ of animal;
- vi. Honey;
- vii. Rough Marble Blocks/ Slabs; and
- viii. Rough Granite.

For export of perfumes, perfumery compounds and various feed ingredients containing vitamins, no Authorisation shall be issued by RA and applicants may apply under Para 4.4.2 above. Where export and/or import of biotechnology items are involved, Authorisation under this paragraph shall be issued by RA only on submission of a “No Objection Certificate” from Department of Biotechnology.

***Entitlement***

- 4.7.1 CIF value of one or more such authorisations shall be maximum 500% of FOB and / or FOR value of preceding year's exports and / or supplies in case of status holders and Rs. 5 crore or 500% of the FOB and / or FOR value of preceding year exports and / or supply, whichever is more, for others.

However, in cases where NC has already ratified norms for same export and import products in respect of an authorization obtained under paragraph 4.7, such norms shall be valid for a period of one year, both with retrospectively as well as prospectively, reckoned from the date of ratification.

In such cases Authorisations shall be issued by RA concerned under "Adhoc Norms Fixed" category and application copies need not be forwarded to NC for fixation / ratification of norms. Where the application has already been forwarded before the ratification of Norms, the RA shall finalise the case as per the norms subsequently ratified by NC in a similar case.

Authorisation holder in such cases shall be entitled for further authorisation (s) as per norms ratified by NC without need for subsequent ratification by NC. In such cases applicant would file application under Adhoc Norms Fixed category.

However, NC should ensure that such adhoc norm(s), if not notified already, are notified within six months of the ratification of such adhoc norm(s).

- 4.7.2 Once norms are fixed by NC, value limits mentioned in above paragraph would not be applicable to advance authorisations issued under this paragraph. Such authorisations, subsequent to fixation of norms by NC, may be enhanced.

It is mandatory for industry to provide production data etc. as may be required by DGFT / EPC for fixation of SION. Otherwise, applicant shall not be allowed to take benefit of Advance Authorization scheme for taking repeat advance authorizations on self-declared basis.

***Authorisation in Excess of Entitlement***

- 4.7.3 An applicant shall be entitled for authorisation in excess of entitlement mentioned in paragraph 4.7.1 subject to furnishing of 100% Bank Guarantee to Customs authority to cover exemption from customs duties. A specific endorsement to this effect shall be made on authorisation.

***Application***

- 4.7.4 Original application with prescribed documents shall be submitted to concerned RA. RA shall forward a copy of application within 7 days from Authorisation issue date to NC for fixation of norms within prescribed time.

***Undertaking***

- 4.7.5 Applicant shall give an undertaking that he shall abide by norms fixed by NC and accordingly pay duty, together with interest, on unutilised inputs as per norms fixed by NC. However Authorisation holder has option to undertake additional EO in proportion to excess unutilized inputs. In case application is rejected by NC, authorization holder shall pay customs duty saved along with interest on imported inputs, as notified. However in such cases where the NC decides adhoc norms based on information available to it and the exporter represents against the decision of the NC, time limit for filing representation, if any, before the Norms Committee shall be four months from the date of communication of decision of the fixation of adhoc norms by NC .

For project supplies, the time limit for filing representations, if any, against the decision of Norms Committee shall be one year from the date of communication of decision of the Norms Committee.

In addition, an amount as per Para 4.28(i)(b) below has to be deposited.

- 4.7.6 In such cases, where norms are not finalised by NC within four months from Authorisation issue date, norms as applied for shall

be treated as final and no adjustment will be made. However, where application for fixation of adhoc / SION is rejected on account of non-furnishing of required documents/ information, Authorisation holder shall be liable for penalty as stated in above paragraph. In case SION for the said product is notified, SION would be made applicable for deciding wastage norm and EO.

In such cases where export obligation is completed pending fixation of norms by NC, entitlement for authorisation as given in paragraph 4.7.1 may be re-credited upon production of documentary evidence (copies of Shipping bill / bill of export / Central Excise certified copies of invoices) showing fulfillment of export obligation in respect of previous authorisations. However, bond waiver / redemption shall not be allowed pending fixation of norms in such cases.

***Standardisation of Adhoc Norms***

4.8

For standardization of norms, an application may be made by manufacturer exporter or merchant exporter tied to supporting manufacturer, duly filled in with complete data. Such applications shall be made to NC in ANF 4B.

Import of fuel may also be allowed under SION by NC subject to following: -

- (a) Facility of import of fuel shall be allowed only to manufacturer having captive power plant.
- (b) In cases where SION specifically allows fuel, same shall be permitted under advance Authorisation. However, if fuel is not covered specifically under SION, it may be allowed as per general fuel Policy for products covered under SION or under paragraph 4.7 above.
- (c) Fuel should be allowed only against an actual user Authorisation. However in case of DFIA, fuel can only be transferred to agencies granted marketing rights by the Ministry of Petroleum and Natural Gas.
- (d) Applications of fixation for fuel entitlement for new sectors and modification of the existing entitlement as per General Note for Fuel in HBP v2 would be made to NC along with requisite data in ANF 4B.

***Modification of SION***

4.9

An application for modification of existing SION may be filed before the NC by manufacturer exporter or merchant-exporter, tied to supporting manufacturer, in form given in ANF 4B.

***Amendment of Export item and inputs***

4.10

An application for amendment of an export item or inputs under SION or under Adhoc Norms may be filed by any manufacturer or merchant exporter as per ANF 4B.

Applicant would give justification for seeking amendment and same would be considered by Regional Authority with specific approval of Head of Office. In case of any major change in input or request for more wastage to that allowed under SION or adhoc norm, same should be referred to NC for ratification.

**Revision of SION by NC** 4.10.1 NC may identify SIONs which in its opinion are required to be reviewed. Exporters are required to submit revised data in ANF 4B for such revision. It is mandatory for industry / exporter(s) to provide production and consumption data etc. as may be required by DGFT / EPC for revision of SION. Otherwise, applicant shall not be allowed to take benefit of Advance Authorization scheme.

**Description of an Advance Authorisation** 4.11 An Advance Authorisation shall specify:

- (a) names and description of items to be imported and exported / supplied;
- (b) quantity of each item to be imported or wherever quantity cannot be indicated, value of item shall be indicated. However, if in SION, quantity and value of individual inputs is a limiting factor, same shall be applicable.
- (c) aggregate CIF value of imports; and
- (d) FOB / FOR value and quantity of exports / supplies.

**Exports in Anticipation of Authorisation** 4.12 Exports / supplies made from the date of EDI generated file number for an Advance Authorisation, may be accepted towards discharge of EO. Shipping / Supply document(s) should be endorsed with File Number or Authorisation Number to establish co-relation of exports / supplies with Authorisation issued. The requirement of endorsement of file number or authorisation number on the shipping bill would be dispensed with once the EDI Data Transmission System for the shipments becomes operational.

If application is approved, authorisation shall be issued based on input / output norms in force on the date of receipt of application by RA in proportion to provisional exports / supplies already made till any amendment in norms is notified. For remaining exports, Policy / Procedures in force on authorisation issue date shall be applicable.

4.12.1 Exports / supplies made in anticipation of grant of an Advance Authorisation shall be entirely on risk and responsibility of exporter.

4.12.2 Conversion of duty free shipping bills to drawback shipping bills may also be permitted by customs authorities in case application for an Advance Authorisation is rejected or modified by RA.

**Advance  
Authorisation or  
DFIA for  
Intermediate  
Supplies**

4.13 Application for grant of Advance Authorisation or DFIA for Intermediate supply may be made on the basis of a tie-up agreement with exporter (physical / deemed) holding an Advance Authorisation or DFIA. RA concerned shall consider such requests.

Advance Authorisation or DFIA for Intermediate supply shall be issued after making Authorisation invalid for direct import of items, to be supplied by intermediate manufacturer. In such cases, a copy of the invalidation letter will be given to Authorisation holder and copy thereof will be sent to intermediate supplier as well as RA of intermediate supplier. Authorisation holder in such case has an option either to supply intermediate product to the holder of Advance Authorisation or DFIA or to export (physical / deemed) directly. Intermediate supplier can also supply the product(s) directly to the port for export by the ultimate exporter (holder of Advance Authorisation or DFIA). In such cases, shipping bill shall be in the name of the ultimate exporter with the name of intermediate supplier endorsed on it. However, once Electronic message transfer facility among the RAs becomes fully operational, sending copy of invalidation letter / ARO to jurisdictional RA shall not be required.

Facility of Advance Authorisation shall be available even in cases where intermediate supplier has supplied or intend to supply material subsequent to fulfilment of EO by exporter holding Advance Authorisation / DFIA from where invalidation letter was issued.

**Advance Release  
Order (ARO)**

4.14 An application may be made to RA concerned for grant of ARO to procure inputs from indigenous sources / STEs.

4.14.1 Application shall specify:

- (i) name, description and quantity of items and
- (ii) individual value of items to be procured. An ARO may be issued along with Advance Authorisation / DFIA or subsequently, and its validity shall be co-terminus with validity of Advance Authorisation / DFIA.

An ARO issued for procurement of an individual item shall be automatically valid for procurement from one or more indigenous sources.

**Back to Back  
Inland Letter of  
Credit (L/C)**

4.15 Exporter may alternatively avail facility of a back to back inland letter of credit from banks. An Advance Authorisation / DFIA holder may approach a bank for opening an inland letter of credit (L/C) in favour of an indigenous supplier.

- 4.15.1 Before opening the L/C, bank will ensure that necessary BG / LUT has been executed by Advance Authorisation / Non Transferable DFIA holder and an endorsement to that effect has been made on the Authorisation.

However, execution of BG / LUT shall not be required against transferable DFIA. After opening inland L/C, bank shall make following endorsement on Exchange Control and Customs copy of Advance Authorisation / DFIA:

Value of this Advance Authorisation / DFIA stands reduced by a sum of Rs. \_\_\_\_\_, being value of inland L/C No. \_\_\_\_\_ opened today by authorisation holder in favour of M/s \_\_\_\_\_ (name and address of indigenous supplier).

- 4.15.2 Authorisation shall be invalidated by bank for direct import only in respect of full quantity and value of item being sourced indigenously.
- 4.15.3 Original Letter of credit (L/C) may be retained by bank for negotiation and only non-negotiable copy of L/C may be given to indigenous supplier.
- 4.15.4 Responsibility of bank shall be confined to making endorsement. Bank shall not be liable for any misrepresentation or false statement made by authorisation holder while requesting bank to make endorsement. Inland L/C opened by bank in favour of indigenous supplier shall not be cancelled for any reason whatsoever.
- 4.15.5 Non negotiable copy of inland L/C together with photocopy of Advance Authorisation / DFIA duly carrying endorsements made by bank shall be sufficient for indigenous supplier to claim deemed export benefits. L/C issued shall be entitled to benefits given in paragraph 8.3 (b) and (c) of FTP, as applicable.
- 4.15.6 Where import is permitted as an input under this scheme, gold / silver can be sourced through nominated agencies as given in FTP (Chapter 4) for supply against the Advance Authorisations/ DFIA issued. Before supply of material, nominated agencies should follow same procedure as given in paragraph 4.15.1 above.

***Facility of  
Supporting  
Manufacturer(s)/  
Jobber/co-licensee***

- 4.16 Imported material may be used in any unit of holder of Advance Authorisation or Non Transferable DFIA (subject to condition of paragraph 4.5 of this Handbook) or jobber / supporting manufacturer provided same is endorsed on authorisation by RA. If applicant desires to have name of any manufacturer or jobber added to authorisation, he may apply. Such endorsement shall be mandatory where prior import before export is a condition for availing Advance Authorisation / DFIA scheme and authorisation holder desires to have material processed through any other

manufacturer or jobber.

Upon such endorsement made by RA, authorisation holder and co-authorisation holder shall jointly and severally be liable for completion of EO. Any one of co-authorisation holders may import goods in his name or in joint names. BG/LUT shall also be furnished in their joint names.

However if authorisation holder is registered with Central Excise, he has an option of getting names of jobber endorsed by Central Excise as per Central Excise Rules in lieu of RA's endorsement. In case manufacturer exporter holding authorisation is not registered / not required to be registered with Central Excise authority, job work may be allowed as per Central Excise Rules and regulations without insisting for endorsement of supporting manufacturer's name. However, authorisation holder shall be solely responsible for imported items and fulfillment of EO.

4.17 In case BG / LUT has been redeemed, advance authorization holder can get duty free inputs processed from any manufacturer under Actual User condition as per job work regulations prescribed under Central Excise Rules. However such restriction shall not be applicable in case of transferable DFIA holder.

***Acceptance of  
BG/LUT***

4.18 At the time of issue of authorisation, acceptance of undertaking given by applicant to RA concerned in relevant ANF will be endorsed on the reverse of Advance Authorisation. Authorisation holder shall execute Bank Guarantee / Legal Undertaking, as the case may be, in terms of para 2.20 of HBP v1.

***Port of Registration*** 4.19

Advance Authorisation shall be issued for purpose of import and export through one of sea ports or airports or ICDs or LCS specified below. Authorisation holder shall register authorisation at the port specified in authorisation and thereafter all imports against said authorisation shall be made only through that port, unless the authorisation holder obtains permission from customs authority concerned to import through any other specified port. However, exports may be made through any of the specified ports.

**Sea Ports** Mumbai, Kolkata, Cochin, Kakinada, Kandla, Mangalore, Marmagoa, Chennai, Paradeep, Pipavav, Sikka, Tuticorin Vishakhapatnam, Dahej, Nagapattinam, Okha, Mundhra, Surat (Magdalla), Jamnagar, Nhava Sheva, Haldia, Krishnapatnam, Bedi (including Rozi-Jamnagar), Dharamtar, Muldwarka, Porbander, Vadinar.

**Air-ports** Ahmedabad, Bangalore, Bhubaneshwar, Mumbai, Kolkata Coimbatore Air Cargo Complex, Cochin, Delhi, Hyderabad, Jaipur, Srinagar, Trivandrum, Varanasi, Nagpur, Chennai, Indore, Dabolim (Goa), Lucknow (Amausi), Rajasansi (Amritsar).

**ICDs:** Agra, Bangalore, Coimbatore, Delhi, Faridabad, Guwahati (Amingaon), Guntur, Hyderabad, Jaipur, Jalandhar, Kanpur, Ludhiana, Moradabad, Nagpur, Pimpri (Pune), Pitampur (Indore), Surat, Tirupur, Varanasi, Nasik, Rudrapur(Nainital), Dighi (Pune), Vadodara, Daulatabad, (Wanjarwadi and Maliwada), Waluj (Aurangabad), Anaparthi, Salem, Mallanpur, Singanalur, Jodhpur, Kota, Udaipur, Ahmedabad, Bhiwadi, Madurai, Bhilwara, Pondicherry, Garhi Harsaru, Bhatinda, Dappar, Dera Bassi, Chheharata (Amritsar), Karur, Miraj, Rewari, Bhusawal, Jamshedpur, Surajpur, Dadri, Tuticorin, Babarpur, Bhadohi, Durgapur (Export Promotion Industrial Park), Kundli, Loni (District Ghaziabad), Mandideep (District Raisen), Raipur, Talegoan (District Pune), Dhannad Rau (District Indore), Kheda (Pithampur, District Dhar), Patli (Gurgaon).

**LCS** Ranaghat , Singhabad , Raxaul, Jogbani, Nautanva (Sonauli), Petrapole, Mahadipur, Hilly, Chengrabanda, Dawki, Atari, Ghojadanga, Agartala, Amritsar Rail Cargo, Nepalganj Road, Sutarkhandi.

**SEZ** As notified by Central Government any SEZ can be a specified port for import and export.

4.19.1 Commissioner of Customs may permit imports and exports from any other seaport / airport / ICD or LCS .

4.19.2 For imports from Airport / Seaport / ICD / LCS other than port of registration, a TRA shall be issued by the customs authority at the port of registration to customs authority at port of import.

***Facility of Clubbing***

4.20 Facility of clubbing shall be available only for redemption / regularisation of cases and no further import or export shall be allowed. For this facility, authorisations are required to have been issued under similar Customs notification even pertaining to different financial years. However in case of Authorisations issued in 2004-09 period and thereafter, Advance Authorisations with different customs notification can be clubbed. Advance authorisation for annual requirement can also be clubbed with the advance authorisation.

4.20.1 RA, under whose jurisdiction authorisation is issued or DGFT (HQ) in other cases, shall consider a request in ANF 4D for clubbing all imports and exports of more than one Advance



Authorisation provided imported inputs are properly accounted for as per norms. Value addition of the authorisations so clubbed shall be average of minimum value addition prescribed in FTP and Procedure laid thereunder, imposed on individual authorisations. Upon clubbing, authorisations shall, for all purposes, be deemed to be one Authorisation and thereafter shortfall, if any, shall be regularized in terms of para 4.28 of HBP v1.

- 4.20.2 Accountability of imports and exports shall be restricted in relation to individual categories of Advance Authorisations including Advance Authorisation for annual requirements.
- 4.20.3 Facility is available only for Advance Authorisation(s) where there is shortfall in fulfillment of EO, and which is sought to be clubbed with an advance Authorisation(s) which is valid for imports. For expired Authorisation(s) with EO shortfall and which is sought to be clubbed with an advance Authorisation(s) which is valid for imports, applicant shall pay composition fee for EO period extension as per paragraph 4.22 below.
- 4.20.4 Wherever exports are effected beyond EO extension period (allowed vide paragraph 4.22 below) of earlier authorisation, no clubbing shall be permitted.
- 4.20.5 Notwithstanding provisions of para 4.20.3 and 4.20.4 above, Clubbing of all expired Authorisations may also be permitted provided all expired Authorisations have been issued during Exim Policy period 1992-1997 & 1997-2002 i.e., 1<sup>st</sup> April 1992 to 31<sup>st</sup> March, 2002. However clubbing of erstwhile Value Based Advance licences shall not be allowed.

***Enhancement/  
Reduction in the  
value of  
Authorisation***

- 4.21 In respect of an Advance Authorisation, RA concerned may consider a request for:
- (a) enhancement / reduction in CIF value of advance authorisation;
  - (b) enhancement / reduction in CIF value, quantity of inputs, FOB value and quantity of exports of an advance authorization;

provided VA after such enhancement does not fall below minimum VA stipulated in FTP and HBP v1 laid thereunder and there is no change in input-output norms and FTP under which advance authorisation was issued.

However, in case of advance authorisations issued prior to 27.8.09 under the FTP, 2004-09, the following conditions shall apply for any enhancement in the value of the authorisation:

- (i) Wherever, exports are subsequent to 27.8.09, enhancement in CIF/FOB values shall be subject to a minimum value addition (VA) of 15% for that component of exports.
- (ii) Wherever, the exports are prior to 27.8.09, enhancement of CIF/ FOB value shall be subject to a minimum Value addition of 15% or the V.A. declared in the original Advance Authorization application, whichever is lower.

4.21.1 Request for prorata enhancement in value and quantity may be made either before or after exports. In such cases where there is a change in SION prior to export of said product, pro-rata enhancement shall be given after calculating entitlement on revised SION.

4.21.2 The application for the enhancement/ reduction in the value of Authorisation shall be made in ANF 4E.

***Application fee for enhancement***

4.21.3 Application fee leviable for enhancement would be on the difference in CIF values of original and final Authorisation. However, no application fee would be charged if value of Authorisation is being reduced or applicant has paid maximum fee of Rs 100,000 (for manual applications) and Rs 50,000 (for digitally signed applications) respectively in original application for Advance Authorisation / DFIA.

***Export Obligation (EO) Period and its Extension***

4.22 Fulfillment Period of EO under an Advance Authorisation shall commence from Authorisation issue date, unless otherwise specified. EO shall be fulfilled within 36 months except in case of supplies to projects / turnkey projects in India / abroad under deemed exports category where EO must be fulfilled during contracted duration.

EO period for Advance Authorizations issued with input(s) as mentioned in Appendix 30A shall be as per the period stipulated against each entry therein. Facility of extension of EOP shall not be allowed in case of Advance Authorisation issued for these inputs. RA shall make an endorsement in Advance Authorisation to this effect.

4.22.1 Whenever a ban / restriction is imposed on export of any product, export obligation period in respect of Advance Authorisation already issued prior to imposition of ban, would stand automatically extended for a period equivalent to the duration of ban, without any composition fee.

For the Advance Authorisation (erstwhile licences) where raw sugar has been imported between 21.09.04 and 15.4.08, but the export obligation is yet to be fulfilled, the export obligation

period stands automatically extended upto 31.03.2011 without payment of composition fee. Advance licence / authorisation holder has the option to pay the customs duty as applicable, on the date of import for the quantity of import proportionate to unfulfilled E.O. and get the case regularized accordingly.

***Revalidation of Authorisation***

- 4.22.2 Customs may allow provisional clearance of export consignment as and when Authorisation holder produces documentary evidence of having applied for EO extension to concerned RA.
- 4.23 RA may consider a request of original Authorisation holder and grant one revalidation for six months from expiry date. Request(s) for revalidation of Authorisation shall be made in ANF 4E.

In case of revalidation of advance authorization issued prior to 27.8.2009, it should be ensured that value addition is maintained at 15% (and as per details mentioned in para 4.1.6 of FTP) or as stipulated in the advance authorization, whichever is higher.

***Monitoring of Obligation***

- 4.24 RA, with whom undertaking is executed by Advance Authorisation holder, shall maintain a proper record in a master register indicating starting and closing dates of obligation period and other particulars to monitor EO.

Within two months from date of expiry of period of obligation, Authorisation holder shall submit requisite evidence in discharge of export obligation in accordance with paragraph 4.25 below.

However, in respect of shipments where six months period (one year in case of status certificate holder and others as per RBI guidelines) for realisation of foreign exchange has not become due, RA shall not take action for non submission of bank certificate of exports and realisation provided other document substantiating fulfillment of EO have been furnished.

- 4.24.1 In case Authorisation holder fails to complete EO or fails to submit relevant information / documents, RA shall take action by refusing further Authorisations, enforce condition of Authorisation and Undertaking and also initiate penal action as per law.

***Advance  
Authorisation for  
Annual  
Requirement***

4.24A Exporters eligible for such Authorisations shall file an application in ANF 4A to RA concerned. All provisions as to Advance Authorisation given above would apply except the following:

- (i) RA while issuing Authorisation shall mention technical characteristics quality and specifications in respect of following inputs:-

Alloy steel including stainless steel, copper alloy, synthetic rubber, bearings, solvents, perfumes/ essential oils/aromatics chemicals, surfactants, relevant fabrics and marble.

- (ii) Authorisation holder shall have flexibility to export any product falling under export product group using duty exempted material.

- (iii) Within eligible entitlement, an exporter may apply for one or more than one authorisations in a licensing year, subject to condition that against one port of registration only one authorisation can be issued for same product group. One time enhancement / reduction of the authorisation shall be available in terms of paragraph 4.21 above.

- (iv) On completion of EO against one or more authorisations, all issued in same licensing year, entitlement of an exporter for that licensing year shall be deemed to be revived by an amount equivalent to EO completed against authorisation(s).

- (v) In respect of export product for which Standard Input Output Norms (SION) does not exist, the authorization holder shall submit an application in “Aayaat-Niryaat Form” along with prescribed documents to NC before making the shipment. The applicant shall also furnish Advance Authorisation for Annual Requirement No. and date along with the File No. from which the same was issued in the covering letter to the application.

***Fulfillment Of  
Export Obligation***

4.25 Authorisation holder shall furnish prescribed documents in ANF 4F in support of fulfillment of EO.

***Discharge of export  
obligation against  
advance licences  
issued prior to  
1.4.2002***

4.25A Quantity Based Advance licences issued prior to 1.4.2002 shall be disposed off as per Public Notice No. 79 dated 2.1.2006, PN 151 dated 26.2.09, as amended from time to time.

***Redemption / No Bond Certificate***

4.26

In case EO has been fulfilled, RA shall redeem the case. After redemption, RA shall forward a copy of redemption letter indicating shipping bill number(s), date(s), FOB value in Indian rupees as per shipping bill(s) and description of export product in respect of shipment which were taken into account for the purpose of fulfillment of EO to Customs authority at port of registration. Such details shall also be placed by the Zonal Offices in their website immediately after issuance of export obligation discharge/redemption letter/No Bond Certificate (in case of “No BG / LUT” facility) and by DGFT Hqr in DGFT website on monthly basis for customs authority to access it from website.

Cancellation/ redemption of BG / LUT would be undertaken by Customs within 30 days of issue of Export Obligation Discharge Certificate (EODC) / bond waiver by RA.

Ordinarily, redemption of BG / LUT shall not preclude customs authority from conducting random checks and from taking action against Authorisation holder for any misrepresentation, mis-declaration and default detected subsequently.

Further RA shall also take action against authorisation holder in case of non-submission of Appendix 23, duly filled in, as stipulated in Paragraph 4.30 below or for any misrepresentation, misdeclaration and default detected subsequently in details declared and furnished in Appendix 23. An endorsement to this effect shall be made by RA in the redemption certificate.

***Transitional Arrangement for Authorisations issued upto 26.08.2009***

4.27

Advance Licences including Advance Licences for Annual Requirement issued upto 26.08.2009 shall be governed by provisions contained in Chapter-7 of HBP v1 (RE-2001), Chapter 4 of HBP v1 (2002-2007) as Notified on 31.3.2002 and Chapter 4 of HBP v1 (2004-2009) as notified on 31.8.2004 respectively as amended from time to time, excepting provisions relating to clubbing and extension in E.O. period which shall be governed by provisions of paragraphs 4.20 and 4.22.1 respectively above and any other provision, as notified by DGFT.

However, wherever Customs duty is to be paid on unutilised material, same shall be paid alongwith interest thereon as notified.

***Regularisation of Bonafide Default.***

4.28

Cases of bonafide default in fulfillment of EO may be regularised by RA as under:

- (i) If EO is fulfilled in terms of value, but there is a shortfall in terms of quantity, the Authorisation holder shall, for regularization, pay:-

- a) to customs authorities, customs duty on unutilized value of imported/ indigenously procured material along with interest as notified; however, for the customs duty component, the authorisation holder has the option to furnish valid duty credit scrips issued under Chapter 3 of FTP and DEPB; and
  - b) an amount equivalent to 3% of the CIF value of unutilised imported material through a TR in authorised branch of Central Bank of India indicating the "Head Account: 1453, Foreign Trade and Export Promotion and Minor Head 102". Authorisation holder shall also be required to obtain a separate authorisation for regularisation of excess imported input. However, provisions of this sub paragraph shall not be applicable if unutilised imported material was freely importable on the date of import.
- (ii) If the EO is fulfilled in quantity but there is shortfall in value, no penalty shall be imposed if Authorisation holder has achieved minimum value addition prescribed. However, if value addition falls below the minimum value addition prescribed Authorisation holder shall be required to deposit an amount equal to 1% of shortfall in FOB value in Indian Rupee through TR in authorised branch of Central Bank of India as above or through EFT mode.

Value wise shortfall shall be calculated with reference to actual quantity of exports and FOB value of realisation with reference to prorata quantity of imports and CIF value. For example, if export performance is only 50% quantitywise but import has been for complete CIF value permitted, then value addition would be calculated on a prorata basis, i.e with reference to 50% of CIF value of imports. This would accordingly imply that where Authorisation holder is unable to export, no penalty on valuwise shortfall shall be imposed.

- (iii) If EO is not fulfilled both in terms of quantity and value, the Authorisation holder shall, for the regularisation, pay as per (i) and (ii) above.
- (iv) In case an exporter is unable to complete EO undertaken in full and he has not made any import under Authorisation, Authorisation holder will also have an option to get the Authorisation cancelled and apply for drawback after obtaining permission from Customs authorities for conversion of shipping bills to Drawback Shipping Bills.
- (v) RA shall compare relevant portion of Appendix-23 duly verified and certified by Chartered Accountant with that of norms allowed in Authorisation(s) and actual quantity imported against Authorisation(s) in the beginning of

licensing year for all such Authorisations redeemed in preceding licensing year. In this verification process, in case it is found that Authorisation holder has consumed lesser quantity of inputs than imported, Authorisation holder shall be liable to pay customs duty on unutilized value of imported material, alongwith interest thereon as notified, or effect additional export within the EO period. However, for the customs duty component, the authorisation holder has the option to furnish valid duty credit scrips issued under Chapter 3 of FTP and DEPB.

***Time Period For Depositing Fines, Customs Duty, Etc.***

4.29

Customs duty with interest to be recovered from Authorisation holder on account of regularisation or enforcement of BG / LUT, shall be deposited by Authorisation holder in relevant Head of Account of Customs Revenue i.e., "Major Head 0037 - Customs and minor head 001- Import Duties" in prescribed T.R. Challan within 30 days of demand raised by regional / customs authority and documentary evidence shall be produced to this effect to RA / customs authority immediately. However, for the customs duty component, the authorisation holder has the option to furnish valid duty credit scrips issued under Chapter 3 of FTP and DEPB.

On receipt of such documentary evidence from Authorisation holder, RA shall intimate details of recovery/ deposits made to Customs Authority at port of registration under intimation to Joint Secretary (Drawback), Department of Revenue, Ministry of Finance, Jeevan Deep Building, New Delhi.

Payment of amount of duty, interest and any dues for regularisation shall, however, be without prejudice to any other action that may be taken by Customs Authorities at any stage under Customs Act, 1962.

***Maintenance of Proper Accounts.***

4.30

Every Advance Authorisation holder shall maintain a true and proper account of consumption and utilisation of duty free imported / domestically procured goods against each authorisation as prescribed in Appendix-23. These records are required to be sent to the concerned RA at the beginning of each licensing year for all those authorisations, which have been redeemed in previous licencing year. However, these records in said format are required to be submitted for authorisations issued on or after 13-05-2005. Such records should be preserved for a period of at least three years from date of redemption.

***Consideration of cases against lost EP copy of the Shipping Bills and / or Bank Realisation Certificate***

4.30A

In case where Original EP copy of Shipping Bill / original BRC has been lost, request for EODC, "No BG / LUT condition" under Advance Authorisation / DFIA scheme or endorsement of transferability under DFIA scheme can be considered, subject to submission of following documents in lieu of those original documents: -

- a) A duplicate / Customs Certified / Self-attested copy of the shipping Bill in lieu of the original; Duplicate / Bank certified copy of BRC in lieu of original;
- b) An application fee equivalent to 1% of duty saved amount. However, no fee shall be charged when such document is lost by Government agencies and a documentary proof to this effect is submitted;
- c) An affidavit by exporter about loss of document and an undertaking to surrender it immediately to concerned RA, if found subsequently;
- d) An indemnity bond by exporter to the effect that he would indemnify Government for financial loss, if any, on account of duty free import entitlement availed / allowed against lost Shipping Bills / BRC.

Customs Authority, before allowing redemption of BG / LUT or clearance after endorsement of “No BG / LUT condition” or endorsement of transferability, shall verify the genuineness of such shipping bill (s) and ensure that no double benefit against such shipping bill has been availed. This specific condition shall be endorsed by RA concerned on the EODC.

### ***DUTY FREE IMPORT AUTHORISATION (DFIA) SCHEME***

<b><i>Duty Free Import Authorisation (DFIA) Scheme</i></b>	4.31	Policy relating to the Duty Free Import Authorisation (DFIA) Scheme is prescribed in Chapter 4 of FTP.
<b><i>Application</i></b>	4.32	An application in ANF 4H along with documents therein, shall be submitted to RA concerned.
	4.32.1	Guidelines as in paragraph 4.4.1 and 4.4.3 above would be adhered to.
	4.32.2	However in respect of following items, exporter shall be required to give declaration with regard to technical characteristics, quality and specification in shipping bill. RA while issuing DFIA shall mention technical characteristics, quality and specification in respect of such inputs:  Alloy steel including Stainless Steel, Copper Alloy, Synthetic Rubber, Bearings, Solvent, Perfumes/ Essential Oil/ Aromatic



Chemicals, Surfactants, Relevant Fabrics, Marble, Articles made of polypropylene, Articles made of Paper and Paper Board, Insecticides, Lead Ingots, Zinc Ingots, Citric Acid, Relevant Glass fibre reinforcement (Glass fibre, Chopped / Stranded Mat, Roving Woven Surfacing Mat), Relevant Synthetic Resin (unsaturated polyester resin, Epoxy Resin, Vinyl Ester Resin, Hydroxy Ethyl Cellulose), Lining Material.

- Facility for Split DFIA*** 4.32.3 Split Authorisations of DFIA subject to a minimum of CIF value of Rs. 10 lakhs each and multiples thereof may also be issued, on request at the time of seeking transferability. A fee of Rs. 1000/- each shall be paid for each split authorization. Split-up DFIA shall be permitted with same Port of Registration as appearing on the original DFIA.
- 4.33 Provisions of paragraphs 4.6, 4.11, 4.12, 4.12.1, 4.18, 4.19, 4.21, 4.22, 4.23, 4.24, 4.26 and 4.28 of this Handbook shall also be applicable for DFIA Scheme.
- DFIA for applicants with multiple units*** 4.34 Transfer of any duty free material imported or procured against actual user DFIA shall be governed by provisions of paragraph 4.5 above.
- Re-export of goods imported under DFIA Scheme*** 4.35 Goods imported against transferable DFIA, which are found defective or unfit for use, may be re-exported, as per DoR guidelines. In such cases 95% of CIF value debited against DFIA for export of such goods, shall be generated by concerned Commissioner of Customs as an Authorisation, containing amount generated and the details of original DFIA.
- Based on the certificate, a fresh DFIA shall be issued by concerned RA. Fresh DFIA, so issued, shall have same port of registration and shall be valid for a period equivalent to balance period available on date of import of such defective/unfit goods.
- Fulfillment of Export Obligation and maintenance of proper accounts of imports*** 4.36 Provision of paragraph 4.25 above shall apply.
- Original DFIA holder shall maintain a true and proper account of consumption and utilisation of duty free imported / domestically procured goods against each authorisation as prescribed in Appendix-23. These records are required to be sent to concerned RA along with request for bond waiver / redemption / discharge of export obligation/ transferability. Such records should be preserved for a period of at least three years from date of redemption.

***Transferability of the DFIA*** 4.36A Once export obligation is fulfilled and required documents as stipulated in Paragraph 4.36 above have been furnished, RA shall make authorisation transferable subject to conditions stipulated for this scheme including an endorsement on the authorisation itself as to liability of additional customs duty / excise duty in respect of imported / indigenously procured inputs, as the case may be, which have already been imported under Actual User DFIA and are sought to be transferred after fulfillment of E.O. DFIA holder shall deposit additional customs duty / excise duty alongwith applicable interest as per Customs Notification in relevant Head of Account of Customs Revenue i.e., “Major Head 0037 – Customs and Minor Head 001 – Import Duties” in prescribed T.R. Challan and furnish a documentary evidence to RA alongwith the application for endorsement of transferability.

### ***DUTY ENTITLEMENT PASSBOOK (DEPB) SCHEME***

***Duty Entitlement Passbook (DEPB) Scheme*** 4.37 Policy relating to Duty Entitlement Passbook (DEPB) Scheme is given in Chapter-4 of FTP. Duty credit under the scheme shall be calculated by taking into account deemed import content of said export product as per SION. Value addition achieved by export of such product shall also be taken into account while determining the rate of duty credit under the scheme.

***Fixation of DEPB Rate*** 4.38 ANF 4C prescribes form regarding fixation of DEPB rates. All applications for fixation of DEPB rates shall be routed through concerned EPCs which shall verify the FOB value of exports as well as international price of inputs covered under SION.

***Provisional DEPB Rate*** 4.38A To encourage diversification and to promote export of new products, DEPB Committee would be empowered to notify provisional DEPB rates. However, such DEPB rates would be valid for a limited period of time during which exporter would furnish data on export and import for regular fixation of rates.

***Exports in anticipation of DEPB Rate*** 4.39 No exports shall be allowed under DEPB scheme unless DEPB rate of concerned export product is notified.

***Port of Registration*** 4.40 Exports/imports made from specified Sea Ports, Airports, ICD & LCSs given in paragraph 4.19 above and made to any Special Economic Zone (SEZ), notified by Central Government, are entitled to DEPB.

4.40.1 DEPB shall be issued with single port of registration, which will be the port from where exports have been effected.

***Maintenance of Record*** 4.40.2 Each Custom House at ports shall maintain a separate record of details of exports made under DEPB.

<b><i>Credit under DEPB and Present Market Value</i></b>	4.41	In respect of products where rate of credit entitlement under DEPB Scheme comes to 10% or more, amount of credit against each such export product shall not exceed 50% of Present Market Value (PMV) of export product. During export, exporter shall declare on shipping bill that benefit under DEPB Scheme would not exceed 50% of PMV of export product.  However PMV declaration shall not be applicable for products for which value cap exists irrespective of DEPB rate of product.
<b><i>Utilisation of DEPB credit</i></b>	4.42	As notified in FTP.
<b><i>Application for DEPB</i></b>	4.43	An application for grant of credit under DEPB may be made to RA concerned in ANF 4G alongwith prescribed documents. Agency commission shall be allowed for DEPB entitlement upto 12.5% of FOB value only. FOB value in free foreign exchange shall be converted into Indian rupees as per exchange rate for exports, notified by Ministry of Finance, as applicable on the date of order of "Let Export" by Customs.
	4.43A	In respect of consignment exports wherein exporter has declared FOB value on a provisional basis, exporter shall be eligible for final assessment of such shipping bill based on actual FOB realised upon sale of such goods in freely convertible currency.
	4.43B	An application for grant of credit for supplies from DTA to SEZ can be made by DTA unit or SEZ unit. DTA unit may claim benefits either from RA or Development Commissioner concerned. In case claims have been filed with RA, RA while allowing benefits to the DTA unit will simultaneously endorse a copy of communication to concerned Development Commissioner alongwith details of export documents . In case DTA supplier prefers claim with Development Commissioner, the Development Commissioner will verify Denied Entity List (DEL) status of supplier from DGFT website before allowing DEPB benefits. SEZ unit will file application with Development Commissioner concerned in ANF 4G along with prescribed documents.
	4.44	DEPB shall be issued with transferable endorsement.
<b><i>Monitoring of Realisation</i></b>	4.45	RA shall monitor all such cases wherein the Scrip(s) has been issued without Bank Realisation Certificate(BRC) and ensure that the BRC is submitted within 12 months from the date of issuance of the Scrip. In case no RBI extension is produced, RA shall initiate action for recovery of the same. In such cases, DEPB holder (the original applicant) shall deposit in cash or through debit of the valid DEPB / adjustment of pending DEPB claim for an amount equivalent to the Duty Free Credit allowed. If amount realized in Free Foreign Exchange is less, then payable amount would be reduced proportionately. However, if the DEPB holder

does not pay the amount within 60 days of the expiry of the 12 months time period from the date of issue of the Scrip, he shall be required to pay the said amount along with 15% interest per annum from the date of issuance of Scrip(s) for the Duty Credit for which BRC or Documentary evidence (evidencing realisation of export proceeds as required under FTP or the Procedure laid thereunder) could not be produced by the DEPB holder. In case he surrenders the unutilized / partially unutilized Duty Credit Scrip, then unutilized / partially unutilized Credit shall be deducted from the payable amount.

In case of Cash Payment, the same shall be deposited in the Head of Account of Customs as stated in paragraph 4.29 above.

- Time Period***                      4.46      Application for obtaining credit shall be filed within a period of twelve months from the date of exports or the date of up linking of EDI shipping bill details in the DGFT website, or within three months from the date of printing / release of shipping bill, whichever is later, in respect of shipments for which claim has been filed. However, in case the application is filed along with BRC, the time period for filing shall be within a period of twelve months from the date of exports or six months from the date of realisation of export proceeds or the date of up-linking of EDI shipping bill details in the DGFT website or within three months from the date of printing / release of shipping bill, whichever is later, in respect of shipments for which claim has been filed.
- In case the FOB realisation in free foreign exchange is higher as per BRC than the FOB value in the shipping bill(s) on which original DEPB was issued, supplementary claim shall be filed within a period of six months from the date of realisation, in respect of shipments for which claim has been filed.
- 4.47      Wherever provisional shipment has been allowed by customs authorities, DEPB against such exports shall be issued only after release of shipping bill by Customs. In such cases, application for DEPB shall be filed within six months from date of release of such shipping bill.
- Frequency of Application***                      4.48      All shipping bills in any one application must relate to exports made from one Custom House only. There is no limit on number of shipping bills which can be filed through EDI mode in a single application.
- Verification by Customs***                      4.49      In case of EDI shipping bills before 1.10.2005 and non-EDI shipping bills, RA shall ensure that while issuing DEPB, Shipping Bill No(s) and date(s), FOB value in Indian Rupees as per Shipping Bill(s) and description of export product are endorsed on DEPB. Before allowing imports against such DEPB, Customs shall verify that details of exports, as given on DEPB, are as per their records. However, in case of EDI shipping bills

issued on or after 1-10-2005 from EDI ports which are being transmitted electronically by Customs to DGFT, DEPBs issued shall be sent to Customs at port of registration through an electronic message exchange system and DEPB shall be registered at port of registration electronically. No verification of shipping bills against which such DEPBs have been issued, will be required before allowing imports against these DEPBs.

<b>Revalidation</b>	4.50	No revalidation shall be granted beyond original period of validity of DEPB unless covered under paragraph 2.13.1 and paragraph 2.13.2 of HBP v1.
<b>Re-export of goods imported under DEPB Scheme</b>	4.51	Goods imported under DEPB scheme, which are found defective or unfit for use, may be re-exported, as per guidelines given in paragraph 3.11.6 of HBP v1.
<b>Issuance of DEPB and other duty credit certificates against lost EP copy of the Shipping Bills</b>	4.52	<p>In case where EP copy of Shipping Bill has been lost, DEPB and other duty credit certificates, claim can be considered subject to submission of following documents:-</p> <ol style="list-style-type: none"> <li>a) A duplicate / certified copy of Shipping Bill issued by Customs authority in lieu of original;</li> <li>b) An application fee equivalent to 2% of the DEPB or other duty credit entitlement in respect of lost Shipping Bills. However, no fee shall be charged when Shipping Bill is lost by Government agencies and a documentary proof to this effect is submitted;</li> <li>c) An affidavit by exporter about loss of Shipping Bills and an undertaking to surrender it immediately to concerned RA, if found subsequently; and</li> <li>d) An indemnity bond by exporter to the effect that he would indemnify Government for financial loss if any on account of DEPB or other duty credit certificate issued against lost Shipping Bills.</li> </ol> <p>Customs authority, before allowing clearance, shall ensure that no DEPB benefit has been availed against same shipping bill.</p>
	4.52.1	Claim against lost Shipping Bill shall be preferred within a period of six months from the date of release of duplicate copy of shipping bill and any application received thereafter will be rejected. This is subject to the condition that the request for duplicate copy of Shipping Bill to Customs Authority was filed within the time period similar to that mentioned in paragraph 4.46 above. However, if a provisionally assessed DEPB shipping bill is lost, time period for filing an application for DEPB would be six months from the date of release of the finally assessed shipping bill.
<b>Loss Of Original Bank Certificate</b>	4.53	In such cases where original Bank Realisation Certificate (BRC) has been lost, the DEPB claim can be considered subject to submission of following documents:

- a) A duplicate copy of BRC issued by bank authority in lieu of original loss;
- b) An application fee equivalent to 2% of the DEPB entitlement in respect of lost BRC;
- c) An affidavit by exporter about loss of BRC and an undertaking to surrender it immediately to RA, if found subsequently;
- d) An indemnity bond by exporter to the effect that he would indemnify Government for financial loss, if any, on account of DEPB issued against lost BRC.

Claim against lost BRC shall be preferred within a period of six months from date of realisation and application received thereafter will be rejected.

In such cases, where both documents have been lost, exporter shall follow procedure laid down in paragraph 4.52 and 4.53. Time period for such application shall be as per paragraph 4.52 and 4.53, whichever is later.

Late cut provision stated in paragraph 9.3 shall be applicable.

## GEMS AND JEWELLERY

- Replenishment Authorisation**
- 4A Policy relating to Gem Replenishment Authorisation, and scheme for gold/ silver/platinum jewellery is given in paragraph 4A of FTP.
- 4A.1 An application for REP Authorisation may be made in ANF 4I alongwith documents prescribed therein to RA concerned as in Appendix-1A.
- 4A.1.1 Application shall be filed within six months following the month during which the export proceeds are realised. For export proceeds realised during the month, consolidated application for entire month shall be filed.
- 4A.1.2 In case where payment is received in advance and exports take place subsequently, application for REP Authorisation shall be filed within six months following the month during which exports are made.
- 4A.1.3 For purpose of clarity, it is again reiterated that the month in which the export has been made in case of advance payment and the month in which export proceeds have been realised in part or full after making of exports, shall be excluded while calculating period of six months for filing of application for REP Authorisation.
- Wastage Norms**
- 4A.2 Wastage or manufacturing loss on gold/silver/ platinum jewellery and articles thereof is as follows:

Sl. No.	Item of exports	Percentage of wastage by weight with reference to Gold/ Platinum/ Silver content in export item	
		Gold/ Platinum	Silver
a)	Plain jewellery and articles and ornaments like Mangalsutra containing gold and black beads/ imitation stones, cubic zirconia diamonds, precious, semi-precious stones.	3.5%	4.5%
b)	Studded jewellery and articles thereof	7.0%	7.0%
c)	Mountings and findings manufactured (by non-mechanised process) indigenously	3.5%	4.5%
d)	Any jewellery/articles manufactured by a fully mechanised process and unstudded.	1.25%	1.25%

e)	Mountings, whether imported or indigenously procured/ manufactured, used in studded jewellery	2.5%	2.5%
f)	Gold/silver/platinum medallions and coins (excluding coins of nature of legal tender)	0.25%	0.25%
g)	Findings and mountings manufactured by mechanized process	1.25%	1.25%

**Value Addition** 4A.2.1 Under scheme for export of jewellery, value addition shall be calculated as per paragraph 4A.6 of FTP. Minimum value addition shall be:

<i>S.No.</i>	<i>Item of Export</i>	<i>Minimum Value Addition</i>
a)	Plain gold / platinum / silver jewellery and Articles and ornaments like Mangalsutra containing gold and black beads / imitation stones, except in studded form of jewellery.	3%
b)	All types of Studded gold / platinum / silver Jewellery and articles thereof.	5%
c)	Any jewellery / articles manufactured by fully mechanised process	1.5%
d)	Gold / silver / platinum medallions & coins (excluding coins of nature of legal tender)	1.5%
e)	Gold / silver / platinum findings / mountings manufactured by mechanised process	2.25%

4A.2.2 Entitlement of quantity of gold / silver / platinum against the export shall be quantity of gold / silver / platinum in item of export plus admissible wastage / manufacturing loss.

***Loss of Gem and Jewellery***

4A.3 Consignments of gem and jewellery items exported out of country and lost in transit after exports, where foreign exchange against such exports has been realised or insurance claims settled, will also be eligible for REP Authorisation.

***Gem & Jewellery Replenishment Authorisations***

4A.4 Gem REP Authorisations shall be valid for import of precious stones, semi-precious and synthetic stones and pearls. In addition, Authorisation shall also be valid for import of empty jewellery boxes upto 5% of value of Authorisation within its overall CIF value. Gem REP Authorisations issued against export of studded gold / silver / platinum jewellery articles, shall also be valid for import of cut and polished precious / semi-precious stones other than



emerald upto 10% of CIF value of Authorisation within its overall CIF value.

- 4A.4.1 Gem REP Authorisation are available as per scale given in Appendix-12B.
- Filing of Application** 4A.4.2 (i) An application for Gem Rep Authorisation may be given to RA concerned as given in Appendix-1A in the form given in Appendix-22-F alongwith prescribed documents.
- (ii) In case E.P Copy of Shipping Bill and Customs attested invoice is submitted to nominated agencies, exporter shall furnish a self certified photo copy of same along with a certificate from nominated agencies certifying carat / value of studdings in case of studded jewellery and excess value addition achieved in case of plain jewellery and articles.
- (iii) Provision of paragraph 4A.1.1 to 4A.1.3 will also be applicable for Gem Rep Authorisations.
- Agency Commission** 4A.5 Exporter availing scheme of gold / silver / platinum jewellery are allowed to pay agency commission. Value addition shall be calculated after deducting agency commission.
- Endorsement on shipping Bill and Invoice** 4A.6 During export of jewellery, shipping bill and invoice presented to customs authorities shall contain description of item, its purity, weight of gold/ silver/ platinum content, wastage claimed thereon, total weight of gold/ silver/ platinum content plus wastage claimed and its equivalent quantity in terms of 0.995/0.999 fineness for gold/ silver and in terms of 0.9999 fineness for platinum and its value, fob value of exports and value addition achieved. If purity of gold/silver/platinum used is same in respect of all or some of items made out from each of these metals for export, exporter may give total weight of gold/silver/platinum and other details of such similar items which are of same purity. In case of studded items, shipping bill shall also contain description, weight and value of precious/ semi-precious stones/diamonds/ pearls used in manufacture, and weight / value of any other precious metal used for alloying gold/silver.
- Conditions of Exports** 4A.7 Exports shall be allowed by customs authorities provided endorsement made on shipping bill and invoice are correct and value addition achieved is not below minimum prescribed in FTP.
- Proof of Exports** 4A.8 Exporter has to furnish the proof of exports, wherever required for export of gold / silver / platinum jewellery and articles thereof, by furnishing following documents:

- (a) E.P copy of the shipping bill;
- (b) Customs attested invoice;
- (c) Bank certificate of realisation in Appendix 22A.

In case of Personal carriage of jewellery by foreign buyer, following documents should be submitted by the exporter/seller as proof of exports for claiming export entitlements:

- (a) Copy of shipping bill filed by Indian Seller;
- (b) A copy of Currency Declaration Form filed by Foreign Buyer with Customs at the time of his arrival; and
- (c) Foreign Exchange Encashment Certificate from Bank.

In addition to this, Personal Carriage on Documents Against Acceptance (DA)/ Cash On Delivery (COD) basis is also allowed. Exporter will have to furnish following documents as proof of exports for claiming export entitlements:

- (i) Copy of Shipping Bill filed by Indian Seller; and
- (ii) Bank Certificate of Export and Realisation

Instructions issued by Customs Department in this regard should be followed mutatis mutandis.

***Conversion of Purity/Fineness***

- 4A.9 For conversion of quantity of gold/ silver/platinum in terms of equivalent quantity in terms of fineness, following formula shall be used:
- (i) Where items of gold has been exported in terms of carats, quantity of gold shall be multiplied by number of carat of gold exported, divided by 24 and thereafter again divided by 0.995/0.999/0.900 to arrive at equivalent quantity of gold in terms of fineness of 0.995/0.999/0.900 respectively; and
  - (ii) Wherever purity of item of export is expressed in terms of fineness, the quantity of gold/silver/platinum shall be multiplied by fineness of gold/silver/platinum exported and thereafter divided by 0.995 / 0.999 / 0.900 to arrive at equivalent quantity of gold/ silver/platinum in terms of 0.995 / 0.999 / 0.900 fineness respectively’.

***Release of Gold/Silver/ Platinum by Nominated Agencies***

- 4A.10 Gold / silver / platinum shall be released to exporter of jewellery by nominated agencies/RBI authorised banks in multiples of 10 gms or in Ten Tola Bars in respect of golds.

However, silver shall be released to exporters in multiples of 1 Kg only. Any balance of gold/ silver/ platinum shall be available to exporter along with his future entitlement. Gold/ silver shall be released by the nominated agencies in terms of 0.995 fineness or more and platinum in terms of 0.900 fineness or more.

***Terms of payment***

4A.11 Export of gold / silver / platinum jewellery and articles thereof shall be against irrevocable letter of credit, payment of cash on delivery basis, Documents Against Acceptance (DA) basis or advance payment in foreign exchange.

***Port of Export***

4A.12 Exports under schemes of gold /silver/platinum jewellery and articles thereof shall be allowed by airfreight and Foreign Post Office through the Customs House at Mumbai, Calcutta, Chennai, Delhi, Jaipur, Bangalore, Kochi, Coimbatore, Ahmedabad, Dabolin Airport, Goa, Hyderabad and Surat (Surat Hira Bourse). Export by courier shall also be allowed through Custom Houses at Mumbai, Calcutta, Chennai, Kochi, Coimbatore, Delhi, Jaipur, Bangalore, Ahmedabad and Hyderabad upto FOB value of Rs.20 lakhs per consignment.

***Export by Post***

4A.13 Policy for export of gems and jewellery parcel by post is in paragraph 4A.16 of FTP. At the time of exports, exporter shall submit following documents:

- (i) Shipping bills or invoice presented at foreign Post Office;
- (ii) Certificate from nominated agencies indicating price at which gold/ silver/platinum was booked or given on outright sale basis or loan basis;
- (iii) Three copies of invoice.

***Import of Diamonds for Certification/ Grading & re-export***

4A.14 This facility has been stated in Paragraph 4A.2 of FTP. At the time of imports of diamonds, the bill of entry shall have the detailed description, including the dimensions /specifications of the diamonds. At the time of re-export after grading/certification, the Bill of entry details should be endorsed in the shipping bill, so far as the dimensions and other specifications/ details of the diamonds are concerned, so as to establish a clear correlation between the imported diamonds and the diamonds being re-exported. In addition, a separate self certificate shall be attached by GIA (or any other approved agency) along with the shipping bill at the time of shipment, for matching of the imports to that of the exports as per the documents and GIA (or any other approved agency) certificate.

GIA (or any other agency approved in this regard) shall obtain GR waiver as per the procedure laid down by RBI, in all such cases.

Re-export of the imported diamonds shall be completed within a maximum time period of 3 months from the date of import(s). At the time of import, the agency shall give an undertaking to the customs to this effect. GIA (or any other agency approved in this regard) shall furnish a quarterly report to the customs authority at the port of import by 25th of the month, succeeding the end of the quarterly period, to ensure that the exports are effected within the stipulated time period.

**Export Against Supply By Foreign Buyer** 4A.15

Before clearance of each consignment of import supplied by foreign buyer, nominated agency shall execute a bond with Customs, undertaking to export within stipulated period in contract, gold/silver/platinum jewellery or articles equivalent to entire import quantity of gold/silver/platinum, mountings and findings etc excluding admissible wastage.

In case of direct supply of gold/silver/platinum, alloys, findings and mountings of gold/silver/platinum and plain semi-finished gold/silver/platinum jewellery to status holder/ exporter, Status Holder/exporter shall furnish a Bank Guarantee/LUT, as per Customs Rules and regulations to Customs equivalent to Customs Duty leviable on imported gold/ silver/ platinum, alloys, findings and mountings of gold/ silver/ platinum and plain semi-finished gold/ silver/ platinum jewellery etc.

BG /LUT, executed with Customs shall be valid for one year. In case of direct supply to Status Holder/exporter, exports shall be completed within 90 days. In case of non-fulfillment of *EO* / non-achievement of stipulated value addition, Customs Department shall proceed to recover custom duty alongwith interest which may include enforcement of *BG* /LUT. Besides importer will be liable to penal action under Customs Act.

- 4A.15.1 Nominated agency/Status Holder/exporter shall be liable to pay customs duty leviable on that quantity which is proved to have been not exported.
- 4A.15.2 Goods shall be cleared through Customs by nominated agency/ Status Holder/exporter. Even where export order is received by an Associate, goods shall be cleared through Customs by nominated agency only and not Associate. Associate shall, in such cases, authorise nominated agency to act as its agent to file Bill of Entry and shipping bill.
- 4A.15.3 At time of export, shipping bill presented to Customs shall also contain the following:

- (i) Name and address of associate / Status Holder / exporter;
- (ii) An endorsement by nominated agency that export is made against an order received by concerned associate, its date of registration with nominated agency. In case of exports by Status Holder/exporter, a Self Declaration shall be provided to this effect;
- (iii) Name of Customs House through which gold/ silver/platinum/plain semi-finished gold/ silver/ platinum jewellery was imported and corresponding Bill of Entry No. and date and date of import.

4A.15.4 Each shipping bill shall be valid for exports only through Customs House located at the place where office of nominated agency/Status Holder/ exporter concerned is situated. It shall be valid for shipment for a period of seven days including the date on which endorsement was made by nominated agency in case of exports through nominated agency. If exports cannot be made within this period, exporter shall file a fresh shipping bill.

4A.15.5 At the time of export, exporter shall submit following documents:

- (i) Shipping bill with two extra copies where exports are made from a Customs House other than Customs House through which corresponding import of gold/ silver/ platinum/plain semi-finished gold/silver/ platinum jewellery was effected. In other cases, shipping bill with an extra copy;
- (ii) Three copies of invoice;
- (iii) Certificate from nominated agency indicating quantity and value of items supplied by foreign buyer.

4A.15.6 Customs authorities shall return two copies of shipping bill and connected invoice duly attested. One copy shall be sent to person who presented documents and the other copy shall be sent by Customs to office of nominated agency/Status holder/ exporter.

4A.15.7 In case of exports through nominated agency, exporter shall submit proof of exports to nominated agency within 15 days of exports, who shall, after verifying documents, release admissible quantity of the gold/ silver/ platinum etc. to exporter.

4A.15.8 Exporter may also obtain, in advance, gold/ silver/ platinum etc. supplied by foreign buyer by furnishing a BG /LUT for

an amount equal to international price of such items plus customs duty payable thereon. BG /LUT shall be redeemed only when the exporter has furnished proof of exports to nominated agency and accounted for the use of items supplied in advance in export product.

4A.15.9 For redemption of bond/ BG /LUT executed with Customs, nominated agency/Status Holder/exporter shall furnish a statement indicating items, its quantity and value supplied by foreign buyer, corresponding Bill of Entry number and date, number of each of shipping bills against which corresponding exports was made.

***Maintenance of Accounts***

4A.16 Nominated agency shall maintain complete account, consignment-wise, of the gold, silver, platinum, mountings, findings/ plain semi-finished gold/silver/ platinum jewellery etc. imported for execution of each export order, exports effected and quantity of gold, silver, platinum mountings, findings etc. released against such exports. For direct exports, similar accounts shall also be maintained by Status Holder. Such accounts shall be maintained for a minimum period of three years from date of exports.

***Export Through Exhibitions / Export Promotion Tours / Export of Branded Jewellery***

4A.17 Nominated agencies shall produce to Customs Authorities letter in original or its certified copy, containing Government's approval for holding exhibition/export of branded jewellery. Any other person shall produce to Asst. Commissioner, customs letter in original or its certified copy containing GJEPC's approval for holding exhibitions/export promotion tour/export of branded jewellery.

In case of re-import, such items, on arrival, shall be verified alongwith export documents before clearance.

4A.18 (a) Exports under this scheme shall be subject to following conditions for following modes of export:

- (i) Export of Gems and Jewellery for holding/participating in overseas exhibition.

Exports under this scheme shall be subject to the following conditions:

Items not sold abroad shall be re-imported within 60 days of close of exhibition. However in case exporter is participating in more than one exhibition within 45 days of close of first exhibition, then 60 days shall be counted from date of close of last exhibition. . In case of exhibition in USA, the time period shall be 90 days instead of 60 days mentioned above. In case of personal carriage of gems and jewellery

for holding /participating in overseas exhibitions, value of such gems and jewellery shall not exceed US \$ 5 million. Gold/ silver/ platinum content on items sold in such exhibitions may be imported as replenishment.

Exporter shall take replenishment from nominated agency within 120 days from the close of the exhibition gold /silver / platinum for replenishment content against items sold abroad in exhibition.

- (ii) Personal Carriage of gems & jewellery or export through airfreight/post parcel route for Export Promotion Tours/photo shoots/fashion shows overseas.

Personal carriage/export through airfreight/post parcel route of gold/silver/ platinum jewellery, cut and polished diamonds, precious, semi-precious stones, beads and articles as samples upto US\$ 1 Million for export promotion tours/photo shoots/fashion shows and temporary display/ sale abroad is also permitted with approval of Gem & Jewellery EPC subject to the condition that promoter would bring back jewellery / goods or repatriate sale proceeds within 45 days from date of departure through normal banking channel. In case of personal carriage for export promotion tours, exporter shall declare personal carriage of such samples to Customs while leaving country and obtain necessary endorsement on Export Certificate issued by Jewellery Appraiser of Customs. In such cases exporter shall book with nominated agency, within 120 days after export promotion tour or expiry of stipulated period of 45 days, whichever is earlier, gold/silver/platinum for replenishment content against items sold abroad.

- (iii) Export of branded jewellery.

Export of branded jewellery is also permitted with approval of Gem & Jewellery EPC for display/sale in permitted shops set up abroad or in showroom of their distributors/ agents. Items not sold abroad within 365 days shall be re-imported. Exporter shall book with nominated agency within 120 days after the end of

stipulated period of 365 days, gold/silver/platinum for replenishment content against items sold abroad.

- (b) Following documents shall be submitted for claiming such replenishment:
  - (i) Customs attested invoice;
  - (ii) Copy of the approval letter issued by Government/ GJEPC;
  - (iii) Certificate from nominated agency/ GJEPC as in Appendix-22F.
- (c) In case of exhibitions organised by nominated agencies, gold/silver/ platinum shall be imported as replenishment by nominated agencies within 60 days from close of exhibition.

4A.19 Nominated agencies shall maintain a complete account of exports made, goods sold abroad, goods re-imported, and metals purchased abroad and imported into India. Such account shall be maintained for a minimum period of three years from date of close of exhibition.

***Export Against Supply  
By Nominated Agencies***

4A.20 Exporter may obtain gold/silver/ platinum on following basis:-

- (i) Replenishment basis after completion of exports;
- (ii) Outright purchase basis in advance;
- (iii) Loan basis.

***Replenishment Basis***

4A.21 Exporter may apply to nominated agency for booking of precious metal gold/silver/platinum. Quantity of precious metal booked with nominated agency shall be equivalent to precious metal content in the export product and admissible wastage.

4A.21.1 Applicant shall at the time of booking deposit an earnest money for a minimum amount of 20% of notional price of precious metal, which shall be adjusted at actual sale.

4A.21.2 Exporter may also export jewellery on a notional rate based on certificate provided by Bank. Exporter must fix price within credit terms allowed to buyer and realise proceeds within the due date of the credit terms or 180 days, whichever is earlier. Exporter exporting on a notional basis under Replenishment Scheme must book the same quantity of gold with Nominated Agency on same rate that he may have booked with buyer. Nominated agencies shall purchase precious metal on behalf of exporter at the rate so fixed and thereafter issue a purchase certificate bearing a serial number to exporter indicating quantity of gold/



silver/platinum and CIF value, in dollars including the Rupee equivalent. Price shall be actual price at which gold/silver/platinum is purchased by nominated agencies plus permitted service charges levied by nominated agencies shall be included with the price of gold/ silver/ platinum for value addition. Duplicate and triplicate copies of exporter's application together with copies of purchase certificate for exporter shall be sent by nominated agencies to concerned Custom House as well as to the negotiating bank who will confirm realization at which gold has been purchased. Exporter exporting under notional rate will get replenishment only after proceeds are realised.

4A.21.3 Exports shall be effected within a period of 120 days from date of booking and drawal of precious metal shall be completed within a period of 150 days from date of booking or within 30 days from date of export whichever is later.

***Outright Purchase Basis  
in Advance***

4A.22 Exporter may obtain required quantity of precious metal in advance on outright purchase basis subject to furnishing of BG / LUT to nominated agencies for an amount as may be prescribed by nominated agency. On failure to effect exports within period prescribed, the nominated agencies shall enforce BG / LUT, as the case may be.

4A.22.1 Exports shall be effected within a maximum period of 90 days from date of outright purchase of precious metal.

***Loan Basis***

4A.23 Exporter may obtain required quantity of precious metal on loan basis subject to furnishing of BG / LUT, for customs duty to nominated agencies for an amount as may be prescribed by nominated agencies. On failure to effect exports within the period prescribed, the nominated agencies shall enforce the BG / LUT.

4A.23.1 Exporter has to pay interest on gold taken on loan basis at the rate as may be specified.

4A.23.2 Export has to be completed within a maximum period of 90 days from date of release of gold on loan basis. No extension for fulfillment of *EO* shall be allowed.

4A.23.3 Exporter shall be permitted to export jewellery on the basis of a notional rate certificate to be issued by nominated agency / GJEPC. This rate will be based on prevailing Gold/US\$ rate and the US\$/INR rate in notional rate certificate. Certificate issued by nominated agency/GJEPC should not be older than 7 working days of date of shipment.

Value addition will have to be achieved on rate as may be got fixed with buyer and Nominated Agency.

Exporter shall have flexibility to fix the price and repay Gold Loan within 180 days from date of export. This price

shall be communicated to nominated agencies who will issue a certificate showing final confirmation of the rate to the bank negotiating documents, to ensure export proceeds are realized at this rate.

4A.24 Nominated agencies may accept payment in dollars towards cost of import of precious metal from EEFC account of exporter.

***Exports against Advance Authorisation***

4A.25 Procedure applicable to Advance Authorisations under Chapter-4 of HBP v1 shall generally apply to this scheme except norms for value addition, EO period and regularization of default. Value addition for Gems and Jewellery items shall be as per paragraph 4A.2.1 of this Handbook.

4A.25.1 EO will be required to be fulfilled within 120 days from date of import of each consignment against Authorisation. However EO period shall be 180 days from date of import of findings, mountings made of gold, platinum and silver and export of jewellery. No further extension in EO period will be allowed. Advance Authorisation holder may also import gold as replenishment after completion of exports.

4A.26 Advance Authorisation holder may obtain gold /silver / platinum from nominated agencies in lieu of direct imports. In such a case, nominated agency shall make, both exchange control copy and customs purpose copy of Authorisation invalid for direct imports.

***Regularisation of Bonafide Default***

4A.27 Cases of bonafide default in fulfillment of EO by an exporter who has obtained precious metals from nominated agencies may be regularised provided exporter has paid customs duty alongwith interest thereon as notified by Customs. However, for the customs duty component, the authorisation holder has the option to furnish valid duty credit scrips issued under Chapter 3 of FTP and DEPB. Further, in case of Advance Authorisation, the provisions as given in paragraph 4.28 above shall apply. This shall be without prejudice to any action that may be taken against exporter under FT(D&R) Act, Order or Rules issued thereunder.

***Replenishment Authorisation for Import***

4A.28 A replenishment authorization for duty free import of Consumables, Tools and other items namely, Tags and

*of Consumables etc.*

labels, Security censor on card, Staple wire, Poly bag (as notified by Customs) for Jewellery made out of precious metals (other than Gold & Platinum) equal to 2% and for Cut and Polished Diamonds and Jewellery made out of Gold and Platinum equal to 1% of FOB value of exports of the preceding year, may be issued on production of Chartered Accountant Certificate indicating the export performance. However, in case of Rhodium finished Silver jewellery, entitlement will be 3% of FOB value of exports of such jewellery. This Authorisation shall be non-transferable and subject to actual user condition.

Application for import of consumables etc., as given above, may be made to the concerned RA in ANF 4I.

***Personal Carriage of  
Gems & Jewellery Export  
Parcels***

4A.29 Personal Carriage of gems & jewellery parcels by Foreign Bound Passengers from all EOU/SEZ units and all firms in DTA through Airports in Delhi, Mumbai, Kolkata, Chennai, Kochi, Coimbatore, Bangalore, Hyderabad, Jaipur is permitted. Procedure for Personal Carriage of exports shall be as prescribed by Customs. Export proceeds shall, however, be realized through normal banking channel.

For claiming Replenishment in case of Personal Carriage of Exports by Foreign Bound passenger, documents shall be same as mentioned under paragraph 4A.21.2 above. Authorised Courier Companies are also permitted to operate on the above lines.

***Personal Carriage of  
Gems & Jewellery Import  
Parcels***

4A.30 Personal carriage of gems & jewellery import parcels by an Indian importer/ Foreign National may be permitted into all EOUs/SEZ units and all firms in DTA through airports in Delhi, Mumbai, Kolkata, Chennai, Bangalore, Hyderabad, Jaipur. Procedure will be same as for import of goods by air-freight except that parcels shall be brought to Customs by Importer / Foreign National for examination and release. Clearance of imports under this scheme shall be as per normal customs clearance procedure.

***Duty free import of  
samples***

4A.31 Duty free import of gems and jewellery samples upto Rs 3 lakhs or 0.25% of the average of last three years export turnover of gems and jewellery items, whichever is lower, shall be allowed in a financial year as per Customs notification.

***Re-import of rejected  
jewellery***

4A.32 An exporter of plain/ studded precious metal jewellery shall be allowed to re-import duty free jewellery rejected and returned by buyer upto 2% of FOB value of exports in preceding licencing year (based on CA certified copy of export of preceding year) with refund of any duty

exemption/refund/replenishment benefit availed on inputs used as per customs rules and regulations.

***Diamond & Jewellery  
Dollar Accounts***

4A.33 Policy for Diamond and Jewellery Dollar Accounts is given in paragraph 4A.17 of FTP. Detailed procedure for its operation will be notified separately.

***Export of Diamond,  
Gemstone & Jewellery on  
consignment basis***

4A.34 Policy for export of diamond, gemstone and jewellery on consignment basis is given in paragraph 4A.20 of FTP.

Detailed procedure in this regard shall be governed as per the relevant Customs Rules & Regulations. Re-import of these items (either in complete or partial lot) exported on consignment basis shall be subject to condition that exporter follows prescribed provisions of relevant customs notification to establish that goods are the same which were exported.

## CHAPTER 5

### EXPORT PROMOTION CAPITAL GOODS (EPCG) SCHEME

- Policy*** 5.1 Policy relating to zero duty EPCG scheme and concessional 3% duty EPCG Scheme are given in Chapter 5 of FTP.
- Exclusions under Zero Duty EPCG Scheme*** 5.1A Zero duty EPCG Scheme under para 5.1 of FTP shall not be available for import of capital goods relating to export of products covered under following chapters/headings of ITC(HS) classification:
- Chapters 1, 2, 4 to 24, 25 to 27, 31, 43, 44 (except plywood and allied products), 45, 47, 68, 71, 81 (metals in primary and intermediate forms only), 89, 93, 97, 98.
- ITC(HS) 4011 to 4013, ITC(HS) 7401 to 7406, 7501 to 7504, 7601 to 7603, 7801, 7802, 7901 to 7903, 8001, 8002 and 8401. However, zero duty EPCG Scheme will be available for handicraft exports under Chapters 5, 68, 97.
- Zero duty scheme shall also not be available for units who are currently availing any benefits under Technology Upgradation Fund Scheme (TUFS) administered by Ministry of Textiles, Government of India. Zero duty EPCG scheme shall also not be available to applicants, who avail in that year, the benefit of Status Holder Incentive Scheme under Paragraph 3.16 of FTP.
- All other provisions pertaining to the concessional 3% EPCG scheme under this Chapter, to the extent they are not inconsistent with the above provisions of zero duty EPCG scheme, shall be applicable to the zero duty scheme also.
- Application Form*** 5.2 An application for grant of an authorization may be made to RA concerned in ANF 5A along with documents prescribed therein.
- EPCG Authorization for Annual Requirement*** 5.2A The Authorization for Annual Requirement will be issued subject to the following conditions in addition to other terms and conditions governing the EPCG scheme:-
- (i) Authorizations shall be issued with a specific duty saved amount and corresponding export obligation. The applicant would be required to indicate export products proposed to be exported under the authorization.

- (ii) The authorization holder shall also be required to submit a Nexus Certificate from an independent Chartered Engineer (CEC) in Appendix 32A, to the Customs authorities at the time of clearance of imported capital goods. A copy of the CEC shall be submitted to the concerned Regional Authority alongwith copy of the bill of entry, within 30 days from the date of import of the Capital Goods.

5.3 RA concerned shall, on the basis of nexus certificate from an Independent Chartered Engineer (CEC) submitted by the applicant in Appendix 32A, issue EPCG authorization. Reasonable wastage, if any, anticipated at the time of installation of capital goods will also be certified by the Chartered Engineer in the nexus certificate and the same would be mentioned in the condition sheet of the EPCG authorization at the time of issue. RA shall thereafter forward a copy of the EPCG authorization to the concerned Jurisdictional Central Excise Authority. The wastage so permitted at the time of issuance of authorization would be allowed to be sold on payment of applicable duty on sale of scrap/ waste.

5.3.1 Authorization holder shall produce to the concerned RA a certificate from the Jurisdictional Central Excise Authority, confirming installation of Capital Goods at factory/ premises of authorization holder or his supporting manufacturer(s) /vendor(s) within six months from date of completion of import.

In the case of import of spares, the installation certificate shall be submitted by the Authorization holder within a period of three years from the date of import.

However, in case of units not registered with Central Excise Authorities, the Authorization holder shall produce to the concerned RA, a certificate from an independent Chartered Engineer confirming the said installation of Capital goods/spares.

5.3.2 EPCG authorization shall be issued with a single port of registration mentioned in paragraph 4.19 of HBP Vol. I for imports. However, exports can be made from any port specified in paragraph 4.19.

5.3.3 (i) An applicant may also apply for import of spares, tools, spare refractories and catalyst as are required

for installation and maintenance of Capital Goods. Application shall contain list of plant/ machinery installed in factory/ premises of applicant for which spares, tools, spare refractories and catalyst are required, duly certified by Chartered Engineer or Jurisdictional Central Excise Authorities.

In such cases EPCG authorization shall not specify list of spares but shall indicate:-

- (a) Name of plant /machinery for which spares are required.
  - (b) Value of duty saved allowed under the authorization.
  - (c) Description of product to be exported with value of export obligation as per FTP.
- (ii) Further, at time of final redemption of export obligation, authorization holder shall submit certificate from Independent Chartered Engineer confirming use of spares, tools, spare refractories and catalyst so imported in the installed capital goods on the basis of stock & consumption register maintained by authorization holder.

<b><i>EPCG Scheme to resultant DTA Unit from conversion of EOU/ Relocated SEZ Units</i></b>	5.4	An EOU/ a relocated SEZ unit, while converting to a DTA Unit, may apply for an EPCG authorization in ANF alongwith documents prescribed therein. 'No Objection Certificate' should be produced from concerned Development Commissioner.
<b><i>Indigenous Sourcing of Capital goods</i></b>	5.5	EPCG authorization holder intending to source capital goods indigenously, either alongwith application or after issuance of EPCG authorization, shall request to RA for invalidation of EPCG authorization for direct import/ issue of ARO, alongwith name and address of source person of the capital goods.
	5.5.1	RA concerned will issue such invalidation letter/ARO, in duplicate.
	5.5.2	Indigenous manufacturer intending to supply capital goods to EPCG authorization holder may apply to RA in ANF for issuance of Advance authorization for import of inputs including components required for manufacture of capital goods to be supplied to EPCG authorization holder.
<b><i>Leasing of Capital Goods</i></b>	5.6	An EPCG authorization holder may, source capital goods from a domestic leasing company. In such cases, the Bill

of Entry of imported capital goods or commercial invoice of indigenous capital goods, shall be signed jointly by EPCG authorization holder and leasing company. However, EPCG authorization holder shall alone be fully responsible for fulfillment of export obligation.

***Conditions for fulfillment of Export Obligation***

5.7 In addition to conditions mentioned in paragraph 5.5 of FTP following conditions shall also be applicable for fulfillment of export obligation.

5.7.1 EPCG authorization holder shall export either directly or through third party(s). If a merchant exporter is EPCG authorization holder, name of supporting manufacturer shall also be indicated on shipping bills. At the time of export, EPCG authorization number and date shall be endorsed on shipping bills which are proposed to be presented towards discharge of export obligation.

5.7.2 Export proceeds shall be realized in freely convertible currency except for deemed exports. Exports to SEZ units /Supplies to developers/ Co-developers, irrespective of currency of realization would also be counted for discharge of Export Obligation.

5.7.3 Supplies made to Oil and Gas sector also may be counted towards discharge of export obligation against an EPCG authorization provided it has been issued on or before 31.03.2000 and no benefit under paragraph 8.3.of FTP has been claimed on such supplies.

5.7.4 Exports made to former USSR, or to such countries as notified by DGFT, shall not be counted for fixing average level of exports.

Additional Export Obligation (over and above indicated average) for all previous EPCG Licenses, which have not been redeemed, will be indicated separately. Exports made against EPCG authorizations, which have not been redeemed, shall not be added up for calculating the average export performance for the purpose of subsequent EPCG authorization.

5.7.5 Export under EPCG scheme shall also be entitled for benefits under Chapter 4 of FTP.

5.7.6 In case of export of goods relating to handicraft, handlooms, cottage, tiny sector, agriculture, aqua-culture (including fisheries), animal husbandry, floriculture, horticulture, pisciculture, viticulture, poultry and



sericulture, the EPCG authorization holders shall not be required to maintain average level of exports. However, this exemption from maintenance of average level of exports shall not be allowed for import of fishing trawlers, boats, ships and other similar items.

Goods, excepting tools imported under EPCG scheme by such sectors, shall not be allowed to be transferred for a period of five years from date of imports even in cases where export obligation has been fulfilled. Transfer of capital goods to group companies, within five years from the date of import would however be permitted after fulfillment of EO, under intimation to RA and jurisdictional Central Excise Authority.

- 5.8 The Authorization holder under the EPCG scheme shall fulfill the export obligation over the specified period in the following proportions:

**For Zero Duty EPCG Scheme**

Period from the date of issue of Authorization	Minimum export obligation to be fulfilled
Block of 1 <sup>st</sup> to 4 <sup>th</sup> year	50%
Block of 5 <sup>th</sup> and 6 <sup>th</sup> year	50%

**For concessional 3% duty EPCG Scheme**

Period from the date of issue of Authorization	Minimum export obligation to be fulfilled
Block of 1 <sup>st</sup> to 6 <sup>th</sup> year	50%
Block of 7 <sup>th</sup> and 8 <sup>th</sup> year	50%

- 5.8.1 In respect of Authorizations, on which the value of duty saved is Rs.100 crore or more, the export obligation shall be fulfilled over a period of 12 years (not applicable to zero duty EPCG scheme) in the following proportion:-

Period from the date of issue of Authorization	Minimum export Obligation to be fulfilled
Block of 1 <sup>st</sup> to 10 <sup>th</sup> year	50%
Block of 11 <sup>th</sup> and 12 <sup>th</sup> year	50%

- 5.8.2 However, the export obligation of a particular block of year may be set off by the excess exports made in the preceding block year. The Authorization holder would intimate the regional authority on the fulfillment of the export obligation, as well as average exports, within three months of completion of the block, by secured electronic filing using digital signatures.
- 5.8.3 Where export obligation of any particular block of years is not fulfilled in terms of the above proportions, except in such cases where the export obligation prescribed for a particular block of years is extended by the Regional Authority subject to payment of composition fee of 2% on duty saved amount equal to unfulfilled portion of EO, such Authorization holder shall, within 3 months from the expiry of the block of years, pay duties of customs (alongwith applicable interest as notified by DOR) of an amount equal to that proportion of the duty leviable on the goods which bears the same proportion as the unfulfilled portion of the export obligation bears to the total export obligation.
- 5.8.4 EPCG authorizations issued upto 31.03.2000 shall be governed by provisions laid down in paragraph 6.11 in HBP Vol.1 (RE-99). Notwithstanding the same in HBP Vol. 1 (RE-99), authorization holder shall not have to surrender special Import licence in case of value wise shortfall.

Authorizations issued from 1<sup>st</sup> April,2000 upto 31<sup>st</sup> March,2002 shall be governed by provisions of Chapter 6 of HBP Vol. 1 (RE-01) as amended from time to time.

Authorizations issued from 1<sup>st</sup> April, 2002 upto 31<sup>st</sup> August, 2004 shall be governed by provisions of para 5.8 of HBP Vol. 1 (RE-02) as amended from time to time.

***Monitoring of Export Obligation***

- 5.9 Authorization holder shall submit to RA concerned by 30<sup>th</sup> April of every year, report on fulfillment of export obligation. RA concerned may issue partial EO fulfillment certificate, provided export performance is proportionately adequate to fulfillment of export obligation.

***Automatic Reduction/Enhancement upto 10% of CIF value and prorata Reduction/Enhancement in export obligation.***

- 5.10 If authorization issued has actually been utilized for import of a value in excess, upto 10% of CIF value /duty saved amount of authorization, authorization shall be deemed to have been enhanced by that proportion. Customs shall automatically allow clearance of goods in excess, upto 10% of authorization value/duty saved amount, without endorsement by concerned RA

In such case, authorization holder shall furnish additional fee to cover excess imports effected, in terms of CIF value/duty saved amount, to RA concerned, within one month of excess imports taking place. Export obligation shall automatically stand enhanced proportionately.

In case of utilization being more than 10%, concerned RA as per their financial powers, may endorse as per extant provisions. Authorization holder shall furnish additional BG/LUT to the customs authority.

5.10.1 Similarly, if EPCG authorization holder has utilized authorization less than the value earmarked in authorization, his export obligation shall stand reduced on prorata basis with reference to actual utilization of authorization.

***Extension of Export  
Obligation Period***

5.11 Concerned RA, may consider one or more requests for grant of extension in export obligation period, on payment of composition fee equal to 2% of proportionate duty saved amount on unfulfilled export obligation or an enhancement in export obligation imposed to the extent of 10% of total export obligation imposed under authorization, as the case may be, at the choice of exporter, for each year of extension sought. Such first extension in EO period can be for a maximum period of 2 years.

Extension in EO period beyond two years' period available above, may be considered, for a further extension upto 2 years with a condition that 50% of duty payable in proportion to the unfulfilled export obligation is paid by authorization holder to Custom authorities before an endorsement of extension is made on EPCG authorization by RA concerned. In such cases, no composition fee is to be paid or additional EO is to be imposed as prescribed in the Para above. In case the firm is still not able to complete the export obligation, duty already deposited will be deducted from total duty plus interest to be paid for EO default.

However for zero duty EPCG scheme only one extension of 2 years in export obligation period shall be available, subject to conditions mentioned above.

Extension in export obligation period shall also be subject to such terms and conditions as may be prescribed by competent authority.

5.11.1 The firm /company, which is applying for registration with BIFR/Rehabilitation Department of State Government, shall also intimate DGFT with regard to relief sought for EPCG authorization, if any within 30 days of receipt of application by agency concerned.

DGFT, thereafter, shall take up the matter with agency concerned to safeguard government interest on account of default in fulfillment of export obligation imposed on EPCG authorization obtained by such firm/companies.

DGFT may consider such application for grant of period of extension upto 12 years, or as per rehabilitation package prepared by operating agency and approved by BIFR board/ state authority.

5.11.2 To provide relief to exporters of those sectors where total exports in that sector/product group has declined by more than 5% as compared to the previous year, average export obligation for the year may be reduced proportionate to reduction in exports of that particular sector/product group during the relevant year as against the preceding year. However, in case export decline is continuous over consecutive years, the base year for calculation of eligibility and calculation of reduction in average export obligation will be taken as the year after which the exports have shown continuous decline.

The sectors /product groups for which this relaxation is to be allowed shall be conveyed by the DGFT to all the RAs within seven months of the end of the previous financial year, and the RAs shall re-fix the annual average EO for previous year accordingly, for exporters in that sector / product group.

***Automatic EO extension in the event of ban on export product***

5.11.3 Whenever a ban/restriction is imposed on export of any product, export obligation period in respect of EPCG authorizations already issued prior to imposition of ban on such export products, would stand automatically extended for a period equivalent of duration of a ban, without any composition fee and exporter would not be required to maintain average E.O. as well for the ban period.

***Export Obligation Shortfall***

5.12 RA concerned may condone shortfall upto 5% in export obligation arising out of duty saved amount.

***Redemption***

5.13 As evidence of fulfillment of export obligation, authorization holder shall furnish application in ANF 5 B with documents prescribed therein.

On being satisfied, RA concerned shall issue a certificate of discharge of export obligation to the EPCG authorization holder and send a copy to customs authorities with whom BG/LUT has been executed.

RA shall ensure disposal of such applications within 30 days. Shortcomings, if any, shall be pointed out in one go. All correspondence, thereafter, shall relate to these deficiencies only. Fresh correspondence, if necessary, shall be within 15 days. Once documents are complete, EO will be discharged within 30 days of receipt of complete documents /information.

Process of issue of final discharge certificate/ rejection shall be completed within a period of 90 days from date of receipt of initial request. Applications that remain outstanding beyond a period of 90 days shall be reported to DGFT alongwith reasons thereof, immediately thereafter.

***Regularization of  
Bonafide Default***

5.14

In case, EPCG authorization holder fails to fulfill prescribed export obligation, he shall pay duties of Customs plus interest as prescribed by Customs authority. Such facilities can also be availed by EPCG authorization holder to exit at his option. The authorization holder will have the option to furnish valid duty credit scrips, issued under Chapter 3 of FTP & DEPB, for payment of the customs duty component.

***Maintenance of Records***

5.15

Every EPCG authorization holder shall maintain, for a period of 3 years from date of redemption, a true and proper account of exports/ supplies made and services rendered towards fulfillment of export obligation.

***Re-Export of Capital  
Goods Imported under  
EPCG Scheme***

5.16

Capital Goods imported under EPCG scheme, which are found defective or unfit for use, may be re-exported back to foreign supplier within three years from the date of payment of duty on importation thereof, with permission of RA /Customs Authority. Consequently, EO would be refixed.

***Replacement of Capital  
Goods***

5.16.1

Capital Goods imported and found defective or otherwise unfit for use may be exported, and Capital Goods in replacement thereof be imported under EPCG scheme. In such cases, while allowing export, the Customs shall credit the duty benefit availed which can be debited again at the time of import of such replaced Capital Goods.

<b><i>Penal Action</i></b>	5.17	In case of failure to fulfill export obligation or any other condition of authorization, authorization holder shall be liable for action under FT (D&R) Act, 1992, Orders and Rules made thereunder, provisions of FTP and Customs Act, 1962.
<b><i>Clubbing of EPCG authorization</i></b>	5.18	Clubbing of two or more EPCG authorizations of same authorization holder would be permitted.
	5.18.1	An application for clubbing can be made only to RA concerned in ANF5D. Clubbing shall not be permitted in case authorizations are issued by different RAs.
	5.18.2	Total export obligation would be refixed taking into account total of duty saved or total of CIF value of imports.
	5.18.3	On Clubbing, authorizations for all purpose shall be deemed to be a single EPCG authorization. Export obligation period for clubbed authorization shall be reckoned from first authorization issue-date. However, in cases where clubbed CIF /duty saved value exceeds Rs.100 crore, no corresponding benefit of increase in export obligation period shall be admissible.
	5.18.4	Average export obligation for clubbed authorizations would be highest of average export obligations endorsed on individual authorizations so clubbed.
	5.18.5	No clubbing would be permitted after expiry of EOP.
	5.18.6	The aforesaid provisions for Clubbing of EPCG Authorizations shall be applicable for authorizations issued on or after 1.4.2007. However, EPCG authorizations issued prior to 1.4.2007 shall be governed by provisions contained in Chapter 5 of HBP Vol.1 (RE-2006).
<b><i>Refixation of Export Obligation upon conversion from CIF based to duty based EO</i></b>	5.19	<p>(a) EPCG authorization holder can apply for refixation of export obligation as given in para 5.5 (i) of FTP in ANF5C.</p> <p>(b) For all EPCG authorizations, authorization holder should have fulfilled mandated (original or amended) block wise export obligation, till previous block to application date. In all such cases, refixed export obligation would be computed as under:</p> <p>(% export obligation unfulfilled) x (8) x (duty saved on authorization issue-date)</p>

(c) There would be no change in average export obligation fixed or export obligation period of original authorization.

***Technological  
Upgradation of Capital  
Goods***

5.20 Application for technological upgradation of the capital goods would be made in ANF5A.

***Import of Refurbished /  
Reconditioned Spares  
and Tools***

5.21 Import of refurbished / reconditioned spares must have a residual life not less than 80% of life of original spare, which would be certified by EPCG authorization holder.

The tools imported under EPCG Scheme may be transferred to any of units or group companies of applicant.

5.22 Revalidation of authorizations issued under EPCG scheme shall not be allowed.





## CHAPTER 6

### **EXPORT ORIENTED UNITS (EOUs), ELECTRONICS HARDWARE TECHNOLOGY PARKS (EHTPs), SOFTWARE TECHNOLOGY PARKS (STPs) SCHEME AND BIO-TECHNOLOGY PARKS (BTPs).**

<i>Scheme</i>	6.1	Policy relating to EOUs, EHTPs, STPs and BTPs Schemes is given in Chapter 6 of FTP.
<i>Applications / Approval / Renewal of approval</i>	6.2.1	For setting up an EOU, three copies of application as in Appendix 14-I-A may be submitted to DC.
	6.2.2	Applications for setting up units under EOU scheme other than proposals for setting up of unit in service sector (except R&D, software and IT enabled services, or any other service activity as may be delegated by BoA), shall be approved or rejected by Units Approval Committee within 15 days, as per criteria indicated in Appendix 14-I-B and sector specific conditions relating to approval as in Appendix 14-I-C. In other cases, approval may be granted by DC after clearance by BoA.
	6.2.3	Proposals for setting up EOU requiring industrial licence may be granted approval by DC after clearance of proposal by BoA (as per Appendix 14-I-D) and Department of Industrial Policy and Promotion within 45 days on merits.
	6.2.4	STP / EHTP complexes can be set up by Central Government, State Government, Public or Private Sector Undertakings or any combination thereof, duly approved by Inter-Ministerial Standing Committee (IMSC) in Ministry of Communication and Information Technology (Department of Information Technology - DoIT). Application for setting up EHTP / STP

unit shall be in format prescribed by DoIT and shall be submitted to officer designated by DoIT.

- 6.2.5 BTP can be set up by Central Government, State Government, Public or Private Sector Undertakings or any combination thereof. Application for setting up of BTP shall be submitted to Department of Bio-Technology (DoBT) and such applications which meet guidelines prescribed by DoBT will be approved and recommended to DGFT for notification. Application for setting up of BTP unit shall be submitted to officer designated by DoBT.
- 6.2.6 LoP / LoI shall specify item(s) of manufacture / service activity, annual capacity, projected annual export for first five years in dollar terms, Net Foreign Exchange (NFE) earnings, limitations, if any, regarding sale of finished goods, by-products and rejects in DTA and such other matter as may be necessary and also impose such conditions as may be required.
- 6.2.7 LoP/LoI issued to EOU / EHTP / STP / BTP units by concerned authority would be construed as an authorization for all purposes. Standard format for LoP for EOU is given in Appendix 14- I-E.
- 6.2.8 EOUs shall have separate earmarked premises for separate LoP. Similarly, EOUs may be approved on leased premises provided lease has been obtained from Government Department / Undertaking / Agency. However, in case lease is obtained from private parties, it shall have a validity period of five years from date of LUT and DC shall satisfy himself of genuine nature of lease.

6.2.9 On completion of approval period as provided for in para 6.6 of FTP, it shall be open to unit to continue under scheme or opt out of scheme. Where unit opts to continue, DC will extend approval period. If no intimation in this regard is received from unit within a period of six months of expiry of approval period, DC will take action, suo moto, to cancel approval under EOU scheme and take further action in this regard. Where units give their option to continue after expiry of six months as stipulated above, DC will grant extension after obtaining approval of BoA.

***Legal Undertaking  
(LUT)***

6.3.1 Approved EOU / EHTP / STP / BTP unit shall execute an LUT with DC / Designated Officer concerned as in Appendix 14- I-F.

6.3.2 All EOU / EHTP / STP / BTP units should have permanent e-mail address. No LUT for new units shall be executed unless unit has its permanent e-mail address and digital signature on said e-mail ID. In event of an EOU not having permanent e-mail address and digital signature, further imports and DTA sale shall not be permitted by DC.

***Export of goods and  
services***

6.4.1 Software units may undertake exports using data communication links or in form of physical exports (which may be through courier service also), including export of professional services.

6.4.2 EOUs shall be permitted to export jewellery on basis of a notional rate certificate issued by nominated agency. This rate will be based on prevailing Gold / US\$ rate and US\$ / INR rate in notional rate certificate. Certificate issued by nominated agency should not be older than 7 working days of date of shipment.

6.4.3 Exporter shall have flexibility to fix price and repay gold loan within 180 days from date of export. Price shall be communicated to nominated agencies who will issue a certificate showing final confirmation of rate to bank negotiating document, to ensure export proceeds are realized at this rate.

6.4.4 Gems & Jewellery EOUs may re-export imported goods and export domestically procured goods, including goods generated out of partial processing / manufacture. Besides, supply of unsuitable / broken cut and polished diamonds, precious and semi-precious stones upto 5% of value of imported or indigenously procured goods to DTA against valid Gems & Jewellery REP as applicable on payment of appropriate duty is also permitted.

***Import / Domestic  
Procurement of  
Goods***

6.5.1 Goods permitted to be imported / procured from DTA shall include:

- (a) Raw materials, components, consumables, intermediates, spares and packing materials;
- (b) Capital goods, whether new or second-hand, including inter-alia following and their spares:
  - (i) DG sets, captive power plants, transformers and accessories for all above.
  - (ii) Pollution control equipment.
  - (iii) Quality assurance equipment.

- (iv) Material handling equipment, like fork lifts and overhead cranes, mobile cranes, crawler cranes, hoists and stackers.
  - (v) Un-interrupted Power Supply System (UPS), Special racks for storage, storage systems, modular furniture, computer furniture, anti-static carpet, teleconference equipment, Servo Control System, Air-conditioners / Airconditioning system, panel for electricals and special data transmission cable.
  - (vi) Security Systems.
  - (vii) Tools, jigs, fixtures, gauges, moulds, dyes, instruments and accessories.
- (c) Raw materials for making capital goods for use within unit.
- (d) Others including:
- (i) Prototypes and technical samples for existing product(s) and product diversification development or evaluation.
  - (ii) Drawings, blue prints, charts, microfilms and technical data.
  - (iii) Office equipment, including PABX, Fax machines, projection system, Computers, Laptop and Server.
- (e) Spares and consumables for above items.

(f) Any other items not mentioned above with approval of BoA.

6.5.2 EOUs may import plain / studded gold / platinum or silver jewellery for export after repairs / remaking.

***Conditions of Import***

6.6 Import of goods by EOU / EHTP / STP / BTP units shall be subject to following conditions:

(a) Goods shall be imported into EOU / EHTP / STP / BTP premises. However, agriculture and allied sectors and granite sector units in EOU may supply / transfer capital goods and inputs in farm / fields / quarries with prior intimation to jurisdictional Customs / Central Excise authorities, provided ownership of goods rests with EOUs. Granite sector would also be allowed to take spares upto 5% of value of Capital Goods to quarry site.

(b) Procedure as prescribed under Customs / Central Excise rules for EOUs and units in EHTP / STP / BTP will be followed and appropriate bond executed with Customs / Central Excise authorities.

(c) Goods, except capital goods and spares, shall be utilized by EOU / EHTP / STP / BTP units within a period of three years or as may be extended by Customs authorities. However, imported tea shall be utilized within a period of 6 months from date of import. Similarly, export obligation against import of items {covered by Chapter 9 of ITC(HS)} and coconut oil shall be fulfilled within a period of 90 days from the date on which first import consignment is cleared by Customs

Authorities. However, in case of import of spices for VA purpose like crushing / grinding / sterilization or for manufacture of oils and oleoresins of pepper, cardamom and chillies (and not for simple cleaning, grading, re-packing etc.), EO shall be fulfilled within 120 days from the date of importation of first consignment. However, for imports completed up to 31.12.2008, export obligation period shall be 150 days from the date of clearance. In case of import of spices (other than pepper, cardamom and chillies) for manufacture of spice oils and oleoresins, EO shall be fulfilled within 12 months.

- (d) Goods already imported / shipped / arrived before issue of LoP / LoI are also eligible for duty free clearance under EOU / EHTP / STP / BTP scheme, provided customs duty has not been paid and goods have not been cleared from Customs.
- (e) Consumption of inputs by the EOU / EHTP / STP / BTP unit shall be based on the Standard Input Output Norms (SION) provided that:
  - (i) where no SION have been notified, generation of waste, scrap and remnants upto 2% of input quantity shall be allowed;

- (ii) where additional items other than those given in SION are required as inputs or where generation of waste, scrap and remnants is beyond 2% of input quantity, use of such inputs shall be allowed by the jurisdictional DC within a period of three months from the date of and based on self declared norms, with the unit undertaking to adjust self-declared / ad hoc norms in accordance with norms as finally fixed by Norms Committee in DGFT;
- (iii) in case of any difficulty in fixation of SION as above, BoA in consultation with Norms Committee in DGFT, will decide on a case to case basis.

***Fax machines / laptop computers outside approved premises***

- 6.7.1 EOU / EHTP / STP / BTP units may install one fax machine at a place of its choice, outside premises of unit, subject to intimation of its location to concerned Customs / Central Excise authorities.
- 6.7.2 EOU / EHTP / STP / BTP units may, temporarily take out of premises of unit, duty free laptop computers and video projection systems for working upon by authorized employees.
- 6.7.3 EOU / EHTP / STP / BTP units may install personal computers not exceeding two in number, imported / procured duty free in their registered / administrative office subject to DoR guidelines.
- 6.7.4 For IT and IT enabled services, persons authorized by software units may access facility installed in EOU / EHTP / STP / BTP unit through communication links.



***Leasing of Capital Goods***

6.8 Value of imported capital goods financed through leasing companies or obtained free of cost and / or on loan / lease basis, shall also be taken into account for purpose of calculation of NFE as defined in FTP.

***Net Foreign Exchange (NFE) Earnings***

6.9.1 EOU / EHTP / STP / BTP unit shall be a positive net foreign exchange earner. NFE earnings shall be calculated cumulatively in the block period as per para 6.5 of FTP, according to the formula given below. Items of manufacture for export specified in LoP / LoI alone shall be taken into account for calculation of NFE.

$$\text{Positive NFE} = A - B > 0$$

Where

‘NFE’ is Net Foreign Exchange;

‘A’ is FOB value of exports by EOU / EHTP / STP / BTP unit;

‘B’ is sum total of CIF value of all imported inputs and CIF value of all imported capital goods, and value of all payments made in foreign exchange by way of commission, royalty, fees, dividends, interest on external borrowings / high sea sales during first five year period or any other charges. It will also include payment made in Indian Rupees on high sea sales. “Inputs” mean raw materials, intermediates, components, consumables, parts and packing materials.

6.9.2 If any goods are obtained from another EOU / EHTP / STP / BTP / SEZ unit, or procured from an international exhibition

held in India, or bonded warehouses or precious metals procured from nominated agencies, value of such goods shall be included under 'B'.

6.9.3 If any capital goods are imported duty free or leased from a leasing company, received free of cost and / or on loan basis or transfer, CIF value of capital goods shall be included pro-rata, under 'B' for period it remains with units.

6.9.4 For annual calculation of NFE, value of imported capital goods and lump sum payment of foreign technical know-how fee shall be amortized as under:

1st – 10th year : 10%.

Provided that above amortization rates would be applicable only if an undertaking is given by a unit that it will not exit to DTA in the first 10 years. For existing units, proportionate Customs and excise duty must be paid where NFE is less than depreciation already claimed, before exit.

***Maintenance of accounts***

6.10.1 EOU / EHTP / STP / BTP unit shall maintain proper account, and shall file digitally signed quarterly and annual report as prescribed in Annexure to Appendix 14-I-F to DC / Designated Officer in DoIT / DoBT and Customs and Central Excise authorities.

6.10.2 Unit shall be able to account for entire quantity of each category of homogenous goods imported / procured duty free, by way of exports, sales / supplies in DTA or transfer to other SEZ / EOU / EHTP / STP / BTP units and balance in stock. However, at no point of time, units shall be required to correlate every import consignment with its exports, transfer

to other SEZ / EOU / EHTP /STP / BTP units, sales in DTA and balance in stock. Any matter for clarification as to whether goods are homogenous or not shall be decided by Units Approval Committee.

***Monitoring of NFE***      6.11      Performance of EOUs shall be monitored by Units Approval Committee as per guidelines given in Appendix 14-I-G. Performance of EHTP / STP / BTP shall be monitored by DoIT / DoBT jointly with jurisdictional Central Excise / Customs authority.

***Conversion of Scrap / dust / sweeping of Gold / silver / platinum into standard Bars***      6.12      Scrap / dust / sweeping of gold / silver / platinum may be sent to Government of India Mint / private mint from EOU / EHTP / STP units and returned to them in standard bars in accordance with procedure prescribed by Customs authorities, or may be permitted to be sold in DTA on payment of applicable customs duty, on basis of gold / silver / platinum content, as may be notified by Customs authorities.

***DTA supplies***      6.13      Notwithstanding provision of DTA sales in para 6.8 of FTP, such DTA sales shall not affect application, to any goods, of any other prohibition or regulation affecting import thereof in force at the time, when such goods are imported. This also does not confer any immunity, exemption or relaxation at any time from any commitment or compliance with any requirements to which importer may be subject to under other laws or regulations.

***Supplies to other EOU / EHTP / STP / SEZ / BTP units***      6.14      Supplies to other EOU / EHTP / STP / BTP / SEZ units shall be counted towards NFE provided that such goods are permissible for procurement by these units.

<b><i>Transfer of Power from one unit to another</i></b>	6.15	Transfer of power from Captive Power plants (DG Sets) from one unit of EOU / EHTP / STP / BTP unit to another is permitted as prescribed in sector specific condition in Appendix 14-I-C.
<b><i>Supply of precious / semiprecious / Synthetic stones from DTA</i></b>	6.16	Supplier of precious and semi-precious stones, synthetic stones and processed pearls from DTA to EOUs shall be eligible for grant of Replenishment Authorisation at rates and for items mentioned in HBP v1. Procedure for submission of application for grant of Replenishment Authorisation as contained in relevant Chapter of HBP v1 shall be applicable. However, application shall be made to DC concerned. Such supplies to EOUs are not treated as deemed exports for purpose of any of deemed export benefits.
<b><i>Application for grant of entitlements</i></b>	6.17	Application for grant of all entitlements may be made to DC concerned.
<b><i>Export through other exporters</i></b>	6.18	<p>An EOU / EHTP / STP / BTP unit may export goods manufactured / software developed by it through other exporter, or any other EOU / EHTP / STP / BTP / SEZ unit subject to condition that:</p> <p>(a) Goods shall be produced in EOU / EHTP / STP / BTP unit concerned.</p> <p>(b) Level of NFE or any other conditions relating to imports and exports as prescribed shall continue to be discharged by EOU / EHTP / STP / BTP unit concerned.</p> <p>(c) Export orders so procured shall be executed within parameters of EOU / EHTP / STP / BTP schemes and</p>

goods shall be directly transferred from unit to port of shipment.

- (d) Fulfillment of NFE by EOU / EHTP / STP / BTP units in regard to such exports shall be reckoned on basis of price at which goods are supplied by EOUs to other exporter or other EOU / EHTP / STP / BTP / SEZ unit.
- (e) All export entitlements, including recognition as Status Holder would accrue to exporter in whose name foreign exchange earnings are realized. However, such export shall be counted towards fulfillment of obligation under EOU / EHTP / STP / BTP scheme only.

***Others Entitlements***

- 6.19.1 FOB value of export of an EOU / EHTP / STP / BTP unit can be clubbed with FOB value of exports of its parent company in DTA or vice versa for the purpose of according Export House and Trading House status.
- 6.19.2 Sectoral norms as notified by Government shall apply to FDI in service activities.
- 6.19.3 Software units may also use computer system for training purpose (including commercial training), subject to condition that no computer terminal shall be installed outside bonded premises for this purpose.
- 6.19.4 Export of iron ore shall be subject to decision of Government. Requirements of other conditions of exports like minimum export price / export in consumer pack etc. as per ITC(HS) shall apply in case raw materials are sourced from DTA and exported without further processing / manufacturing by EOU.

Export of textile items shall be covered by bilateral agreements. Wood based units shall comply with direction of Supreme Court contained in its order dated 12.12.1996 in Writ (civil) No 202 of 1995- T.N.Godavarman Thirrumulppad v/s Union of India and others with WP(Civil) No 171 of 1996 in regard to use of timber / other wood.

***Sub-Contracting***

6.20.1 Sub-contracting by EOU gems and jewellery units through other EOUs, or SEZ Units, or units in DTA shall be subject to following conditions:-

- (a) Goods, finished or semi finished, including studded jewellery, taken out for sub- contracting shall be brought back to unit within 90 days.
- (b) No cut and polished diamonds, precious and semiprecious stones (except precious, semi-precious and synthetic stones having zero duty) shall be allowed to be taken out for sub-contracting.
- (c) Receive plain gold / silver / platinum jewellery from DTA / EOU / SEZ units in exchange of equivalent quantity of gold / silver / platinum, as the case may be, contained in said jewellery.
- (d) EOUs shall be eligible for wastage as applicable as per para 4A.2 of HBP v1 for sub-contracting and against exchange.
- (e) DTA unit undertaking job work or supplying jewellery against exchange of gold / silver / platinum shall not be entitled to deemed export benefits.

- 6.20.2 Facility of getting job work done from DTA unit will be available even when job worker is not registered with Central Excise authority, subject to condition that goods are brought back to premises of unit on completion of job work.
- 6.20.3 Export of finished goods from job worker's premises may be permitted, provided such premises are registered with Central Excise authorities. Where job worker is SEZ / EOU / EHTP / STP / BTP unit, no such excise registration is required and export may be effected either from job worker's premises or from premises of unit. Export of such products from job worker's premises shall not be allowed through third parties as provided in FTP.
- 6.20.4 EOUs may be permitted to remove moulds, jigs, tools, fixtures, tackles, instruments, hangers and patterns and drawings to premises of sub-contractors, subject to condition that these shall be brought back to premises of units on completion of job work within a stipulated period. Raw materials may or may not be sent along with these goods.
- 6.20.5 In case of sub-contracting of production process abroad, goods may be exported from sub-contractor premises subject to conditions that at the time of clearance of goods, the EOU / EHTP / BTP / STP unit shall declare (i) the transaction value of the finished goods to be cleared from the sub-contractor's premises abroad; (ii) job work charges to be paid to the sub-contractor abroad; and (iii) value of intermediate goods; supported with documents like (a) sale price contract / or invoice for the finished goods, (b) job work contract and (c) the basis of arriving at the value of intermediate goods. The EOU / EHTP / BTP / STP unit shall also ensure full repatriation of foreign exchange declared as the transaction

value of the finished goods cleared from the sub-contractor's premises abroad.

***Contract Farming***            6.21    EOUs engaged in production / processing of agriculture / horticulture / aquaculture products may, on basis of annual permission from Customs authorities, take out inputs and equipments (specified in Appendix 14-I-J) to DTA farm subject to following conditions:-

- (a)    Supply of inputs by EOUs to contract farm(s) shall be subject to input-output norms approved by DGFT / BoA.
- (b)    There shall be contract farming agreement between EOU and DTA farmer(s).
- (c)    Unit has been in existence for at least two years and engaged in export of agriculture / horticulture / aquaculture products; otherwise it shall furnish bank guarantee equivalent to duty foregone on capital goods / inputs proposed to be taken out, to Deputy / Assistant Commissioner of Customs / Central Excise, till unit completes two years.

***Export through Exhibitions / Export Promotion tour***            6.22    EOU / EHTP / STP / BTP units may export goods for holding/ participating in exhibitions abroad, with permission of DC, subject to following conditions:-

- (a)    Unit shall produce to Customs authorities letter in original, or its certified copy containing approval of DC. For gems and jewellery items, a self certified photograph of products shall also be submitted.



- (b) In case of re-import, such items, on arrival shall be verified along with export documents before clearance.
- (c) Items not sold abroad shall be re-imported within 60 days of close of exhibition. However, in case exporter is participating in more than one exhibition within 45 days of close of first exhibition, then 60 days shall be counted from date of close of last exhibition. In case of exhibition in USA, the time period shall be 90 days instead of 60 days mentioned above.
- (d) In case of personal carriage of goods and for holding / participating in overseas exhibitions, value of such gems and jewellery shall not exceed US \$ 5 million.

***Personal Carriage of gems and jewellery for Export promotion tours***

6.23

Personal carriage of gold / silver / platinum jewellery, cut and polished diamonds, precious, semi-precious stones, beads and articles as samples upto US \$ 1 million for export promotion tours, and temporary display / sale abroad by EOUs, is also permitted with approval of DC subject to following conditions:-

- (a) EOU shall bring back goods or repatriate sale proceeds within 45 days from date of departure through normal banking channel.
- (b) Unit shall declare personal carriage of such samples to Customs while leaving country and obtain necessary endorsement.

***Export through show-rooms abroad / duty free shops***

6.24

Export of goods is also permitted for display / sale in permitted shops set up abroad or in showrooms of their distributors / agents. Items not sold abroad within 180 days shall be re-imported within 45 days.

- Sale through showrooms / retail outlets at International Airports***      6.25      EOUs may set up showrooms / retail outlets at International Airports for sale of goods in accordance with procedure laid down by Customs authorities. Items remaining unsold after a period of 60 days shall be exported or returned to respective EOUs.
- Personal carriage of Import / export Parcels including through foreign bound passengers***      6.26.1      For Personal carriage of jewellery by foreign bound passenger, following documents shall be submitted by EOUs as proof of exports:
- (a)      Copy of shipping bill filed by EOUs;
  - (b)      A copy of Currency Declaration Form filed by Foreign buyer with Customs at time of his arrival; and
  - (c)      Foreign Exchange Realisation / Encashment Certificate from Bank.
- 6.26.2      In addition to this, Personal Carriage by foreign bound passenger on Document Against Acceptance (DA) / Cash On Delivery (COD) basis is also allowed. EOUs will have to furnish following documents as proof of exports:-
- (a)      Copy of Shipping Bill;
  - (b)      Bank Certificate of Export and Realisation.
- 6.26.3      Procedure for personal carriage of import parcels will be same as for import of goods by airfreight except that parcels shall be brought to Customs by EOUs / foreign national for

examination and release. Instructions issued by Customs authorities in this regard should be followed mutatis mutandis.

6.26.4 Personal carriage of parts by foreign bound passengers shall be allowed in case same are required for repairs of exported goods at customer site. Following documents should be submitted as proof of exports:-

- (a) Permission letter from Customs for exports.
- (b) Invoice with value (for payment or free of charge).

***Replacement / Repair  
of imported /  
indigenous goods***

6.27.1 Units may send capital goods abroad for repair with permission of Customs authorities. Any foreign exchange payment for this purpose will also be allowed. However, no permission will be required for sending capital goods for repair within country.

6.27.2 EOU / EHTP / STP / BTP units may, on basis of records maintained by them and prior intimation to Customs authorities:-

- (a) Transfer goods to DTA / abroad for repair / replacement, testing or calibration and return.
- (b) Transfer goods for quality testing / R&D purpose to any recognised laboratory / institution upto Rs.5 lakhs per annum without payment of duty, on giving suitable undertaking to Customs for return of goods. However, if goods have been consumed / destroyed in process of testing etc. a certificate from laboratory / institution to

this effect be furnished to Customs.

***Samples***

- 6.28.1 EOU / EHTP / STP / BTP units may on basis of records maintained by them, and on prior intimation to Customs authority, supply or sell samples in DTA for display / market promotion on payment of applicable duties.
- 6.28.2 Remove samples without payment of duty, on furnishing a suitable undertaking to Customs authorities for bringing back samples within a stipulated period.
- 6.28.3 An EOU may export free samples, without any limit, including samples made in wax moulds, silver mould and rubber moulds through all permissible mode of export including through courier agencies / post. For statutory requirement of Stability & Retention sample with manufacturer, an EOU / EHTP / BTP / STP unit may re-import without payment of duty, those samples, which were exported by it, under intimation to Custom Authorities, and FOB value of such samples shall not be counted for NFE purpose and other export benefits, if any.
- 6.28.4 An EOU, on basis of records maintained by them and on prior intimation to Customs authorities, may send samples to other EOUs for display on returnable basis within a period of 30 days.

***Donation of Computer  
and Computer  
peripherals***

- 6.29 EOU / EHTP / STP / BTP unit may be allowed by Customs authorities concerned to donate imported / indigenously procured (bought or taken on loan) computer and computer peripherals, including printer, plotter, scanner, monitor, keyboard and storage units without payment of duty, two years after their import / procurement and use by units, to a

school run by Central Government, or Government of a State or, a Union Territory or, a local body; an Educational Institution run on non-commercial basis by any organization; a Registered Charitable Hospital; a Public Library; a Public Funded Research and Development Establishment; a Community Information Center run by Central Government or, Government of a State or, a Union Territory or local body; an Adult Education Center run by Central Government or, Government of a State or, a Union Territory or a local body; or an organization of Central Government or, a Government of a State or, a Union Territory as per Customs / Central Excise notification.

***Distinct Identity***

6.30 If an industrial enterprise is operating both as a domestic unit as well as an EOU / EHTP / STP / BTP unit, it shall have two distinct identities with separate accounts, including separate bank accounts. It is, however, not necessary for it to be a separate legal entity, but it should be possible to distinguish imports and exports or supplies effected by EOU / EHTP / STP / BTP units from those made by other units of enterprise.

***Unit Approval  
Committee for EOUs***

6.31 Composition of Unit Approval Committee shall be as under:

Development Commissioner	Chairperson
Jurisdictional Commissioner of Central Excise & Customs or nominee	Member
Joint DGFT or nominee	Member
Joint/Deputy Development Commissioner of the Zone	Member

Any other nominee of any Department/Agency as special invitee

6.31.1 Powers and functions of Unit Approval Committee of EOUs shall be as under:-

- (a) To consider applications for setting up EOUs other than proposals for setting up of unit in services sector (except R&D, software and IT enabled services, or any other service activity as may be delegated by BoA). Items of manufacture requiring industrial licence under Industrial (Development & Regulation) Act, 1951 shall be considered by BoA.
- (b) to consider and permit conversion of units in SEZ to EOU;
- (c) to monitor performance of units;
- (d) to supervise and monitor permission, clearances, licences granted to units and take appropriate action in accordance with law;
- (e) to call for information required to monitor performance of unit under permission, clearances, licenses granted to it;
- (f) to perform any other function delegated by Central Government or its agencies;
- (g) to perform any other function as may be delegated by State Governments or its agencies; and
- (h) to grant all approvals and clearances for establishment and operation of EOUs.

***Approval of EHTP /  
STP / BTP units***

6.31.2 In case of units under EHTP / STP scheme, necessary approval / permission shall be granted by officer designated by DoIT/ Director (STPI). Designated officer shall also exercise powers of adjudication under Section 13 read with Section 11 of FT (D&R) Act, 1992 in respect of STP / EHTP as mentioned in Gazette Notification No. S.O. 106 (E) dated 30-1-2006. Similarly in case of units under BTP, necessary approval / permission shall be granted by officer designated by DoBT. However, designated officers shall adopt criteria for automatic approval of new units as laid down in Appendix 14-I-B.

***Administration of  
EOUs / Powers of DC /  
Designated Officer***

6.32 DC / Designated Officer shall have following powers in respect to units. Jurisdiction of DC is given in Appendix 14-I-K.

- (1) Conversion of sick / closed DTA unit into EOU;
- (2) Conversion of EOU to STP / EHTP / BTP and vice-versa as per prescribed procedure;
- (3) To allow increase in value of capital goods in terms of Indian Rupees, on account of foreign exchange rate fluctuations;
- (4) To permit capacity enhancement without any limit in case of de-licensed industries only;
- (5) Permit broad-banding for similar goods and activities mentioned in LoP or to provide for backward or

forward linkages to existing line of manufacture;

- (6) Authorize change in name of company or implementing agency and change from a company to another provided new implementing agency / company undertakes to take over assets and liabilities of existing unit;
- (7) Permit change of location from place mentioned in LoP to another and / or include additional location provided that no change in other terms and conditions of approval is envisaged and that new location is within territorial jurisdiction of DC / Designated Officer;
- (8) Extend validity period of LoP by three years beyond initial validity period of LoP (except in case where there is a restriction on initial period of approval, like setting up of oil refinery projects);
- (9) Cancel LoP wherever warranted;
- (10) Permit merger of two or more units into one unit provided units fall within jurisdiction of same DC / Designated Officer subject to condition that activities are covered under provision of broad banding;
- (11) Exercise powers of adjudication under Section 13 read with Section 11 of FT (D&R) Act, in respect of EOUs as mentioned in Gazette Notification No. SO. 194(E) dated 6.3.2000;



- (12) Do valuation of exports declared on SOFTEX form by EOUs as per RBI A.D. (M.A Series) Circular AP (DIR series Circular No.9 dated 25.10.2001);
- (13) Issue eligibility certificates for grant of employment visa to low level foreign technicians to be engaged by EOUs as per Ministry of Home Affairs letter No. 25022 / 7 / 99- F.1 dated 20.9.1999;
- Registration – cum - Membership Certificate***
- (14) Function as a Registering authority for EOU / EHTP / STP / BTP unit. A separate Registration cum-Membership Certificate shall not be required in their cases as provided for in paragraph 2.44 of FTP except in case of spices. In case of spices, it would be mandatory for units to get themselves registered with Spices Board also.
- Importer Exporter Code No.***
- (15) Allot Importer-Exporter Code number for EOUs, if same has already not been allotted to entity;
- Green Card***
- (16) Issue of Green Card automatically after execution of LUT;
- (17) Grant / renewal of Status Certificate in respect of EOUs provided it does not involve clubbing of FOB value of exports of its parent company in DTA;
- (18) Publicity of EOU / EHTP / STP / BTP Scheme under their jurisdiction.
- Change of location / inclusion of additional location with BoA***      6.33      BoA may consider change of location of EOU / EHTP / STP / BTP unit from place mentioned in LoP to another and / or to include additional location outside territorial jurisdiction

*approval* of original DC / Designated Officer, subject to such conditions as BoA may decide.

*Clearance of Capital Goods in DTA* 6.34 Clearance of capital goods, including second hand, in DTA shall be allowed as per FTP on payment of applicable duty and import policy in force on date of such clearance.

*Depreciation norms* 6.35.1 Depreciation up to 100% is permissible for Computers and Computer peripherals in 5 years and 10 years in case of other items.

*Depreciation norms for Computers and Computer peripherals* 6.35.2 Depreciation for computers and computer peripherals shall be as follows:-

10% for every quarter in first year;

8% for every quarter in second year;

5% for every quarter in third year;

1% for every quarter in fourth and fifth year.

*Depreciation norms for other Capital goods* 6.35.3 For capital goods, other than above, depreciation rate would be as follows:

4% for every quarter in first year;

3% for every quarter in second and third year;

2.5% for every quarter in fourth and fifth year;

2% for every quarter thereafter.

### ***Conversion***

6.36.1 Existing DTA units, may also apply for conversion into an EOU / EHTP / STP / BTP unit, but no concession in duties and taxes would be available under scheme for plant, machinery and equipment already installed. On conversion, they would get Income Tax concessions but limited to period of 10 years from original commencement of manufacture or that prescribed under Section 10 of Income Tax Act whichever is earlier. For this purpose, DTA unit may apply to DC / Designated Officer concerned in same manner as applicable to new units. In case there is an outstanding export commitment under EPCG scheme / Advance Authorization Scheme, it will follow the procedure laid down in Appendix 14-I-O of HBP v1.

6.36.2 Existing EHTP / STP / BTP units may also apply for conversion / merger to EOU unit and vice-versa. In such cases, units will continue to avail permissible exemption in duties and taxes as applicable under relevant scheme. EHTP / STP / BTP units desiring conversion as an EOU may apply to DC concerned through Officer designated by DoIT / DoBT in same manner as applicable to new units. Likewise, EOU desiring conversion into EHTP / STP / BTP may apply to officer designated by DoIT / DoBT through DC concerned.

6.36.3 An EOU may be shifted to SEZ with approval of DC provided EOU has achieved pro-rata obligation under EOU scheme.

### ***Revival of Sick units***

6.37 Subject to a unit being declared sick by appropriate authority, proposals for revival of unit or its take over may be considered by BoA. Guidelines on revival of sick units are given in Appendix 14-I-M.

## 6.38 **FAST TRACK CLEARANCE PROCEDURE**

- Eligibility*** 6.38.1 EOUs having a status holder certificate under FTP shall be eligible for Fast Track Clearance Procedure.
- Examination of Import Cargo*** 6.38.2 Status holder units shall be exempted from examination of import cargo at port of import. However, jurisdictional Commissioner of Customs / Central Excise may examine consignments at unit's place on random basis.
- Domestic procurement and import of goods*** 6.38.3 Units having physical export turnover of Rs. 15 crores and above in preceding financial year shall be allowed to import goods without payment of duty on basis of pre-authenticated procurement certificate issued by jurisdictional Customs / Central Excise Authority.
- Installation of Fax Machine / Computers*** 6.38.4 Eligible EOUs may install one fax machine and two computers in their administrative / registered office outside bonded premises under prior intimation to jurisdictional Asstt. / Deputy Commissioner of Customs or Central Excise.
- Procurement of DG sets*** 6.38.5 Procurement of DG set of capacity commensurate with actual requirement of unit shall be permitted under intimation to DC and jurisdictional Central Excise authority.
- Temporary removal of Capital Goods*** 6.38.6 Eligible EOU may remove their capital goods or parts thereof for repairs under prior intimation to jurisdictional Asstt. / Deputy Commissioner of Customs or Central Excise.
- Personal carriage of samples*** 6.38.7 Personal carriage of samples of Gems & Jewellery by status holder EOUs are allowed subject to limit fixed in para 6.23 without a need for prior permission from DC / Customs / Central Excise.

**Activities which do not require permission** 6.38.8 In respect of following activities of a status holder, permission will not be required from DC or jurisdictional Central Excise authority:

DTA sale of finished products in terms of para 6.8(a) of FTP; Participation in exhibition and Personal carriage of Gems & Jewellery for export promotion tours subject to fulfillment of conditions of para 6.23 of HBP v1. However, prior intimation thereof needs to be given.

**Time bound disposal of applications** 6.39 DC shall dispose off applications expeditiously. Following time schedule shall normally be followed to dispose off applications provided application is complete in all respects and is accompanied with prescribed documents.

<b>S. No</b>	<b>Category of Application</b>	<b>Time limit for disposal (days)</b>
1	Issue of LoP / LoI	15
2	Conversion of LoP / LoI	15
3	Acceptance of LUT	3
4	Renewal of LUT	3
5	Permission for broad banding / diversification	3
6	Permission for change in locations	7
7	Permission for Advance DTA sale	2
8	Permission for merger of units	7
9	Permission for enhancement of production capacity	3
10	Cancellation of LoP	3
11	Permission for debonding / exit	7
12	Permission for DTA sale	2
13	Eligibility certificate for employment visa for lower level technicians	2
14	Issue of Green Card	2
15	Renewal of Green Card	Same day

16	Permission to lease CG	1
17	Permission for disposal of scrap / waste	2
18	Permission for change in name	2
19	Inter Unit Transfer	2
20	Wastage Norms, ad-hoc	2
21	Permission for re-import	Same day
22	Permission for re-export	Same day
23	Permission for replacement / repair of goods	Same day
24	Allotment of I.E. Code	1
25	Authorization of softex form	1
26	Reimbursement of CST claims	7
27	Issue of GSP Certificate	Same day
28	Permission for conversion of EOU to STPI, EPCG	5
29	Permission of final exit of EOU	5
30	Permission of extension of EOU	2
31	Permission to allow increase in value of CG	2
32	Permission for export through exhibition / tour	2
33	Reimbursement of Duty Drawback / TED	7

## **CHAPTER 7**

### **SPECIAL ECONOMIC ZONES**

**Procedure relating to Special Economic Zones is contained in Special Economic Zone Rules, 2006 notified in the Gazette of India, Extraordinary No. GSR 54(E) dated 10.2.2006.**





## CHAPTER 8

### DEEMED EXPORTS

- Policy*** 8.1 Policy relating to Deemed Exports is in Chapter 8 of FTP.
- Criteria for claiming Deemed Export Benefits***
- 8.2.1 In respect of supplies under paragraph 8.2(a) of FTP, procedure for issue of ARO and Back-to-Back Inland Letter of Credit is given in paragraphs 4.14 and 4.15 of HBP v1.
- 8.2.2 In respect of supplies under paragraph 8.2(b) of FTP and DFIA, deemed export benefits may be claimed from DC or RA concerned. Advance Authorisation and DFIA shall be claimed from the concerned RA. Such supplies shall be certified by receiving agencies.
- 8.2.3 In respect of supply of capital goods under paragraph 8.2 (c) of FTP, supplier shall produce a certificate from EPCG Authorisation holder evidencing supplies / receipt of manufactured capital goods.
- 8.2.4 In respect of supplies under categories mentioned in paragraphs 8.2(d), (e), (f), (g), (i) and (j) of FTP, application for Advance Authorisation shall be accompanied with a Project Authority Certificate in Appendix 27. Payment against such supplies shall be certified by Project Authority concerned as in Appendix 22 C.
- Procedure for claiming Deemed Export Drawback & Terminal Excise Duty Refund / Exemption***
- 8.3.1 Procedure for claiming benefits under paragraphs 8.3(b) and (c) of FTP shall be as under:-
- (i) An application in ANF 8 along with prescribed documents, shall be made by Registered office or Head office or a branch office or manufacturing unit of supplier to RA concerned. Where applicant is branch office or manufacturing unit of a supplier, it shall furnish self certified copy of valid RCMC. Recipient may also claim benefits on production of a suitable

disclaimer from supplier in the format given in Annexure III of ANF 8 along with a self declaration in the format given in Annexure II of ANF 8 regarding non-availment of CENVAT credit in addition to prescribed documents.

- (ii) In case of supplies under paragraphs 8.2(a), (b) & (c) of FTP, claim shall be filed against receipt of payment through normal banking channel as in Appendix 22B. Claims should be filed within a period of twelve months from the date of payment. In cases where payment is received in advance, last date for submission of application may be correlated with date of supply instead of date of receipt of payment. Claim can be filed 'Invalidation Letter / ARO wise' against individual authorisations within the time limit as specified above. 100% TED refund may be allowed after 100% supplies have been made physically and payment received at least up to 90%. However, grant of deemed export duty drawback will be limited to the extent of payment received.
- (iii) In respect of supplies under paragraph 8.2(b) of FTP, where supplier wants to claim benefits from RA, RA shall allow deemed export benefits to DTA supplier, on receipt of certified copies of Central Excise attested invoice as proof of supplies made and / or Central Excise attested CT3 form and proof of validity of LoP.

For supply of High Speed Diesel / Furnace Oil from Depots of domestic oil Public Sector Undertakings under Para 8.2 (b) of FTP, terminal excise duty shall be refunded on the basis of duty paid certificate issued by concerned domestic oil Public Sector Undertaking in the format given in Annexure I to ANF 8. Duty refund will be allowed for quantity of HSD / Furnace oil procured by EOU / EHTP / STP / BTP unit for its

production activities, as certified by concerned DC / Bond authorities.

- (iv) In respect of supplies under categories mentioned in paragraphs 8.2(d), (e), (f), (g), (h), (i) & (j) of FTP, claim may be filed either on the basis of proof of supplies effected or payment received. Claims should be filed within a period of twelve months from date of receipt of supplies by project authority or from date of receipt of the payment as per the option of applicant, either against a particular project or all the projects. Claims may also be filed where part payments have been received. 100% TED refund may be allowed after 100% supplies have been made physically and payment received at least up to 90%. However, grant of deemed export duty drawback will be limited to the extent of payment received.

8.3.2 For claiming exemption from payment of terminal excise duty, procedure prescribed by Central Excise authority shall be followed.

8.3.3 Where All Industry Rate of Drawback is not available or same is less than  $\frac{4}{5}$ <sup>th</sup> of duties actually paid on materials or components used in production or manufacture of the said goods, an application in ANF 8 along with prescribed documents may be made to RA or DC, for fixation of brand rate. Recipient may claim benefits on production of a suitable disclaimer from supplier along with a self declaration in the format given in Annexure II of ANF 8, regarding non-availment of CENVAT credit in addition to prescribed documents.

- 8.3.4 Claim application shall be filed along with application for fixation of brand rate of duty drawback, in case brand rate is required to be fixed. Provision of late cut under paragraph 9.3 and supplementary claim under paragraph 9.4 shall also be applicable under this sub-paragraph.
- 8.3.5 RA may consider provisional payment up to 75% of drawback claim in case of private companies and 90% in case of PSUs, pending fixation of brand rate.
- 8.3.6 Subject to procedure laid down in HBP, Customs and Central Excise Duty Drawback Rules, 1995 shall apply mutatis mutandis to deemed exports.

***Procedure for claiming deemed export benefits by Sub-contractor***

- 8.4 In respect of supplies made by sub-contractor to main contractor under paragraphs 8.2(d), (e), (f), (g), (i) and (j), main contractor may make payment to sub-contractor and issue payment certificate as in Appendix 22-C as Form 1-C. However, for supplies under paragraph 8.2(d), (e), (f), (g) and (j), payment certificate from main contractor shall not be insisted for refund of terminal excise duty. Deemed export benefits to sub-contractor would be available to the extent of goods that are manufactured and supplied by him or outsourced from other manufacturers, for value as indicated in Appendix 22-C of HBP v1.

***Payment of interest on delayed refund of Duty Drawback / TED***

- 8.5 For payment of interest, in accordance with para 8.5.1 of FTP, separate application for claiming interest is not required and a single cheque for main claim and interest can be issued to the claimant. However, separate account will be maintained by RAs for the amount of interest disbursed by them.

## CHAPTER 9

### MISCELLANEOUS MATTERS

***Change In Name and Constitution*** 9.1 An IEC holder must get the change in name / address / constitution incorporated within 90 days of such change. Provided, however, RA issuing IE Code may, condone delay on payment of penalty of Rs. 1000/-.

Change in constitution, aforesaid, does not include change in directors of Public Limited Company.

***Denomination of Import Authorisation / Licence / Certificate / Permissions*** 9.2 CIF value of Authorisation / FOB value of export obligation shall be indicated both in Rupees and in freely convertible currency(s) at the exchange rate(s) prevailing on Authorisation issue date.

9.2.1 Remittance of foreign exchange and discharge of export obligation against Authorisation shall be regulated in freely convertible currency.

9.2.1.1 No enhancement in Rupee value shall be necessary if remittance of foreign exchange is covered by CIF value of Authorisation shown in freely convertible currency.

9.2.2 However, on Advance Authorisation(s), issued for exports to ACU countries, export obligation shall be denominated and discharged in ACU dollars.

9.2.3 Export obligation in Advance Authorisation for intermediate supply and for deemed export, where supplies are to be made within the country, shall be denominated and discharged in Indian rupees.

***Applications Received After Expiry of Prescribed Date of Receipt*** 9.3 Wherever any application is received after expiry of last date for submission of such application, the application may be considered after imposing a late cut in the following manner:

1.	Application received after the expiry of last date but within six months from the last date	2%
2.	Application received after six months from the prescribed date of submission but not later than one year from the prescribed date	5%
3.	Application received after 12 months from the prescribed date of submission but not later than 2 years from the prescribed date	10%

***Supplementary Claims*** 9.4 Wherever any application for supplementary claim is received, within specified time limits, such application may also be considered after imposing a cut @2% on the entitlement.

<b><i>Furnishing of Information</i></b>	9.5	Every importer/ exporter shall furnish such information as may be called for by DGFT or any officer duly authorised.
<b><i>Clarifications On Policy/Procedures</i></b>	9.6	A request seeking clarifications on any provision of FTP or HBP, importability or exportability of items under ITC(HS), may be made to DGFT in the form in Appendix-28. Clarification may also be sought on E-mail.
<b><i>Consumption Register</i></b>	9.7	Importer shall maintain a register as in Appendix-23 (for 3 years period) of items imported under an Authorisation and separately for items imported with actual user condition and its consumption. In respect of particular schemes such register shall be maintained for specified period.
<b><i>Export Facilitation</i></b>	9.8	In order to resolve exporters' problems in a co-ordinated manner, field offices of DGFT shall act as Export Facilitation Centres and nodal agencies. In addition, Nodal Officers have also been nominated in other Ministries/ Departments and a list of such officers nominated to assist exporters is given in Appendix-17.
<b><i>Standing Grievance Committee</i></b>	9.9	Detail of the Grievance Redressal Mechanism is given in para 2.49 of FTP.
		For speedy redressal of genuine grievances of trade and industry pertaining to FTP and Procedure, Grievance Committees have been constituted chaired by (i) DGFT at Headquarters and (ii) head(s) of RA(s) in regional offices. Grievance Committee will include representatives of Federation of Indian Export Organisations (FIEO), Export Promotion Councils/ Commodity Boards, Development Authorities, and Government Departments / technical authorities as their members.
	9.9.1	Chairman of the respective Grievance Committee(s) may also co-opt any other member. Meetings of such Committees shall be held on a monthly basis.
	9.9.2	Every exporter/importer shall have a right to seek and have an opportunity to make a representation (in writing) to and be personally heard, if he so desires, by Grievance Committee.
	9.9.3	A representation to Grievance Committee may be made in as in Appendix-26.
<b><i>Counter Assistance</i></b>	9.10	For speedy disposal of applications, "Counter Assistance" will function in all offices of DGFT. An FTDO shall be in charge of counter in each office. On submission of application at the counter, applicant will be handed over a token and would be advised on same day whether his application is complete and admitted for further processing by the office or whether there is any deficiency that needs to be rectified.

9.10.1 Counter Assistant will send application to concerned section on day of receipt for necessary scrutiny. If there are any deficiencies, these will be noted by concerned section and returned to counter on the same day. In case of complete applications, applicant will be given a formal receipt indicating file number for further reference. Deficient applications will be returned to applicant for complying with all deficiencies. Complete applications shall be processed by concerned section within the time frame as given under paragraph 9.11.

The application for refund of Duty Drawback and Terminal Excise Duty under deemed export scheme would be received at the counter, scrutinized and deficiency, if any, would be pointed out at the counter itself and such application would be returned. Applicant will have to rectify this deficiency and a complete application would be accepted.

Communication of any deficiency noted subsequently should be undertaken only with approval of head of office who shall be responsible for effective functioning of Counter Assistance.

9.10.2 Counter Assistance may also be availed of for amendments of minor nature/enquiries. Applications, in such cases, will be received in regional offices at counter against a proper receipt. Authorisation / licence / list / enquiry, shall be returned after carrying out necessary amendments/ giving necessary reply as far as possible on the same day, across the Counter.

***Time Bound disposal of 9.11 applications***

RA shall dispose off applications expeditiously. Following time schedule shall normally be followed to dispose of applications provided it is complete in all respects and is accompanied by prescribed documents.

S.No.	Category of Application	Time Limit For Disposal (in working days)
a)	IEC Number	2
b)	Advance Authorisation where Input-Output norms are notified or under paragraph 4.7, Advance Authorisation for Annual Requirement and DFIA.	3
	Advance Authorisation where Input-Output norms are notified but where cases are to be approved by Commerce & Industry Minister	15

	Advance Authorisations where Input- Output Norms are not notified	45
	Fixation of input output norms	90
c)	DEPB	3
d)	(i) EPCG Authorisations on self declaration basis	3
	(ii) EPCG Authorisations for fixation of nexus (other than those covered in (i) above	45
e)	All Authorisations under Gem & Jewellery scheme.	3
f)	Revalidation of Authorisation and extension of export obligation period by R.A.	3
g)	Acceptance of BG/LUT	3
	Redemption of BG/LUT for Advance Authorisations and DFIA.	15
	Redemption of BG/LUT for EPCG Authorisations.	30
h)	Issuance/renewal of status certificate.	3
i)	Amendment of any category of Authorisation	3
j)	Fixation of deemed exports Drawback rate	45
k)	Miscellaneous	10
l)	All applications filed through EDI mode	1
m)	Refund of DBK/ TED under deemed export	30 days from the date of receipt of complete application

Cases of undue delay in disposal of applications may be brought to notice of head of regional offices by way of a written representation, which shall be promptly enquired into and responded to.



***Date of Shipment/  
Dispatch In respect of  
Imports***

9.11 A Date of shipment/dispatch for imports will be reckoned as under:-

Mode of Transportation	Date of Shipment / Dispatch
(i) By Sea	The date affixed on the Bill of Lading
(ii) By Air	Date of relevant Airway Bill provided this represents date on which goods left last airport in the country from which the import is effected.
(iii) From land-locked countries	Date of dispatch of goods by rail, road or other recognised mode of transport to consignee in India through consignment basis.
(iv) By Post Parcel	Date stamp of office of dispatch on the packet or dispatch note
(v) By Registered Courier Service	Date affixed on Courier Receipt/Waybill
(vi) Multimodal transport	Date of handing over goods to first carrier in a combined transport Bill of Lading.

***Date of Shipment/  
Dispatch in respect of  
Exports***

9.12 Date of shipment/despatch for exports will be reckoned as under:-

Mode of Transportation	Date of Shipment / Dispatch
(i) By Sea	For bulk cargo, date of Bill of Lading or date of mate receipt, whichever is later.  a) For containerised cargo, date of "Onboard Bill of Lading", or "Received for Shipment Bill of Lading", where the L/C provides for such Bill of Lading. For exports by containers from Inland Container Depot (ICD), date of Bill of Lading issued by shipping agents at the time of loading of export goods in ICD after customs clearance.  b) For Lash barges, date of Bill of Lading evidencing loading of export goods on board.
(ii) By Air	Date mentioned by appropriate Officer of Customs on Shipping Bill, evidencing loading

or handing over of goods to air cargo complex, which are not international airports, or by way of rotation of flight number and date.

- (iii) By Post Parcel Date stamped on postal receipt.
- (iv) By Rail Date of RR (Railway Receipt).
- (v) By Registered Courier Service Date affixed on Courier Receipt/ Waybill.
- (vi) By Road Date on which goods crossed Indian border as certified by Land Customs Authorities.

However, wherever Procedural / Policy provisions have been modified to disadvantage of exporters, same shall not be applicable to consignments already handed over to Customs for examination and subsequent exports upto Public Notice / Notification date.

Similarly, in such cases where goods are handed over to the customs authorities before expiry of export obligation period but actual Exports take place after expiry of the export obligation period, such exports shall be considered within export obligation period and taken towards fulfilment of export obligation.

***General Power of Review.***

9.13

DGFT may, on his own or otherwise, call for records of any case pending with or decided by an officer subordinate to him or an officer of any EPC/FIEO including a Group/ Committee of officers nominated, appointed or authorised by him and pass such orders as he may deem fit.



