



सत्यमेव जयते

Handbook of Procedures-(Vol. I)

1st September 2004-31st March 2009

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NEW DELHI, DATED THE 7th April, 2006

In exercise of powers conferred under Paragraph 2.4 of the Foreign Trade Policy, 2004-09, the Director General of Foreign Trade hereby notifies annual supplement of the Handbook of Procedures (Volume I) incorporating Annual Supplement as updated on 7th April 2006 as contained in annexure to this Public Notice and the Appendices to the Handbook of Procedures (Vol.I) as available on the website of Directorate General of Foreign Trade at <http://dgft.gov.in>. This shall come into force from 1st April, 2006.

This issues in Public interest.



(K.T. CHACKO)

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

(Issued from File No: 01/94/180/Handbook/AM07/ PC-I)

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CHAPTER-1

INTRODUCTION

Notification

- 1.1 In exercise of the powers conferred under Section 5 of The Foreign Trade (Development and Regulation Act), 1992 (No. 22 of 1992), the Central Government has notified the Foreign Trade Policy for the period 2004-2009 incorporating the Export and Import Policy for the period 2002-2007, as modified.

This Policy shall come into force with effect from 1st September 2004 and shall remain in force upto 31st March, 2009, unless as otherwise specified.

In pursuance of the provisions of paragraph 2.4 of the Policy, the Director General of Foreign Trade hereby notifies the compilation known as Handbook of Procedures (Vol.1), Handbook of Procedures (Vol.2) and Schedule of DEPB rates.

These compilations, as amended from time to time, shall remain in force until 31st March, 2009.

Objective

- 1.2 The objective of this Handbook is to implement the provisions of the Foreign Trade (Development and Regulation) Act, 1992, the Rules and Orders made thereunder and the Foreign Trade Policy (2004-09) incorporating the Export and Import Policy (2002-07) by laying down simple, transparent and EDI (Electronic Data Interchange) 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, the definitions contained in the Foreign Trade (Development and Regulation) Act, 1992, the Rules and Orders made thereunder and the Foreign Trade Policy (2004-09) shall apply.

CHAPTER-2

GENERAL PROVISIONS REGARDING EXPORTS AND IMPORTS

- Policy*** 2.1 The Policy relating to the general provisions regarding exports and imports is given in Chapter-2 of the Policy.
- Countries of Imports/ Exports*** 2.2 Unless otherwise specifically provided, import/ export will be valid from/to any country. However, import/exports of arms and related material from/to Iraq shall be prohibited.
- The above provisions shall, however, be subject to all conditionality, or requirement of licence/ Authorisation, or permission, as may be required under Schedule II of ITC (HS).
- Application Fee*** 2.3 Unless otherwise exempted, specified fee shall be paid for making an application under any provision of the Policy and this Handbook. The scale of fee, mode of payment, procedure for refund of fee and the categories of persons exempted from the payment of fee are contained in Appendix-21B
- Territorial Jurisdiction of Regional Authorities*** 2.4 Every application, unless otherwise specified, shall be submitted to the Regional Authority concerned, as per the territorial jurisdiction of the Regional authorities indicated in Appendix-1
- Filing of Application*** 2.5 Every application for an Import/Export licence/ certificate/ Authorisation/ permission or any other purpose should be complete in all respects as required under the relevant provisions of the Policy/Procedures and shall be signed by the applicant as defined in paragraph 9.9 of the Policy.
- An incomplete application is liable to be rejected giving specific reason for rejection. However in case of manual applications, the applicant would furnish a soft copy of the application in MS word format.
- Profile of Importer/ Exporter*** 2.6 Each importer/exporter shall be required to file importer/ exporter profile once with the Regional Authority in Part 1 of 'Aayaat Niryaat Form'. Regional Authority shall enter the information furnished in Part 1 of 'Aayaat Niryaat Form' in their database so as to dispense with the need for asking the repetitive information. In case of any change in the information given in Part 1 of 'Aayaat Niryaat Form', importer/exporter shall intimate the same to the Regional Authority.

***Self Addressed
Stamped Envelope***

2.7 The applicant shall furnish a self addressed envelope of 40 x 15 cm with postal stamp affixed on the envelope as follows for all documents required to be sent by Speed Post:

- (a) Within local area Rs. 20.00
- (b) Up to 200 Kms. Rs. 25.00
- (c) Between 200 to 1000 Kms Rs. 30.00
- (d) Beyond 1000 Kms. Rs. 50.00

***IEC No: Exempted
Categories***

2.8 The following categories of importers or exporters are exempted from obtaining Importer - Exporter Code (IEC) number:

- (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 the Foreign Trade (Exemption from application of Rules in certain cases) Order, 1993.
- (ii) Ministries/Departments of the Central or State Government.
- (iii) Persons importing or exporting goods for personal use not connected with trade or manufacture or agriculture.
- (iv) Persons importing/exporting goods from/to Nepal provided the CIF value of a single consignment does not exceed Indian Rs.25,000.
- (v) Persons importing/exporting goods from/to Myanmar through Indo-Myanmar border areas provided the CIF value of a single consignment does not exceed Indian Rs.25,000.

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

- (vi) The following permanent IEC numbers shall be used by the 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 the Central Government and agencies wholly or partially owned by them.
2.	0100000029	All Ministries/Departments of the State Government and agencies wholly or partially owned by them.
3.	0100000037	Diplomatic personnel, Counselor officers in India and the officials of the UNO and its specialised agencies.
4.	0100000045	Indians returning from/going abroad and claiming benefit under the 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 provided the CIF value of a single consignment does not exceed Indian Rupees 25000/-.
7.	0100000070	Persons importing/ exporting goods from/ to Myanmar through Indo-Myanmar border areas provided the CIF value of a single consignment does not exceed Indian Rupees 25000/-.
8.	0100000088	Ford Foundation
9.	0100000096	Importers importing goods for display or use in fairs/exhibitions or similar events under the provisions of ATA carnet.
10.	0100000100	Director, National Blood Group Reference Laboratory, Bombay or their authorized offices.
11.	0100000126	Individuals/Charitable Institutions/ Registered NGOs importing goods, which have been exempted from Customs duty under the Notification issued by Ministry of Finance for bonafide use by the victims affected by natural calamity.

	Note:	Commercial Public Sector Undertaking (PSU) who have obtained PAN will however be required to obtain Importer Exporter Code number. The permanent IEC number as mentioned above, shall be used by non-commercial PSUs.
<i>Application for Grant of IEC Number</i>	2.9	<p>An application for grant of IEC number shall be made by the Registered/Head Office of the applicant to the Regional Authority under whose jurisdiction, the Registered office in case of company and Head office in case of others, falls in the 'Aayaat Niryaat Form' and shall be accompanied by documents prescribed therein. In case of STPI/ EHTP/ BTP units, the Regional Offices of the DGFT having jurisdiction over the district in which the Registered/ Head Office of the STPI unit is located shall issue or amend the IECs.</p> <p>Only one IEC would be issued against a single PAN number. Any proprietor can have only one IEC number and in case there are more than one IECs allotted to a proprietor, the same may be surrendered to the Regional Office for cancellation.</p>
<i>IEC Format and Statements</i>	2.9.1	<p>The Regional Authority concerned shall issue an IEC number in the format as given in Appendix-18B. A copy of such IEC number shall be endorsed to the concerned banker (as per the details given in the IEC application form).</p> <p>A consolidated statement of IEC numbers issued by the Regional Authority shall be sent to the offices of the Exchange Control Department of the RBI as given in Appendix-18D as per the statement given in Appendix-18C.</p>
<i>Validity of IEC No.</i>	2.9.2	An IEC number allotted to an applicant shall be valid for all its branches/divisions/units/factories as indicated in the format of IEC given in Appendix- 18B.
<i>Duplicate Copy of IEC Number</i>	2.9.3	Where an IEC Number is lost or misplaced, the issuing authority may consider requests for grant of a duplicate copy of IEC number, if accompanied by an affidavit.
<i>Surrender of IEC Number</i>	2.9.4	If an IEC holder does not wish to operate the allotted IEC number, he may surrender the same by informing the issuing authority. On receipt of such intimation, the issuing authority shall immediately cancel the same and electronically transmit it to DGFT for onward transmission to the Customs and Regional Authorities.

<i>Mandatory returns</i>	2.9.5	Deleted
<i>Application for Import and Export of Restricted Items</i>	2.10	An application for grant of a licence/certificate/permission for import or export of items mentioned as restricted in ITC(HS) may be made in the form and to the Regional authorities specified under the relevant chapters of this Handbook.
<i>Imports under Indo-US Memorandum of Understanding</i>	2.11	Import of specified capital goods, raw materials, components, etc. from the United States of America is subject to US Export Control Regulations.

US suppliers of such items are required to obtain an export licence/ certificate/Authorisation/ permission based on the import certificate furnished by the Indian importer to the US supplier. The following are the designated Import Certificate Issuing Authorities (ICIA):

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

A request for an import certificate shall be made in the 'Aayaat Niryaat Form'. The import certificate in Appendix-31 may be issued by the ICIA directly to the importer with a copy to (i) Ministry of External Affairs (AMS Section), New Delhi, (ii) Department of Electronics, New Delhi; and (iii) Directorate General of Foreign Trade, New Delhi.

However, this import certificate will not be regarded as a substitute for an import licence/certificate/ permission in respect of the items mentioned as restricted in ITC(HS) and an import

licence/certificate/permission will have to be obtained wherever required for such items.

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

2.12 The validity of import licence/certificate/ Authorisation/ permission from the date of issue of licence/ certificate/ Authorisation/ permission shall be as follows:

- | | | |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| (i) | Advance Authorisation / DFIA (including Advance Authorisation / DFIA for Annual Requirement), DFRC and Replenishment licence for Gem & Jewellery as per Chapter- 4 of the Policy. | 24 months |
| (ii) | EPCG Authorisation (other than spares). | 36 months |
| (iii) | EPCG Authorisation for Spares, refractories, catalyst and consumables. | Co-terminus with the Export Obligation Period of the EPCG Authorisation. |
| (iv) | Others including CCP and Duty Entitlement Passbook Scheme, unless otherwise specified. | 24 months |
| (v) | Advance Authorisation / DFIA for deemed export (including Advance Authorisation / DFIA for Annual Requirement). | 24 months or Co-terminus with the contracted duration of execution of the project whichever is later. |

2.12.1 Where the date of expiry of the licence/ certificate/ Authorisation/ permission/ duty credit certificates falls before the last day of the month, the licence/certificate/ Authorisation/ permission/ duty credit certificate shall be deemed to be valid until the last day of the month.

This proviso would be applicable even for a revalidated licence/ certificate/ Authorisation/ permission/ duty credit certificates.

2.12.2 “The period of validity means the period for shipment/ dispatch

of goods covered under the licence/certificate/ Authorisation/ permission. The validity of an import licence/ certificate/ Authorisation/ permission is decided with reference to the date of shipment/ dispatch of the goods from the supplying country as given in Paragraph 9.11 A of this Handbook and not the date of arrival of the goods at an Indian port.”

- 2.12.3 The provisions of paragraph 2.12.2 above shall not be applicable to DEPB, Duty Free Entitlement Certificate for Service Providers, Vishesh Krishi and Gram Udyog Yojana and duty credit scrips issued under Focus Market scheme and Focus Product scheme. DEPB, Duty Free Entitlement Certificate for Service Providers, Vishesh Krishi and Gram Udyog Yojana and duty credit scrips issued under Focus Market scheme and Focus Product scheme which are in the nature of duty credit entitlement and must be valid on the date on which actual debit of duty is made.
- 2.12.4 Similarly, where the date of expiry of either original or extended export obligation period falls before the last day of the month, such export obligation period shall be deemed to be valid until the last day of the month. The original validity of export licence for restricted items shall be 12 months from the date of issuance unless otherwise specified.

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

- 2.13 The licence/certificate/ Authorisation/ permission may be revalidated on merits by the Regional Authority concerned, which has issued the licence/ certificate/ Authorisation/ permission, for a period of six months reckoned from the date of expiry of the validity period.
- 2.13.1 However, revalidation of freely transferable licence/certificate/ Authorisation/ permissions and stock and sale licence/ certificate/ Authorisation/ permission shall not be permitted unless the licence/ certificates/ Authorisation/ permissions have expired while in custody of the Customs authority/ Regional Authority.
- 2.13.2 In case the licence/ certificates/ Authorisation/ permissions expires in the custody of the concerned Regional Authority, revalidation would be permitted under the specific orders of the Head of the Office for a period for which the Licence/ Certificate/ Authorisation/ Permissions has remained in Custody with the concerned Regional Authority.

- 2.13.3 Notwithstanding the provisions of para 2.13 and in cases covered under paras 2.13.1 and 2.13.2 above, the revalidation would be for a period for which the Licence/ Certificate/ Authorisation/ Permissions remains in the custody of the Customs or Regional Authority.

An application for revalidation, including application for revalidation of licence for import of restricted items, may be made to the Regional Authority concerned in the 'Aayaat Niryaat Form'. The Regional Authority would consider the application for revalidation of restricted list licence as per the government rules/ notifications governing the import of the items mentioned in the license existing as on date of request for revalidation. However, in such cases where revalidation of the licence/ certificate/ Authorisation/ permissions is to be considered by DGFT, the original application along with Treasury Receipt (TR) /Demand Draft shall be submitted to the Regional Authorities concerned and self-attested copy of the same shall be submitted to DGFT.

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

- 2.14 Where a licence/certificate/authorisation/permission or an actual user duty credit certificate is lost or misplaced, an application for grant of a duplicate copy thereof may be made along with a copy of an affidavit, as given in Appendix-24, to the Regional Authority which has issued the original licence/ certificate/ Authorisation/ permission.

The Regional Authority concerned may, on merits, issue a duplicate copy of the same after issuing an order for cancellation of the original licence/certificate/ Authorisation/ permission and after informing the customs authority where the original licence/ certificate/ Authorisation/ permission was registered.

- 2.15 Duplicate copy of freely transferable licence/ certificate/ Authorisation/ permissions, may be issued against an application accompanied by the following documents:
- a. An application with a fee equivalent to 10% of duty saved or duty credit.
 - b. A copy of FIR reporting the loss.
 - c. A copy of the original affidavit on notorised stamp paper.
 - d. Indemnity bond on a stamp paper undertaking to indemnify the revenue loss to the Government which

may be caused on account of issue of duplicate licenses covering the duty saved/ duty credit amount.

- 2.15.1 However, when the licence/certificate/ Authorisation/ permission has been lost by the Government agency and a proof to this effect is submitted, the documents at serial nos. (a) to (d) shall not be asked for.

In such cases, licence/certificate/ Authorisation/ permissions shall be revalidated for a period for six months from the date of endorsement, notwithstanding anything stated below.

- 2.15.2 The Regional Authority, before issuing the licenses/certificate/ authorisation/permission, shall obtain the report regarding utilization of the licence/ certificate/ Authorisation/ permissions from the Custom authority at the port of registration mentioned in the original licence/ certificate/ Authorisation/ permission.

The duplicate licence/ certificate/ Authorisation/ permission shall be issued only for the balance, which remained unutilized as per the report furnished by the Customs authority at the port of registration.

- 2.15.3 The validity of duplicate licence/certificate/ Authorisation/ permission shall be co-terminus with the original license and therefore no request shall be entertained if the validity of the original licence/ certificate/ Authorisation/ permission has expired.

However, in case when DEPB/ DFRC, Vishesh Krishi and Gram Udyog Yojana scrips/DFCE issued under Served from India/scrips issued under Focus Market scheme/scrips issued under Focus Product scheme/Transferable DFIA is lost by Customs/Regional Authority, duplicate licence/ certificate/ Authorisation/ permission shall be issued for a validity of six months.

However, in the case of loss of DEPB/Vishesh Krishi and Gram Udyog Yojana scrips/DFCE issued under Served from India/scrips issued under Focus Market scheme/scrips issued under Focus Product scheme/Transferable DFIA not involving either the Customs or the Regional Authorities, the duplicate issued would have a validity equivalent to the balance period of validity of the original on the date of application for the duplicate.

- 2.15.4 The 10% duty saved as given in para 2.15(a) is applicable for

DFRC/Transferable DFIA and would be the duty saved amount for the balance quantity and proportionate CIF value as per the information available in serial no 6 of sub section V of 'Aayaat Niryaat Form'. However in case of duty credit certificates such as DEPB, Vishesh Krishi and Gram Udyog Yojana scripts/DFCE issued under Served from India/scripts issued under Focus Market scheme/scripts issued under Focus Product scheme/Transferable DFIA 10% duty credit as given in para 2.15 (a) will be equivalent to 10% of the available credit balance on the lost duty credit certificate.

2.15.5 The 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 licence/ certificate/ Authorisation/ permissions and other documents from DGFT Head Quarters and Regional Authorities, identity cards may be issued to the proprietor/ partners/ directors and the authorised employees (not more than three), of the importers and exporters.

However in case of limited companies, the Head of the Regional Office may approve the allotment of more than three identity cards per company. An application for issuance of an Identity Card may be made in the form given in Appendix-20A.

The documents/licence/ certificate/ Authorisation/ permissions may be delivered to the identity card holder and the officials of the DGFT shall not be responsible for any loss etc. of the documents/ licence /certificate/ Authorisation/ permissions thereafter.

In case of loss of an identity card, a duplicate card may be issued on the basis of an affidavit. The identity card shall be issued in the format as given in Appendix-20B and shall be valid for a period of three years from the date of issuance.

In the normal circumstances, one authorized employee is allotted one identity card pertaining to the company he represents. However, to take care of cases like common directors/ partners, group company or any other similar issues, Head of the Regional Office may issue multiple identity cards to authorized employee after recording the reasons in writing.

Interviews with authorised Officers.

2.17 Importer/Exporter and their employees shall have free access to the offices of the Regional authorities and to the officers authorised to grant interviews. Such officers may also grant

interview at their discretion to authorised representative of the importer/exporter for making specific representation. Interviews/ clarifications may also be sought through E-mails with the officer concerned.

***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 the small scale sector, subject to the condition that they obtain an Industrial licence under the Industries (Development and Regulation), Act, 1951.

It is a condition of such licence that the manufacturer shall undertake export obligation as may be specified by the Ministry of Industry and the licensee is required to furnish a Legal Undertaking to the Directorate General of Foreign Trade in this behalf. The Directorate General of Foreign Trade shall monitor the export obligation.

Warehousing Facility

2.19 Public/Private Customs Bonded Warehouses may be set up in Domestic Tariff Area by following the procedure envisaged in Chapter-IX of the Customs Act, 1962. Such warehouses shall be permitted to import the items in terms of paragraph 2.28 of the Policy.

On receipt of goods, such warehouses shall keep the goods for a period of one year without payment of applicable customs duties. Goods can be cleared against the Bill of Entry for home consumption, on payment of applicable custom duty and on submission of licence/certificate/ Authorisation/ permission wherever required, provided the competent customs authorities have made an order for clearance of such goods for home consumption.

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

In case of clearance against DEPB, customs duty on imports may be adjusted against DEPB credit.

The 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.

Import, storage, clearance or re-export are subject to the provisions of the Customs Act, 1962 and the Rules, Orders,

Notifications or Instructions issued in respect of these provisions.

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

2.20 In cases of direct import before clearance of goods through customs, the licence/ Authorisation holder shall execute a legal undertaking (LUT)/Bank Guarantee(BG) with the customs authorities in the manner as prescribed by them.

For cases of direct imports, the Regional Authority shall endorse the following condition on the licence/ Authorisation:

“Bank Guarantee/ LUT as applicable to be executed as per relevant Customs Notification/ Circular”

However, in case of indigenous sourcing, the licence/certificate/ Authorisation/ permission holder shall furnish Bank Guarantee/ LUT to the Regional Authority as prescribed below before sourcing the material from the nominated agencies or indigenous supplier:-

S. No.	Category of Exporter	Relevant provisions of Bank Guarantee/ LUT
1	All Status holders (both merchandise exporter and service providers)/Public Sector Undertaking (PSUs) .	Legal Undertaking (LUT).
2	Manufacturer exporter (except Proprietorship and Partnership firms)	Legal Undertaking (LUT).
	(a) Registered with Central Excise authority and	
	(b) Having a minimum export turn- over of Rs.1 Crore and above in the preceding year. and	
	(c) Having exported during the previous two financial years.	
3	Manufacturer Exporter	Legal Undertaking (LUT)
	(a) Registered with Central Excise Authority and	

- (b) Having paid Central Excise Duty of Rs.1 Crore or more during the preceding financial year.

The exporter must submit a Certificate issued by Jurisdictional Superintendent of Central Excise where the factory is located validating clause (b) above.

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|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| 4 | All exporters | Legal Undertaking (LUT) |
| | <ul style="list-style-type: none"> (a) having an export turnover of at least Rupees 5 crore in the preceding licensing year and (b) have a good track record and three years of export performance | |
| 5 | Other Manufacturer Exporter not covered under 1, 2, 3 & 4 above (except Proprietorships and Partnership firms) | Bond supported by Bank Guarantee to the extent of 15% of duty saved on excise and education cess, if applicable. |
| | <ul style="list-style-type: none"> (a) exporting for last 3 years, or (b) exporting in any of the last 3 years and satisfying the following conditions: | |
| | Registered with Excise Authorities, | |
| | Or | |
| | Registered with State Sales Tax Authorities; | |
| | Shall be required to furnish: | |
| | <ul style="list-style-type: none"> (i) A Central Excise certificate certifying preceding years exports as per customs Circular | |

No.74/2003 dated
21.8.2003, and

- (ii) Registration Certificate and Excise Control Code (E.C.C.) Number issued by Central Excise Authorities or Registration Certificate issued by State Sales Tax Authorities, as the case may be. This provision is not required for category (a) above.
- 6 Manufacturing companies (as distinguished from Proprietorship and Partnership firm, who may also be manufacturers) having not exported in each of the preceding three licensing years but fulfilled the following criterion:
- (i) The company is registered with Central Excise Authorities and has paid Central Excise duty (unless exempted); and
 - (ii) The company is registered with State Sales Tax Authorities and has paid sales tax (unless exempted); and
 - (iii) The company furnishes copy of their audited balance sheet; and the minimum investment in plant and machinery must be Rs 50 lakhs.
- 7 Merchant Exporter, all types of Proprietorship and
- Bond supported by Bank Guarantee to the extent of 15% of duty saved on excise duty and education cess, if applicable.
- Bond supported by Bank Guarantee to the

	Partnership firms (Other than Status Holders/ PSUs and category 4 above)	extent of 100% of the duty saved on excise and education cess if applicable.
8	Service providers other than those in category 1 and 4 above.	Bond supported by Bank Guarantee to the extent of 100% of the duty saved on excise and education cess if applicable.

However, Manufacturer / Merchant Exporters falling under any of the following two categories based on risk profile of the exporter are required to execute bond supported by Bank Guarantee to the extent of 100% of the duty saved amount on excise and education cess if applicable. This can be prescribed by the Head of the office not being below the rank of Deputy Director General of Foreign Trade by recording the reasons in writing.

- (a) Have come under the adverse notice of Customs/ DGFT/ Central Excise for serious irregularities;
- (b) Having adverse track record in terms of fulfillment of pending export obligation

In cases where the Excise Duty is nil on the items of indigenous procurement, the Bank Guarantee furnished would be for 25% of the basic Customs Duty on the same product. The Bank Guarantee and LUT should be valid as per the terms and conditions incorporated in the Appendix-25A & 25B respectively. The validity of the Bank Guarantee/LUT is required to be extended in case of extension in export obligation period. Specific endorsement to this effect shall be made in the licence/ Authorisation by the Regional Authority.

In respect of categories 3, 4 & 5 above, if the exporter has not exported for all the 3 preceding years, 15% Bank Guarantee condition shall be imposed on the duty saved amount provided the CIF value does not exceed 200% of the domestic turnover or 200% of FOB/FOR value of supplies of the preceding licensing year, whichever is higher. Licence/ Authorisation beyond 200% entitlement shall be subject to 100% BG on the duty saved amount for the CIF value exceeding 200%

entitlement. However the entitlement may be re-credited on production of documentary evidence showing fulfillment of export obligation and realization of export/ supply proceed.

In respect of categories at S No. 2 and 4, the licensee/ Authorisation holder would be required to submit the Export Performance Certificate issued by a Chartered Accountant as per Appendix 26.

However, for import/domestic procurement of car under EPCG scheme, 100% Bank Guarantee will be required to be furnished except in case of status holders/ PSUs who will furnish Bank Guarantee/LUT as per aforesaid conditions.

Bank Guarantee exemption/relaxation as mentioned above shall also be available in respect of past licences/ Authorisations where licence/ Authorisation holder had earlier filed Bank Guarantee but as on date the licence/ Authorisation holder is entitled for Bank Guarantee exemption.

In case, the firm has already executed BG/ LUT for the full value of the licence/ certificate/ Authorisation/ permission covering the items indigenously procured, to the Customs and furnishes proof of the same, no BG/ LUT shall be required to be executed with the Regional Authority.

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| <i>Corporate Guarantee</i> | 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. |
| <i>Certificate of Origin</i> | 2.21 | Certificate of Origin is the instrument to establish evidence on the origin of goods imported into any country. There are two categories of Certificate of Origin viz. (1) Preferential and (2) Non preferential. |
| <i>Preferential</i> | 2.21.1 | The 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), Bangkok Agreement, India–Srilanka Free Trade Agreement (ISLFTA) and Indo- Thailand Free Trade Agreement. These arrangements/ agreements prescribe Rules of origin which have to be fulfilled for the exports to be eligible for the tariff preference. |

The authorised agencies shall provide services relating to issuance of certificate of origin, including details regarding the rules of origin, list of items covered by an agreement, extent of tariff preference, verification and certification of eligibility etc. Export Inspection Council (EIC) is the sole agency authorised to print blank certificates. The authorised agencies may charge a fee, as approved by Ministry of Commerce and Industry, for services rendered.

Generalised System of Preferences (GSP)

- (a) GSP is a non contractual instrument by which industrialized (developed) countries unilaterally and on the basis of non reciprocity extend tariff concessions to developing countries. The following countries extend tariff preferences under their GSP Scheme.

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

Global System of Trade Preference (GSTP)

- (b) Under the agreement establishing Global System of Trade Preference (GSTP), tariff concessions are exchanged among developing countries, who have signed the agreement. Presently, there are 46 member countries of GSTP and India has exchanged tariff concessions with 12 countries on a limited number of products. Export Inspection Council (EIC) is the sole agency authorised to issue Certificate of Origin under GSTP.

SAARC Preferential Trading Agreement (SAPTA)

- (c) The Agreement establishing 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 the SAARC countries. The list of agencies, which are authorised to issue Certificate of Origin under SAPTA are notified under Appendix – 4B.

Bangkok Agreement

- (d) The Bangkok agreement is a preferential trading arrangement designed to liberalise and expand trade in goods progressively in the 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. The agencies authorised to issue Certificate of Origin under Bangkok agreement are listed in Appendix – 4B.

India-Sri Lanka Free Trade Agreement (ISLFTA)

- (e) A Free Trade Agreement (FTA) between India and Sri Lanka was signed on 20th December, 1998. The agreement was operationalised in March, 2000 following notification of the required Customs tariff concessions by the Government of Sri Lanka and India in February, and March, 2000 respectively. Export Inspection Council is the sole agency to issue the Certificate of Origin under ISLFTA.

India Afghanistan Preferential Trade Agreement

- (f) A Preferential Trade Agreement between the Transitional Islamic State of Afghanistan and Republic of India was signed on 6th March, 2003 and was operationalised with the issuance of the Customs Notification No 76/2003 dated 13th May, 2003. Export Inspection Council is the sole agency to issue the Certificate of Origin under India Afghanistan Preferential Trade Agreement .

Indo – Thailand Framework Agreement for Free Trade Area

- (g) India and Thailand have signed the protocol to implement Early Harvest Scheme under India- Thailand Free Trade Agreement on 1st September 2004. The tariff preferences for imports on the items of Early Harvest Scheme would be available only to those products, which satisfy the Rules of Origin Criteria, which have been notified by Department of Revenue, Ministry of Finance, vide

notification No.101/2004-Customs dated 31st August 2004. Export Inspection Council of India would be the sole agency to issue the Certificate of Origin under the Early Harvest Scheme of the Framework Agreement on the India-Thailand Free Trade Agreement.

Non Preferential

2.21.2 The Government has also nominated certain authorised agencies to issue Non Preferential Certificate of Origin in accordance with Article II of International Convention Relating to Simplification of Customs formalities, 1923. These Certificates of Origin evidence the origin of goods and do not bestow any right to preferential tariffs. The list of these agencies is provided in Appendix – 4C.

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

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

The agency would ensure that the goods are of Indian origin as per the general principles governing the rules of origin before granting the Certificate of Origin(non preferential). The Certificate would be issued as per the Format of Certificate of Origin (Non Preferential) given in Annexure-II to Appendix–4C. It should be ensured that no correction/re-type is made on the certificate.

Any of the agencies desirous of enlistment in Appendix–4C may submit their application as per Annexure I to Appendix 4C to the concerned Regional Authority under whose Jurisdiction the applicant falls as given in Appendix 1.

In case of tea, all exporters who are required to submit Certificate of Origin (Non-Preferential) shall apply to the Tea Board or any Inspection Agency authorized by the Tea Board

		and enlisted in Appendix-4C of the Handbook of Procedures, (Vol.I) with the documents listed above.
<i>Automatic Licence/ Certificate/ Authorisation/ Permission</i>	2.22	The status holders shall be issued licence/ certificate/ Authorisation/ permissions automatically within the stipulated time period. Deficiency, if any, shall be informed in the covering letter which shall be required to be rectified by the status holders within 10 days from the date of communication of deficiency.
<i>Submission of Certified Copies of Documents</i>	2.23	Wherever the original documents have been submitted to a different Regional Authority/ nominated agencies or to a different division of the same Regional Authority, the applicant can furnish photocopy of the documents duly certified by him in lieu of the original.
<i>Advance Payment</i>	2.24	In case, payment is received in advance and export/ deemed exports takes place subsequently, the application for a licence/ certificate/ Authorisation/ permission shall be filed within specific period following the month during which the exports/ deemed exports are made, unless otherwise specified.
<i>Payment through ECGC cover</i>	2.25.1	In cases where the export has been completed but the payment has not been realised from the buyer, such exports shall be taken into account for the purpose of benefits under the Policy provided the payment has been realised by the Indian exporter through ECGC cover.
<i>Payment through General Insurance</i>	2.25.2	In cases where exports have been made and payment realized through the General Insurance Cover on account of transit loss or other circumstances, the amount of the insurance cover paid would be treated as payment realized on account of exports under the various export promotion schemes.
<i>Export by post</i>	2.26	In case of export by post, the exporter shall submit the following documents in lieu of documents prescribed for export by sea/air. <ol style="list-style-type: none"> 1) Bank Certificate of Export and Realisation as given in Appendix-22A. 2) Relevant postal receipt. 3) Invoice duly attested by the Customs.
<i>Import/ Export through Courier Service</i>	2.26.1	Imports/Exports through a registered courier service is permitted as per the Notification issued by the Department of Revenue.

However, importability/ exportability of such items shall be regulated in accordance with the Policy.

Direct negotiation of export documents

2.26.2 In cases where the exporter directly negotiates the document (not through the authorised dealer) with the permission of the RBI, he is required to submit the following documents for availing of the benefits under the export promotion schemes:

- a. Permission from RBI allowing direct negotiation of documents (however this is not required for status holders who have been granted a general permission),
- b. Copy of the Foreign Inward Remittance Certificate (FIRC) as per Form 10-H of the Income Tax department in lieu of the BRC and
- c. Statement giving details of the shipping bills/ invoice against which the FIRC was issued.

Import/Export of Samples

2.27 No licence/certificate/ Authorisation/ permission shall be required for Imports of bonafide technical and trade samples of items mentioned as restricted in ITC(HS) except vegetable seeds, bees and new drugs by any importer. However, samples of tea not exceeding Rs.2000 (CIF) in one consignment shall be allowed without a licence/certificate/ Authorisation/ permission by any person connected with Tea industry.

Duty free import of samples upto Rs 60000 for all exporters barring those in the gems and jewellery sector and Rs.300,000 for those in the gems and jewellery sector shall be allowed as per the terms and conditions of Customs notification.

Exports of bonafide trade and technical samples of freely exportable item shall be allowed without any limit.

Import under Lease Financing

2.28 Permission of the Regional Authority is not required for import of capital goods under lease financing. However, the condition of actual user or licence/ certificate/ Authorisation/ permission, wherever required under the Policy or this Handbook, shall be applicable in case of import of capital goods under such lease financing.

The facility shall also be available under EPCG Scheme, EOU/ SEZ scheme. The domestic supplier of capital goods to eligible categories of deemed exports shall be eligible for the benefits of deemed exports as given in paragraph 8.3 of the Policy even in such cases where the supplies are under lease financing.

Exhibits Required for National and International Exhibitions or Fairs and Demonstration

2.29 Import/export of exhibits, including construction and decorative materials required for the temporary stands of the foreign/ Indian exhibitors at the exhibitions, fair or similar show or display for a period of six months on re-export/re-import basis, shall be allowed without a licence/certificate/ Authorisation/ permission on submission of a certificate from an officer of a rank not below that of an Under Secretary/Deputy Director General of Foreign Trade to the Government of India in the Department of Commerce/ Directorate General of Foreign Trade or an officer of the Indian Trade Promotion Organization duly authorised by its Chairman in this behalf, to the effect that such exhibition, fair or similar show or display, as the case may be,

- (i) has been approved or sponsored by the Government of India in the Department of Commerce or the India Trade Promotion Organization; and
- (ii) is being held in public interest.

Extension beyond six months for re-export/re-import will be considered by the Customs authorities on merits. Consumables such as paints, printed material, pamphlets, literature etc. pertaining to the exhibits need not be re-exported/re-imported.

Import Policy

2.30 The Policy relating to the 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 the Policy.

General Procedure for Licensing of Restricted Goods

2.31 Wherever an import licence/certificate/ permission, including Customs Clearance Permit (CCP), is required under the Policy, the 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 the following types of metallic waste and scrap will be free subject to certain conditions detailed below :

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
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 in para 2.32.2 above in shredded form shall be permitted through all ports of India. 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. Import will be allowed only from overseas suppliers who are registered with the Directorate General of Foreign

Trade and are listed under Appendix – 5B of the Handbook of Procedures. Registration will be required only for those suppliers that directly contract with suppliers located in India.

- b. All applications will be filed in Appendix-5A of the Handbook of Procedures, Vol-I along with supporting documents (wherever required). The details are available on the DGFT website.
- c. There will be no application fee for registration.
- d. The initial registration will be for a period of two years.
- e. Only direct imports from registered suppliers against letter of credit will be allowed. No high seas sale would be allowed.
- f. Import of scrap would take place only through the 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 Tughlakabad (New Delhi), 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”.
- g. In case of any violation, the overseas supplier would be deregistered. Action will also be taken against the Indian firm which is importing the scrap under the Foreign Trade (Development & Regulation) Act, 1992.

The last date for filing the applications will be 30th April, 2006. Applications can be sent by e-mail, courier, or in person to the Directorate General of Foreign Trade, H-wing, Udyog Bhavan, Maulana Azad Road, New Delhi-110011.

The new system of import from registered sources will come into effect from 1st April, 2006. However, upto

30th June, 2006 imports will also be allowed on the basis of the pre-shipment inspection certificate regime in terms of Para 2.32 of the Handbook of Procedures (Vol.1), notified vide Public Notice No. 1 dated 8th April, 2005 and as amended from time to time.

2.32.3 However, import of other kinds of metallic waste and scrap will be allowed in terms of the conditions of the ITC (HS) Classification of Export and Import Items, 2004-2009.

2.32.4 The import policy for seconds and defective, rags, PET bottles/waste, and ships is given in the ITC(HS) Classification of Export and Import items, 2004-09.

Import of Second Hand Capital Goods

2.33 Import of second hand capital goods including refurbished/reconditioned spares, shall be allowed freely, subject to conditions for the following categories:

The Import of second hand computers including personal computers and laptops are restricted for imports.

The import of refurbished/reconditioned spares will be allowed on production of a Chartered Engineer certificate that such spares have a residual life not less than 80% of the life of the original spare.

2.33.1 Notwithstanding the provisions of Para 2.33 above, second hand computers, laptops and computer peripherals including printer, plotter, scanner, monitor, keyboard and storage units can be imported freely as donations by the following category of donees:

- (i) School run by Central or State Government or a local body,
- (ii) Educational Institution run on non- commercial basis by any organization
- (iii) Registered Charitable Hospital
- (iv) Public Library
- (v) Public funded Research and Development Establishment
- (vi) Community Information Centre run by the Central or State Government or local bodies

(vii) Adult Education Centre run by the Central or State Government or a local body

(viii) Organization of the Central or State Government or a Union Territory

The imports under this sub Para would be subject to the condition that the goods shall not be used for any commercial purpose, is non transferable and complies with all the terms and conditions of the relevant Customs Rules and Regulations.

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

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

2.34 Import of following types of ammunition are allowed against a licence/certificate/permission by licensed arms dealers subject to the 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 licence/certificate/permission shall be issued at 5% of the value of the annual average sales turnover of ammunition (whether indigenous or imported) during the preceding three licensing years subject to a minimum of Rs. 2000.

An application for grant of a licence/ certificate/ permission for items listed above may be made to the Regional Authority in the 'Aayaat Niryaat Form' along with the 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 a licence/ certificate/ permission. Import licence/ certificate/ permission shall be granted on the recommendation of the Director General, Tourism, Government of India.

2.35.1 Hotels, including tourist hotels, recognised by the Director General of Tourism, Government of India or a State Government shall be entitled to import licence/ certificate/ permissions upto a value of 25% of the foreign exchange earned by them from foreign tourists during the preceding licensing year.

Such licence/certificate/ permissions shall be granted for the import of essential goods related to the 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 the Director General of Tourism, Government of India, shall be entitled to import licence/ certificate/ permissions up to a value of 10% of the foreign exchange earned by them during the preceding licensing year.

Such licence/ certificate/ permissions shall be granted for the import of essential goods which are restricted for imports related to the travel and tourism industry, including office and other equipment required for their own professional use.

2.35.3 The 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 the import entitlement of the two succeeding licensing years.

2.35.4 The import licence/certificate/permission granted under paragraphs 2.35.1 and 2.35.2 shall not be transferable. However, transferability of such licence/ certificate/ permission granted to hotels/ restaurants/ travel agents/ tour operators may be allowed within their respective groups or to managed hotels as defined in Chapter 9 of Foreign Trade Policy.

2.35.5 The goods imported against such licence/ certificate/ permission shall not be transferred to anyone within a period of 2 years

from the date of their import without the prior permission of the Director General of Foreign Trade.

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

2.35.6 An application for grant of a licence/ certificate/ permission under paragraphs 2.35.1 and 2.35.2 may be made in the 'Aayaat Niryaat Form' to the Director General of Foreign Trade through Director of Tourism, Government of India who will forward the application to the Regional Authority concerned along with the recommendations on the import entitlement and the goods to be imported.

***Import of Other
Restricted Items***

2.36 ITC (HS) contains the list of restricted items. An application for import of such items may be made, in the 'Aayaat Niryaat Form' along with the documents prescribed therein. Original application along with Treasury Receipt (TR) /Demand Draft shall be submitted to the regional authority concerned and self-attested copy of the same shall be submitted to DGFT in duplicate along with proof of submission of the application to concerned Regional Authority.

***EXIM Facilitation
Committee***

2.37 Restricted item licence/certificate/permission may be granted by the Director General of Foreign Trade or any other Regional Authority authorised by him in this behalf. The DGFT/ Regional Authority may take the assistance and advice of a Facilitation Committee.

The Facilitation Committee will consist of representatives of Technical Authorities and Departments/ Ministries concerned.

***Gifts of Consumer
or Other Goods***

2.38 In terms of the provisions contained in paragraph 2.19 of the Policy, an application for grant of Customs Clearance Permit for import as gifts of items appearing as restricted for imports in ITC(HS) shall be made to the Director General of Foreign Trade in the form given in 'Aayaat Niryaat Form' along with documents prescribed therein.

However, where the recipient of a gift is a charitable, religious or an educational institution registered under a law relating to the registration of societies or trusts or otherwise approved by the Central or a State Government and the gift sought to be

imported has been exempted from payment of customs duty by the Ministry of Finance, such import shall be allowed by the customs authorities without a Customs Clearance Permit.

Import under Govt. to Govt. Agreements

2.39 Import of goods under Government to Government agreements may be allowed without a licence/ certificate/permission or Customs Clearance Permit on production of necessary evidence to the satisfaction of the Customs authorities

Import of Cheque Books/ Ticket Forms etc.

2.40 Indian branches of foreign banks, insurance companies and travel agencies may import cheque books, bank draft forms and travellers cheque forms without a Customs Clearance Permit. Similarly, airlines/shipping companies operating in India, including persons authorised by such airlines/shipping companies, may import passenger ticket forms without a Customs Clearance Permit.

Import of Reconditioned/ Second Hand Aircraft Spares

2.41 Air India, Indian Airlines, Vayudoot, Pawan Hans Ltd. and scheduled domestic private airlines, private sector/public sector companies and State Governments operating executive/ training aircraft or those engaged in the aerial spraying of crops and non scheduled airlines and charter service operators will be eligible to import, without a licence/ certificate/permission, reconditioned/ second hand aircraft spares on the recommendation of the Director General of Civil Aviation, Government of India.

Foreign airlines shall also be eligible to import without a licence/ certificate/ permission, reconditioned/second hand aircraft spares on the recommendation of the Director General of Civil Aviation, Government of India.

Import of Replacement Goods

2.42 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 a licence/ certificate/ Authorisation/ permission, and goods in replacement thereof may be supplied free of charge by the 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 licence/certificate/ Authorisation/ permission provided that:

- (a) The shipment of replacement goods is made within 24 months from the date of clearance of the previously

imported goods through the Customs or within the guarantee period in the case of machines or parts thereof where such period is more than 24 months; and

- (b) No remittance shall be allowed except for payment of insurance and freight charges where the replacement of goods by foreign suppliers is subject to payment of insurance and/or freight by the importer and documentary evidence to this effect is produced at the time of making the remittance.

The importer shall also have the option to claim refund of payment, if any, already made to the foreign supplier, instead of obtaining replacement of goods referred to above.

- 2.42.1 In such cases where the goods have been found short-shipped, short-landed or lost in transit prior to actual import and/or detected as such at the time of customs clearance, import of replacement goods will be permitted on the strength of the certificate issued by the customs authorities without an import licence/ certificate/ Authorisation/ permission.

This procedure shall also apply to cases in which short-shipment of goods is certified by the foreign supplier and he has agreed to replace the goods free of cost.

- 2.42.2 Cases not covered by the above provisions will be considered on merits by the DGFT for grant of licence/certificate/ Authorisation/ permissions for replacement of goods for which an application may be made in the 'Aayaat Niryaat Form'.

Transfer of Imported Goods

- 2.43 Goods, which are importable without restriction, can be transferred by sale or otherwise by the importer freely. Transfer of imported goods, which are subject to Actual User condition under the Policy and have become surplus to the needs of the Actual User, shall be made only with the prior permission of the Regional Authority concerned. The following information alongwith supporting documents shall be furnished with the request for grant of permission for transfer, to the Regional Authority concerned:
 - (i) Reasons for transfer of imported material;
 - (ii) Name, address, IEC number and industrial licence/ certificate/ Authorisation/ permission/registration, if any, of the transferee;

- (iii) Description, quantity and value of the goods imported and those sought to be transferred;
- (iv) Copies of import licence/ certificate/ Authorisation/ permission and bills of entry relating to the imports made;
- (v) Terms and conditions of the transfer as agreed upon between buyer and the seller.

2.43.1 Prior permission of the Regional Authority 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 the date of transfer.

2.43.2 Prior permission of the Regional Authority 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/licensee/ Authorisation holder shall be permitted only after 10 years of the date of import with the approval of the DGFT.

Sale of Exhibits

2.44 (i) Sale of exhibits of restricted items, mentioned in ITC(HS), imported for an international exhibition/ fair organised/ approved/ sponsored by the India Trade Promotion Organisation (ITPO) may also be made, without a licence/certificate/ Authorisation/ permission, within the bond period allowed for re-export, on payment of the 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 a licence/ certificate/ Authorisation/ permission, within the 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 the bond period due to circumstances beyond the control of the importer, the customs authorities may allow extension of the bond period on merits.

Import of Overseas Office Equipment

2.45 On the winding up of overseas offices, set up with the approval of the Reserve Bank of India, used office equipment and other items may be imported without a licence/ certificate/ permission.

<i>Labels, Price Tags And Like Articles For Export Products</i>	2.46	Supplies, made by foreign buyers or procured by the exporters on the advice of foreign buyers, of labels, price tags, hangers sizers, PVC boxes, inlay cards, printed bags, stickers and trimming materials like buttons, belts shoulder pads, buckles, eyelets, hooks and eyes and rivets to be attached to the goods against specific orders placed by foreign buyers on Indian exporters, may be imported without a licence/certificate/ Authorisation/ permission.
<i>Prototypes</i>	2.47	Import of new/second hand prototypes/ second hand samples may be allowed on payment of duty without a licence/ certificate/ Authorisation/ permission to an Actual User (industrial) engaged in the production of or having industrial licence/letter of intent for research in the item for which prototype is sought for product development or research, as the case may be, upon a self – declaration to that effect, to the satisfaction of the Customs Authorities.
<i>Restricted items for R&D</i>	2.48	All restricted items and items permitted to be imported by State Trading Enterprises (STEs), except live animals, required for R&D purpose may be imported without a licence/ certificate/ Authorisation/ permission by Government recognized Research and Development units.
<i>Export Policy</i>	2.49	The policy relating to Exports is given in Chapter-2 of the Policy. Further, Schedule 2, Appendix-1 of the ITC (HS) specifies the list of items which may be exported without a licence/certificate/ Authorisation/ permission but subject to terms and conditions specified in this behalf.
<i>Application for Grant of Export Licence/ Certificate/ Permission</i>	2.50	<p>An application for grant of Export licence/ certificate/ permission in respect of items mentioned in Schedule 2 of ITC(HS) may be made in the ‘Aayaat Niryaat Form’, to the Director General of Foreign Trade and shall be accompanied by the documents prescribed therein. The Foreign Trade Facilitation Committee shall consider applications on merits for issue of export licence/certificate/permissions.</p> <p>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) on the basis of guidelines given below.</p> <p>Applications for licences to export items or technology on the</p>

SCOMET List are considered case-by-case , based inter alia on the following general criteria :-

- I. The following factors, among others, are taken into account in the evaluation of applications for export of items on the SCOMET List:
 - a. Credentials of the end-user, credibility of declarations of end-use of the item or technology, the integrity of the 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.
 - b. The assessed risk that the exported items will fall into the hands of terrorists, terrorist groups, and non-State actors;
 - c. Export control measures instituted by the recipient State;
 - d. The capabilities and objectives of the programmes of the recipient State relating to weapons and their delivery;
 - e. The assessment of the end-uses of the item(s);
 - f. The applicability to an export licence application of relevant bilateral or multilateral agreements to which India is a party.
- II. A condition for the consideration of an application for an export licence is the submission of stipulated certifications to the effect, inter alia, that:
 - a. The item will be used only for the purpose stated and that such use will not be changed, nor the items modified or replicated without the consent of the Government of India;
 - b. Neither the items nor replicas nor derivatives thereof will be re-transferred without the consent of the Government of India;

- c. The end-user shall facilitate such verifications as are required by the Government of India.

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

- III. The Regional Authority for items in Category 0 below is the Department of Atomic Energy. The applicable guidelines are notified by that Department under the Atomic Energy Act, 1962. For certain items in Category 0, formal assurances from the 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 the 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 the export of items or technology that bear the possibility of diversion to or use in the development or manufacture of, or use as, systems capable of delivery of weapons of mass destruction.
- V. Applications for the transfer of “Technology” for any item on the List will be considered as an application for the export of the item itself.
- VI. Licences for the export of items in this List (other than those under Category 0, 1 and 2) solely for the 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. No licence for display or exhibition shall be issued for items under Categories 0, 1, and 2.)
- VII. Export of items not on the SCOMET List may also be regulated under the 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 the 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 the exhibitor intends to offer that item for sale during the exhibition abroad. Such sale shall not take place without a valid licence.

Note 3: The 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 the 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 the subject of government-to-government instruments of accord over export of items on the SCOMET List.

Note 6: 'Technology' (see also entry 'Technology' in the glossary in Appendix-3 to Schedule 2 of ITC(HS)). The approval of export of an item on the SCOMET List also authorizes the export to the same end-user of the minimum 'technology' required for the installation, operation, maintenance and repair of the item.

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

DGFT 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, etc. for medical and surgical purposes and are not prohibited for export. The validity of such certificate shall be two years from the date of issue unless otherwise specified.

***Export Of Items under
State Trading Regime
(STR)***

2.51 An application for export of items mentioned in ITC(HS) under STR regime may be made to the Director General of Foreign Trade.

<i>Exports Of Samples/ Exhibits</i>	2.52	An application for the export of samples or exhibits, which are restricted for export, may be made to the Director General of Foreign Trade.
<i>Free of Cost Exports</i>	2.52.1	The 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 the average annual export realisation during the preceding three licensing years whichever is higher.
<i>Gifts/Spares/Replacement Goods</i>	2.53	For export of gifts, indigenous/imported warranty spares and replacement goods in excess of the ceiling/ period prescribed in paragraphs 2.32, 2.33 and 2.37 respectively of the Policy, an application may be made to the Director General of Foreign Trade.
<i>Furnishing of Returns in respect Of Exports in non Physical form</i>	2.54	<p>All the 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 the Customs authorities has to be compulsorily reported on quarterly basis to the Electronic and Software Export Promotion Council in the proforma given in Appendix-19C.</p> <p>These provisions shall be applicable to all the exporting units located anywhere in the country including those located in STP, SEZ, EHTP and under 100% EOU scheme.</p>
<i>Duty Free Import of R&D Equipment for Pharmaceuticals and Bio-technology Sector</i>	2.55	<p>Duty free import of goods (as specified in the list 28 of Customs notification No.21/2002 dated 1.3.2002, as amended from time to time) upto 25% of the FOB value of exports during the preceding licensing year, shall be allowed to the manufacturer exporters having Research and Development wing which is registered with the Department of Scientific and Industrial Research in the Ministry of Science and Technology subject to fulfillment of condition number 53(ii) of the said notification.</p> <p>The eligible unit may furnish an application given in Appendix-15A to the Regional Authorities under whose jurisdiction the registered office of company or head office of the firm is located.</p> <p>The Regional Authority shall verify the application on the basis of the declaration given by the unit and countersigned by Chartered Accountant.</p>

- 2.55.1 Duty free imports of goods as specified in list 28A of Customs notification No. 21/2002 dated 1.3.2002, (as amended from time to time) upto 1% of the FOB value of exports made during the preceding licensing year, shall be allowed to agro chemicals sector unit having export turnover of Rs. 20 crore or above during preceding licensing year. Such facility shall be available only to a manufacturer having a research and development wing registered with Department of Scientific and Industrial Research in Ministry of Science and Technology subject to fulfilment of condition no.53A of the said notification.

The eligible unit shall apply in the form given in Appendix-15B to the Regional Authorities under whose jurisdiction the registered office of company or head office of the firm is located.

The Regional authority shall verify the application on the basis of the declaration given by the unit and countersigned by Chartered Accountant.

Conversion of E.P. copy of shipping bill from one scheme to another

- 2.56 If the Customs Authorities, after recording reasons in writing, permit conversion of an E.P. copy of any scheme shipping bill on which the benefit of that scheme has not been availed, the exporter would be entitled to the benefit under the scheme in which shipment is subsequently converted.

Relocation of Industries

- 2.57 Plant and machineries would be permitted for import without a licence provided the depreciated value of such relocation plant exceeds Rs. 25 crore.

Offsetting of Export Proceeds

- 2.58 Subject to the specific approval of the Reserve Bank of India, any payables, or equity investment made by a licence/ Authorisation holder under any export promotion scheme, can be used to offset receipts of his export proceeds. In such cases, the offsetting would be equal to the realisation of the export proceeds and the exporter would have to submit the following additional documents:

- a) Appendix-22D in lieu of the Bank Realisation Certificate.
- b) Specific permission of the Reserve Bank of India.

Quality Certification

- 2.59 It has been a constant endeavor to promote quality standards in the export product/units manufacturing the export product.

- 2.59.1 One of the salient features incorporated in the Foreign Trade Policy as per paragraph 3.5.2 Note.1 for the promotion of quality standards is the grant of Star Export 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.
- 2.59.2 The list of such agencies authorised to grant quality certification is given in Appendix-6.

Any of the agencies desirous of enlistment in Appendix –6 may submit their application as per Annexure I to Appendix 6 to the concerned Regional Authority under whose Jurisdiction the applicant falls as given in Appendix 1.

2.59.3 Deleted.

Grievance Redressal Mechanism

2.60 The provisions pertaining to the Grievance Redressal Mechanism is given in para 2.49 of the Foreign Trade Policy.

Procedure for import Under the Tariff Rate Quota Scheme

2.61 Attention is invited to Government of India, Ministry of Finance (Department of Revenue), Notification No. 21/2002-Customs dated 1st March, 2002. As per the notification, import of four items viz., (1) Skimmed and whole milk powder, milk food for babies etc. (0402.10 or 0402.21) (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 the 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.	Tariff Code No. 0402.10 or 0402.21 Skimmed and whole Milk Powder. Milk Food for babies etc.	10,000 MTs	15%
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 or
Mustard Oil, Other
(Refined) | 150,000 MTs | 45% |

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

- 2.61.1 (a) Milk Powder (Tariff Code No. 0402.10 or 0402.21): 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) are eligible to avail the quota.
- (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 are eligible to avail the quota.
- (c) Crude sunflower seed or safflower oil or fractions thereof(Tariff Code No. 1512.11): National Dairy Development Board(NDDB), 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 are eligible to avail the quota.
- (d) Refined rape, colza or mustard oil, other(Tariff Code No. 1514.19 or 1514.99): National Dairy Development Board(NDDB), 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 are eligible to avail the quota.

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

All eligible entities desiring availment of the quota as mentioned above, may make application to Exim Facilitation Committee (EFC) in the Aayaat-Niryat Form of the Handbook of Procedures in the office of Directorate General of Foreign Trade (DGFT), Udyog Bhavan, New Delhi – 110 011. The completed application forms along with the required / prescribed documents must reach this office on or before *1st March* of each financial year preceding to the year of the quota e.g. Applications for TRQ for 2007-2008 must reach DGFT by *1st March, 2007*.

The imports have to be completed before *31st March* of the financial year i.e. the consignments must be cleared by the customs authorities before this date.

Since import of maize (corn) is under State Trading Regime (STR), the allottees of quota i.e. designated agencies in para 1 (b) above for this item shall also be granted an import licence/ Authorisation for the 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 Foreign Trade Policy, 2004-2009, if they do not wish to make the imports through Food Corporation of India (FCI).

The application fee for these applications shall be paid according to the procedure contained in Appendix 21 B to Handbook of Procedures, Vol.I, 2004-2009.

The Exim Facilitation Committee (EFC) in the DGFT will evaluate and allot the quota among the applicants by *31st March* of each financial year preceding to the year of the quota e.g. For 2007-08, EFC will allot quota by *31st March, 2007*.

CHAPTER-3

PROMOTIONAL MEASURES

Status Certificates

- 3.1 The Policy relating to the status holder is given in Chapter- 3 of the Policy.

Application for Grant of Status Certificate

- 3.2 For grant of any status, the application shall be filed before 31st March. The application by exporters of goods and services for grant of One to Five Star Export House status shall be filed in 'Aayaat Niryaat Form'.

An existing status holder shall be automatically treated to be an equivalent star export house as per the table given herein under:

Erstwhile status under Exim Policy 2002-07	Converted Status as per the Foreign Trade Policy 2004-09
Export House	One Star Export House
Trading House	Three Star Export House
Star Trading House	Four Star Export House
Super Star Trading House	Five Star Export House

However, any exporter irrespective of whether he is a status holder or not can apply afresh in 'Aayaat Niryaat Form' for grant of status or upgradation of his existing status.

- 3.2.1 Application for grant of certificate for One to Five Star Export House shall be filed with the concerned regional authority headed by Joint DGFT. Provided further that, application for grant of status certificate in respect of EOU/ SEZ units, shall be filed with the concerned Development Commissioner if it does not involve clubbing of FOB value of exports of its other company(ies) in the DTA. However in case of clubbing, the application shall be filed with Joint DGFT.
- 3.2.2 Such application shall be made by the Registered Office/Head Office/Corporate Office in the case of a Company and Head Office in case of others. Where the applicant is the Registered Office/Head Office/Corporate Office in case of a Company, it shall furnish (a) Self certified copy of valid RCMC where the name of the Registered Office or Head Office or Corporate

Office is given and (b) A disclaimer from the Head Office and Corporate Office (or Registered Office and Corporate Office or Registered Office and Head Office as the case may be) that no such application has been filed by the Company earlier against the period of entitlement for the status certificate.

3.2.3 Deleted

Target Plus Scheme

3.2.5 Deleted

Maintenance of Accounts

3.3 The status holder shall maintain true and proper accounts of its exports and imports based on which such recognition has been granted and the exports and imports made during the validity period of such recognition certificate. The record shall be maintained for a minimum period of three years from the expiry of the validity of such certificate. These accounts shall be made available for inspection to the regional authority or any authority nominated by the Director General of Foreign Trade.

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

3.4 The status certificate may be refused or suspended or cancelled by the authority which is competent to issue/renew such certificate, if the certificate holder / applicant or any agent or employee acting on his behalf:

- (a) Fails to discharge the export obligation imposed;
- (b) Tampers with authorisations/licences;
- (c) Misrepresents or has been a party to any corrupt or fraudulent practice in obtaining any authorisation/licence;
- (d) Commits a breach of the Foreign Trade (Development and Regulation) Act, 1992, or the Rules and Orders made there under; or
- (e) Fails to furnish the information required by the Director General of Foreign Trade or any person or authority authorized by him.

3.4.1 A reasonable opportunity shall be given to the status holder before taking any action under paragraph 3.4 of Handbook of Procedures (Vol. I).

Appeal

3.5 An applicant, who is not satisfied with the decision taken to suspend or cancel the certificate, may file an appeal to the

Director General of Foreign Trade within 45 days of the date of the said decision. The decision of the DGFT shall be final.

Export Promotion Council 3.6 The general policy relating to the Export Promotion Councils (EPCs) is given in Chapter-2 of the Policy. A list and product category of Export Promotion Councils/ Commodity Boards is given in Appendix-2.

- 3.7 The major functions of the EPCs are:
- (a) To provide commercially useful information and assistance to their members in developing and increasing their exports;
 - (b) To offer professional advice to their members in areas such as technology up gradation, quality and design improvement, standards and specifications, product development, innovation etc;
 - (c) To organise visits of delegations of its members abroad to explore overseas market opportunities;
 - (d) To organise participation in trade fairs, exhibitions and buyer-seller meets in India and abroad;
 - (e) To promote interaction between the exporting community and the Government both at the Central and State levels; and
 - (f) To build a database on the exports and imports of their members.

Non-Profit, Autonomous and Professional Bodies 3.8 The EPCs are non-profit organizations registered under the Companies Act or the Societies Registration Act, as the case may be.

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

The EPCs shall not be required to obtain the approval of the Central Government for participation in trade fairs, exhibitions etc. and for sending sales teams/delegations abroad.

The Ministry of Commerce and Industry/ Ministry of Textiles of the Government of India, as the case may be, would interact with the Managing Committee of the Council concerned, twice a year, once for approving their annual plans and budget and again for a mid-year appraisal and review of their performance.

3.10 In order to give a boost and impetus to exports, it is imperative that the EPCs function as professional bodies. For this purpose, executives with a professional background in commerce, management and international marketing and having experience in government and industry should be brought into the EPCs.

Government Support

3.11 The EPCs may be provided financial assistance by the Central Government.

Authorities Issuing RCMC

3.12 An exporter desiring to obtain a Registration-cum-Membership Certificate (RCMC) shall declare his main line of business in the application, which shall be made to the Export Promotion Council (EPC) relating to that line of business. However, a status holder has the option to obtain RCMC from Federation of Indian Exporters Organization (FIEO).

Notwithstanding anything stated above, exporters of Drugs & Pharmaceuticals shall obtain RCMC from Pharmexcil only.

Further, exporters of minor forest produce and their value added products shall obtain RCMC from Shellac Export Promotion Council.

The service exporters (except software service exporters) shall be required to obtain RCMC from FIEO.

In respect of exporters having their head office/registered office in the State of Orissa, RCMC may be obtained from FIEO office in Bhubaneswar irrespective of the product being exported by them.

In order to give proper guidance and encouragement to the Services Sector, an exclusive Export Promotion Council for Services shall be set up.

3.12.1 In addition, an exporter has the option to obtain an RCMC from FIEO or any other relevant EPC if the products exported by him relate to those EPC's.

3.12.1.1 If the export product is such that it is not covered by any EPC, RCMC in respect thereof may be issued by FIEO.

Registration cum-Membership

3.12.2 An exporter may, on application given in Appendix-19A, register and become a member of Export Promotion Council. On being admitted to membership, the applicant shall be granted forthwith Registration-cum-Membership Certificate (RCMC) of the EPC concerned, in the format given in Appendix-19B subject to such terms and conditions as may be specified in this behalf. 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 export promotion council.

Validity Period of RCMC

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

Intimation Regarding Change In Constitution

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

Furnishing Of Returns

3.13 The exporter shall furnish quarterly returns/ details of his exports of different commodities to the concerned registering authority. This will be in addition to any other returns as may be prescribed by the registering authority. However, status holders shall also send quarterly returns to FIEO in the format specified by FIEO.

De-Registration

3.14 The registering authority may de-register an RCMC holder for a specified period for violation of the conditions of registration. Before such de-registration, the RCMC holder shall be given a show cause notice by the registering authority, and an adequate and reasonable opportunity to make a representation against the proposed de-registration. Upon de-registration, the concerned export promotion council shall intimate the same to all the regional authorities.

<i>Appeal Against De-registration</i>	3.15	A person aggrieved by a decision of the registering authority in respect of any matter connected with the issue of RCMC may prefer an appeal to the Director General of Foreign Trade or an officer designated in this behalf within 45 days against the said decision and the decision of the appellate authority shall be final.
<i>Directives of DGFT</i>	3.16	The Director General of Foreign Trade 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 the provisions of the Act, the Rules and Orders made there under, the Policy or this Handbook.
	3.17	Electronic Data Interchange
<i>Electronic Data Interchange</i>	3.17.1	The role and functions of EDI are defined in Para 2.45 of the Foreign Trade Policy. The basic purpose of EDI Initiatives is to improve the services for DGFT user community thereby achieving greater transparency of operations and reducing transaction costs by decreasing the processing time for obtaining authorisations/licences/permission/ certificate from the DGFT. These EDI initiatives have made our exports competitive in international markets.
<i>Eligibility</i>	3.17.2	The facility of electronic filing of applications shall be available to all exporters.
<i>Procedure</i>	3.17.3	Under this scheme, an exporter would be able to file his application on the DGFT website at http://dgft.gov.in . The application will then be processed in accordance with the prevalent rules and regulations. The applicant will have to visit the concerned office to hand-over the hard copy of the application along with the requisite documents including the application fee. The authorisation/ license shall be issued on receipt of the hard copies of the documents as mentioned above after due scrutiny as prescribed in this Handbook.
<i>Fiscal Incentives for EDI</i>	3.17.4	The following deductions in Application Fee would be admissible for applications signed digitally or/ and 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

3.17.5 The 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.

3.17.6 Authorisation/license issued using DGFT Electronic Application System shall be transmitted electronically to the Customs through EDI Mode. This shall also obviate the need for verification of authorisations/licences before allowing clearance.

New EDI Initiatives

3.17.7 To further improve the quality of services some new EDI Initiatives are being taken by DGFT.

In order to reduce documentation, a multiple purpose common application form 'Aayaat Niryaat Form' has been introduced.

3.18 SERVED FROM INDIA SCHEME

a) The Policy for the Served From India Scheme is given in Chapter 3 of Foreign Trade Policy.

b) A single consolidated application for the duty credit entitlement certificate shall be filed with the jurisdictional regional authority in 'Aayaat Niryaat Form' by the Registered office in case of a company and Head Office in case of others. The last date for filing of such application shall be 31st December.

c) deleted

d) For each duty credit certificate, split certificates, subject to a minimum of Rs 5 lakh each and multiples thereof, may also be issued. A fee of Rs 1000/- each shall be paid for each split certificate. However, a request for

issuance of split certificate(s) shall be made at the time of application only and shall not be considered at a later stage.

The duty credit certificate shall normally be issued with a single port of registration. However the applicant may choose different ports of registration for each split certificate.

- e) deleted
- f) The entitlement can be used for import from private/public bonded warehouses subject to the fulfillment of provision of paragraph 2.28 of Foreign Trade Policy and the terms and conditions of the notification issued by Department of Revenue from time to time in respect of private/public bonded warehouses.
- g) The duty credit entitlement certificate shall be valid for a period of 24 months.

Revalidation of duty credit certificate shall not be allowed.

The service provider shall within one month of the completion of imports made or the expiry of the validity of the duty credit entitlement certificate whichever is earlier, submit a statement of imports made under the certificate as per 'Aayaat Niryaat Form' to the jurisdictional Regional Authority with a copy to the jurisdictional Excise authorities (service tax cell) wherever applicable.

- h) All the applicants under this scheme who are hotels (1 star and above, heritage hotels) and stand alone restaurants would ensure that they pass on the benefit of the duty credit entitlement to the consumer.
- (i) Only such foreign exchange remittances as are earned as amounts in lieu of the services rendered by the service exporter would be counted for computation of the entitlement under this scheme.

Other sources of foreign exchange earnings such as equity or debt participation, donations, repayment of loans and any other inflow of foreign exchange unrelated to

the service rendered would not be counted for the computation of entitlement under the scheme.

Ineligible Remittances and Services

3.18.1 (a) The following Foreign Exchange remittances shall not be eligible for entitlement under this scheme:

I. Remittances related to Financial Services Sector

1. Raising of all types of foreign currency Loans.
2. Export proceeds realisation 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 the services rendered by the financial institutions.

II. Remittances earned through contract/regular employment abroad (e.g. labour remittances).

- (b) Payments received from Export Earners Foreign Currency (EEFC) Account shall not be counted for benefits under the scheme.
- (c) The foreign exchange turnover for 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 not be ineligible.)
- (d) The foreign exchange turnover for Educational Institutions like equity participation, donations etc. (However remittances received on account of the course fees and consultancy provided by the institution shall not be ineligible.)
- (e) Export turnover of units operating under SEZ/EOU/ EHTP/STPI/ BTP Schemes or supplies made to such units or products manufactured by them and exported through DTA units
- (f) Moreover, the clubbing of turnover of services rendered

by these units with the turnover of the DTA units shall also not be allowed.

Re-export of goods imported under the Scheme

- 3.18.2 Goods imported under the scheme, which are found defective or unfit for use, may be re-exported, as per the guidelines issued by the Department of Revenue. In such cases, 98% of the credit amount debited against the scrip for the export of such goods, shall be generated by the concerned Commissioner of Customs in the form of a Certificate, containing the amount generated and the details of the original Scrip. Based on the certificate, a fresh Scrip shall be issued by the concerned Regional Authority. The fresh Scrip, so issued, shall have the same port of registration and shall be valid for a period equivalent to the balance period available on the date of import of such defective/unfit goods.

Vishesh Krishi and Gram Udyog Yojana

- 3.19 The Policy pertaining to the Vishesh Krishi and Gram Udyog Yojana is given in Chapter 3 of the Foreign Trade Policy.
- 3.19.1 The application for grant of credit under Vishesh Krishi and Gram Udyog Yojana for export made from 01.04.2006 onwards shall be made to the regional authority concerned in the Aayaat Niryaat Form along with the documents prescribed therein. The applicant may file one or more applications subject to the condition that each application shall contain not more than 25 shipping bills. All the shipping bills in any one application must relate to exports made from one Customs House only. This procedure will equally apply to the exports made from 01.04.2005 till 31.03.2006 under the then Vishesh Krishi Upaj Yojana.

The application for obtaining credit shall be filed within a period of twelve months from the date of exports or within six months from the date of realization or within three months from the date of printing/ release of shipping bill, whichever is later, in respect of shipments for which the claim have been filed.

However, in respect of the exports made from 01.04.2005 till 31.03.2006, application for grant of credit for products eligible under the Vishesh Krishi Upaj Yojana, the last date for filing such applications shall be 30th September 2006 or within six months from the date of realization or within three months from the date of printing/ release of shipping bill, which ever is later.

- 3.19.2 The application in the 'Aayaat Niryaat Form' shall be accompanied by Export Promotion copy of the shipping bill and bank realization certificate as per Appendix-22A.
- 3.19.3 For direct as well as third party exports, the Export documents viz Export Order, Invoice, GR form, Bank Realization Certificate should be in the name of applicant only.
- 3.19.4 In cases where the applicant applies for the credit entitlement certificate after realization or shipments are made against irrevocable letter of credit or bill of exchange is unconditionally Avalised/ Co-Accepted/ Guaranteed by a bank and the same is confirmed by the exporters bank and certified by the bank in the relevant Bank certificate of export and Realization, the credit entitlement certificate shall be issued with transferable endorsement. In other cases, the credit entitlement certificate shall be initially issued with non-transferable endorsement. Upon realization of export proceeds, such credit entitlement certificates can be endorsed as transferable, if the applicant so desires.
- 3.19.5 The duty credit certificate shall be issued with a single port of registration and this will be the port from which the exports have been made. However, the applicant may use this duty credit for imports from any other port after obtaining TRA from the port of registration that includes ICD/LCS.
- 3.19.6 For each duty credit certificate, split certificates subject to a minimum of Rs 5 lakh each and multiples thereof may also be issued. A fee of Rs 1000/- each shall be paid for each split certificate. However, a request for issuance of split certificate(s) shall be made at the time of application only and shall not be considered at a later stage. The split certificate will have the same port of registration for the purposes of imports as appearing in the main certificate.
- 3.19.7 The entitlement can be used for import from private/public bonded warehouses subject to the fulfillment of provision of paragraph 2.28 of Foreign Trade Policy and the terms and conditions of the notification issued by Department of Revenue from time to time in respect of private/public bonded warehouses.
- 3.19.8 The duty credit entitlement certificate shall be valid for a period of 24 months.

Revalidation of duty credit entitlement certificate shall not be allowed.

Re-export of goods imported under the Scheme

- 3.19.9 Goods imported under the scheme, which are found defective or unfit for use, may be re-exported, as per the guidelines issued by the Department of Revenue. In such cases 98% of the credit amount debited against the scrip for the export of such goods, shall be generated by the concerned Commissioner of Customs in the form of a Certificate, containing the amount generated and the details of the original Scrip. Based on the certificate, a fresh Scrip shall be issued by the concerned Regional Authority. The fresh Scrip, so issued, shall have the same port of registration and shall be valid for a period equivalent to the balance period available on the date of import of such defective/unfit goods.

FOCUS MARKET SCHEME

- 3.20 The policy pertaining to Focus Market Scheme is given in Chapter 3 of the Foreign Trade Policy.
- 3.20.1 The application for grant of credit under Focus Market Scheme shall be made to the regional authority concerned in the Aayaat Niryaat Form along with the documents prescribed therein. The application shall be filed on a six monthly basis i.e. April – September and October – March. However, each application within the same six monthly period shall include shipping bills from the same customs port only and separate applications shall be made for exports made from different custom ports.

The application for claiming duty credit under the scheme shall be submitted within a period of six months from the end of the period of the application or within a period of six months of the date of realization of the last export covered by the said application, whichever is later.

- 3.20.2 For direct as well as third party exports, the Export documents viz Export Order, Invoice, GR form, Bank Realization Certificate should be in the name of applicant only.
- 3.20.3 In cases where the applicant applies for the credit entitlement certificate after realization or shipments are made against irrevocable letter of credit or bill of exchange is unconditionally Avalised/ Co-Accepted/ Guaranteed by a bank and the same

is confirmed by the exporters bank and certified by the bank in the relevant Bank certificate of export and Realization, the credit entitlement certificate shall be issued with transferable endorsement. In other cases, the credit entitlement certificate shall be initially issued with non-transferable endorsement. Upon realization of export proceeds, such credit entitlement certificates can be endorsed as transferable, if the applicant so desires.

Port of Registration

3.20.4 The duty credit entitlement certificate shall be issued with a single port of registration and this will be the port from which the exports have been made. However, the applicant may use this duty credit for imports from any other port after obtaining TRA from the port of registration that includes ICD/LCS.

Facility for Split Scrips

3.20.5 For each duty credit certificate, split certificates subject to a minimum of Rs 5 lakh each and multiples thereof may also be issued. A fee of Rs 1000/- each shall be paid for each split certificate. However, a request for issuance of split certificate(s) shall be made at the time of application only and shall not be considered at a later stage. The split certificate will have the same port of registration for the purposes of imports as appearing in the main certificate.

***Import from private/
public bonded warehouses***

3.20.6 The entitlement can be used for import from private/public bonded warehouses subject to the fulfillment of provision of paragraph 2.28 of Foreign Trade Policy and the terms and conditions of the notification issued by Department of Revenue from time to time in respect of private/public bonded warehouses.

***Re-export of goods
imported under the
Scheme***

3.20.7 Goods imported under the scheme, which are found defective or unfit for use, may be re-exported, as per the guidelines issued by the Department of Revenue. In such cases 98% of the credit amount debited against the scrip for the export of such goods, shall be generated by the concerned Commissioner of Customs in the form of a Certificate, containing the amount generated and the details of the original Scrip. Based on the certificate, fresh Scrip shall be issued by the concerned Regional Authority. The fresh Scrip, so issued, shall have the same port of registration and shall be valid for a period equivalent to the balance period available on the date of import of such defective/unfit goods.

Validity Period

3.20.8 The duty credit entitlement certificate shall be valid for a period of 24 months.

Revalidation of duty credit entitlement certificate shall not be allowed.

FOCUS PRODUCT SCHEME

3.21 The policy pertaining to Focus Product Scheme is given in Chapter 3 of the Foreign Trade Policy

3.21.1 The application for grant of credit under Focus Product Scheme shall be made to the regional authority concerned in the Aayaat Niryaat Form along with the documents prescribed therein. The application shall be filed on a six monthly basis i.e. April – September and October – March. However, each application within the same six monthly period shall include shipping bills from the same customs port only and separate applications shall be made for exports made from different custom ports.

The application for claiming duty credit under the scheme shall be submitted within a period of six months from the end of the period of the application or within a period of six months of the date of realization of the last export covered by the said application, which ever is later.

3.21.2 For direct as well as third party exports, the Export documents viz Export Order, Invoice, GR form, Bank Realization Certificate should be in the name of applicant only.

3.21.3 In cases where the applicant applies for the credit entitlement certificate after realization or shipments are made against irrevocable letter of credit or bill of exchange is unconditionally Avalised/ Co-Accepted/ Guaranteed by a bank and the same is confirmed by the exporters bank and certified by the bank in the relevant Bank certificate of export and Realization, the credit entitlement certificate shall be issued with transferable endorsement. In other cases, the credit entitlement certificate shall be initially issued with non-transferable endorsement. Upon realization of export proceeds, such credit entitlement certificates can be endorsed as transferable, if the applicant so desires.

Port of Registration

3.21.4 The duty credit certificate shall be issued with a single port of registration and this will be the port from which the exports

have been made. However, the applicant may use this duty credit for imports from any other port after obtaining TRA from the port of registration that includes ICD/LCS.

Facility for Split Scrips

3.21.5 For each duty credit entitlement certificate, split certificates subject to a minimum of Rs 5 lakh each and multiples thereof may also be issued. A fee of Rs 1000/- each shall be paid for each split certificate. However, a request for issuance of split certificate(s) shall be made at the time of application only and shall not be considered at a later stage. The split certificate will have the same port of registration for the purposes of imports as appearing in the main certificate.

***Import from private/
public bonded warehouses***

3.21.6 The entitlement can be used for import from private/public bonded warehouses subject to the fulfillment of provision of paragraph 2.28 of Foreign Trade Policy and the terms and conditions of the notification issued by Department of Revenue from time to time in respect of private/public bonded warehouses.

***Re-export of goods
imported under the
Scheme***

3.21.7 Goods imported under the scheme, which are found defective or unfit for use, may be re-exported, as per the guidelines issued by the Department of Revenue. In such cases 98% of the credit amount debited against the scrip for the export of such goods, shall be generated by the concerned Commissioner of Customs in the form of a Certificate, containing the amount generated and the details of the original Scrip. Based on the certificate, fresh Scrip shall be issued by the concerned Regional Authority. The fresh Scrip, so issued, shall have the same port of registration and shall be valid for a period equivalent to the balance period available on the date of import of such defective/unfit goods.

Validity Period

3.21.8 The duty credit entitlement certificate shall be valid for a period of 24 months.

Revalidation of duty credit entitlement certificate shall not be allowed.

CHAPTER-4

DUTY EXEMPTION/ REMISSION SCHEME

- Policy*** 4.1 The Policy relating to the Duty Exemption/Remission Scheme is prescribed in Chapter 4 of the Policy.
- General Provision*** 4.2 An application for grant of an Advance Authorisation/ Advance Authorisation for Annual Requirement/DFRC/ DEP/DFIA may be made by the Registered office or Head office or a branch office or manufacturing unit of the eligible exporter, to the Regional Authority (RA) concerned.
- 4.3 Where the applicant is the branch office or manufacturing unit(s) of an exporter, it shall furnish (a) Self certified copy of valid RCMC where the name of the branch office or manufacturing unit is given.
- Advance Authorisation*** 4.4 Where the SION have been published, an application in 'Aayaat Niryaat Form', along with documents prescribed therein, shall be submitted to the Regional Authority concerned.
- 4.4.1 In case of export of gold /silver / platinum jewellery and articles thereof, the quantity, wastage and the value addition norms shall be as prescribed in paragraph 4A of the Policy and Handbook of Procedure (Vol.1).
- 4.4.2 In case where norms have not been published, an application in 'Aayaat Niryaat Form', along with prescribed documents, shall be furnished to the concerned Norms Committee (NC) at DGFT Headquarter for fixation of Norms.
- In such cases, the original copy of the application along with prescribed fee shall be filed with the Regional Authority concerned and a self attested copy of the same shall be filed with NC. The authorisations in such cases shall be issued by the RA on the basis of recommendation of NC.
- The Committee shall also function as a recommendatory authority for SION. The Director General of Foreign Trade may notify such norms as recommended by the NC.
- 4.4.3 Applications, where Acetic Anhydride, Ephedrine and Pseudo-ephedrine is required as an input for import, either in such cases where norms are fixed or in such cases where norms are not fixed, shall be filed with the Regional Authorities 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 the respective Zonal Director of the Narcotics Control Bureau, alongwith a declaration that the applicant will maintain the prescribed records and also submit the prescribed returns.

Duty free import of spices (covered by Chapter 9 of the ITC(HS) Classifications of Export & Import items, 2004-09) for export under Advance Authorisation scheme shall be permitted only for value addition purposes like crushing/grounding/sterilization or for manufacture of oils and oleoresins and not for simple cleaning, grading, re-packing etc.

4.4.4 The Regional Authority, while issuing the Advance Authorisation for the import of Acetic Anhydride, Ephedrine and Pseudo- ephedrine, shall endorse a condition that before effecting imports, NOC shall be obtained from the Narcotics Commissioner of India, Central Bureau of Narcotics, Gwalior and shall also endorse a copy of the authorisation to the Drug Controller, Nirman Bhawan, New Delhi and the concerned Zonal Director of the Narcotics Control Bureau.

4.4.5 Exports made against the Government of India/EXIM Bank Line of Credit would be entitled for benefits under the Advance Authorisation Scheme. Further, exports made under Deferred Payment/Suppliers Line of Credit Contract backed by ECGC Cover would also be entitled for the benefit under the Scheme.

***Advance Authorisation
for applicants with
multi units***

4.5 Transfer of any duty free material imported or procured against advance authorisation from one unit of the company to another unit of the same company for manufacturing purpose shall be done with the prior intimation to the jurisdictional Excise Authorities with a clear understanding that no benefit of CENVAT shall be claimed on such transferred inputs. In case of non excisable company/products, the units should maintain a proper record of the same. However to avail the facility, all such units should be available in the IEC certificate and follow the rules and regulation of Central Excise for jobwork.

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

4.6 In terms of paragraph 4.1.8 of the Policy, an exporter may apply for an Advance Authorisation for import of items mentioned in paragraph 4.1.3 of the Policy, some or all of which may also include items that are supplied free of cost.

In such cases, a specific endorsement shall be made on the exchange control copy of the Advance Authorisation disallowing remittances for the material being supplied free of cost. All inputs imported shall be utilised in the manufacturing of the product except the wastage.

The value addition in the case of such Advance Authorisations would be computed by adding the notional value of the free of cost material to both the CIF value of imports and FOB value of exports.

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

- 4.7 The Regional Authority may also issue Advance Authorisations, where SION are not fixed, based on self declaration and an undertaking by the applicant for a final adjustment as per Adhoc/SION fixed by NC. However, no Advance Authorisation shall be issued under this paragraph by the Regional Authority for import of the 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; and
 - v. Horn, hoof and any other organ of animal.

For export of perfumes, perfumery compounds and various feed ingredients containing vitamins, no authorisation shall be issued under this paragraph by the Regional Authority and the applicants may apply under Para 4.4.2 of this Handbook. Where export and/or import of biotechnology items are involved, authorisation under this paragraph shall be issued by the Regional Authority only on submission of a 'No Objection Certificate' from the Department of Bio-Technology.

Further, duty free import of spices (covered by Chapter 9 of

the ITC(HS) Classifications of Export & Import items, 2004-09) for export under Advance Authorisation scheme shall be permitted only for value addition purposes like crushing/grounding/sterilization or for manufacture of oils and oleoresins and not for simple cleaning, grading, re-packing etc.

Entitlement

- 4.7.1 The CIF value of one or more such authorisations shall be 500% of the FOB and/or FOR value of preceding year 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 the norms for the same export and import products in respect of an authorisation obtained under paragraph 4.7, such norms shall be valid for a period of six months reckoned from the date of ratification.

The authorisation holder in such cases shall be entitled for further authorisation(s) as per the norms ratified by NC without the need for subsequent ratification by NC. In such cases the applicant would file the application under Adhoc Norms Fixed category. However, NC should ensure that such adhoc norm(s), if not notified already, are notified within a period of one month after six months of ratification of such adhoc norm(s).

Authorisations shall be issued by the Regional Authority concerned under “Adhoc Norms Fixed” category and in such cases the application copies need not be forwarded to the NC for fixation/ratification of norms.

- 4.7.2 Once the norms are fixed by NC, the value limits mentioned in sub paragraph 4.7.1 above 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 the industry to provide production data etc. as may be required by DGFT/EPC for fixation of SION. Otherwise, the applicant shall not be allowed to take the benefit of Advance Authorization scheme for taking repeat advance authorization on self-declared basis.

Authorisation in Excess of Entitlement

- 4.7.3 An applicant shall be entitled for authorisation under this paragraph in excess of entitlement mentioned in paragraph 4.7.1 subject to furnishing of 100% Bank Guarantee to Customs

authority to cover the exemption from Customs duties. A specific endorsement to this effect shall be made on the authorisation.

Application

4.7.4 The original application with prescribed documents shall be submitted to the concerned Regional Authority. The Regional Authority shall forward a copy of the application within 7 days from the date of issue of such authorisations to NC for fixation of norms within the prescribed time.

Undertaking

4.7.5 The applicant shall give an undertaking that he shall abide by the norms fixed by NC and accordingly pay duty, together with 15% interest, on the unutilised inputs as per norms fixed by NC. However the holder of the authorisation has the option to undertake additional export obligation in proportion to the excess unutilized inputs. In case the application is rejected by the NC, then the authorization holder shall pay the customs duty saved along with 15% interest on the imported inputs.

In addition, an amount equivalent to 3% of the CIF value of unutilised imported material shall be required to be deposited through a TR in the authorised branch of Central Bank of India indicating the “Head Account: 1453, Foreign Trade and Export Promotion and Minor Head 102”. The Authorisation holder shall also be required to obtain a separate import licence for regularisation of the excess imported input(s). However, the provisions of this sub-paragraph shall not be applicable if the unutilised imported material was freely importable on the date of import.

4.7.6 In such cases, where the norms are not finalised by NC within four months from the date of issuance of authorisation, the norms as applied for shall be treated as final and no adjustment will be made. However, where the application for fixation of adhoc/ SION is rejected on account of non-furnishing of required documents/ information, the authorisation holder shall be liable for penalty as stated in the above paragraph. In case SION for the said product is notified, the SION would be made applicable for the purpose of deciding the wastage norm and export obligation.

In such cases where the export obligation is completed pending fixation of norms by NC, the entitlement for the 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 the previous authorisations. However, bond waiver/ redemption shall not be allowed pending fixation of norms in such cases.

Financial Powers

4.8 The financial powers are given in the table below:

Category of Application	On published norms and under paragraph- 4.7 of this Handbook			
	Regional Authority		Regional Authorities on the recommendation of NC.	
	Petroleum / Petrochemical products & Advance Authorisation for Annual Requirements	Others	Petroleum / Petrochemical products & Advance Authorisation for Annual Requirements	Others
CIF value of Authorisation	Less than Rs. 500 crore	Less than. Rs. 100 crore	Rs. 500 crore or above	Rs. 100 crore or above

Standardisation of Adhoc Norms

4.9 For standardization of norms, an application may be made by the manufacturer exporter or merchant exporter tied to supporting manufacturer, duly filled in with complete data. Such applications shall be made to the Norms Committee (NC) in the form given in ‘Aayaat Niryaat Form’.

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

- (a) The facility of import of fuel shall be allowed only to the manufacturer having captive power plant .
- (b) In cases where SION specifically allows fuel, the 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.
- (c) Fuel should be allowed only against an actual user authorisation. However in case of transferable DFIA/DFRC, fuel can only be transferred to agencies granted marketing rights by the Ministry of Petroleum and Natural Gas.

- (d) Even where fuel is included as an input under SION, it shall not be taken into account while fixing the DEPB rate for such products against which fuel has been allowed as an input.
- (e) The applications of fixation for fuel entitlement for new sectors and modification of the existing entitlement as per the General Note for Fuel in the Handbook of Procedures (Vol.2) would be made to the Norms Committee along with the requisite data in 'Aayaat Niryaat Form' pertaining to the "Data Sheet for Fuel Rate".

The Advance Authorisation holders wishing to procure the fuel indigenously may apply for an Advance Release Order or Back to Back Inland Letter of Credit. The indigenous supplier supplying fuel shall be entitled for deemed export benefits given in paragraph 8.3(a), (b) & (c) of the Policy, as the case may be. In case the indigenous supplier is not willing to avail of deemed exports benefits under such supplies of fuel to the Advance Authorisation holder, he may issue a disclaimer (along with his IEC Number enclosed on it) on the basis of which the Advance Authorisation holder can avail of the deemed export benefits as per procedure given in Chapter 8 of this Handbook.

Modification of SION

- 4.10 An application for modification of existing SION may be filed before the NC by manufacturer exporter or merchant-exporter, tied to supporting manufacturer, in the form given in 'Aayaat Niryaat Form'.

Amendment of Export item and inputs

- 4.10.1 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 'Aayaat Niryaat Form' of this Handbook.

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

- Revision of SION by NC*** 4.10.2 At the beginning of the financial year or at any other time as NC may find it necessary, NC may identify the SIONs which in its opinion are required to be reviewed. The exporters are required to submit revised data in form given in ‘Aayaat Niryaat Form’ for such revision. It is mandatory for the industry/ exporter(s) to provide production and consumption data etc. as may be required by DGFT/EPC for revision of SION. Otherwise, the applicant shall not be allowed to take the benefit of Advance Authorization scheme.
- Description of an Advance Authorisation*** 4.11 An Advance Authorisation shall specify:
- (a) the names and description of items to be imported and exported / supplied;
 - (b) the quantity of each item to be imported or wherever the quantity cannot be indicated, the value of the item shall be indicated. However, if in Standard input output norms, the quantity and/or value of individual inputs is a limiting factor, the same shall be applicable.
 - (c) the aggregate CIF value of imports; and
 - (d) the 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 export obligation. Shipping/Supply document(s) should be endorsed with the File Number or the Authorisation Number to establish co-relation of the exports/ supplies with the Authorisation issued. If the application is approved, the authorisation shall be issued based on the input-output norms in force on the date of receipt of the application by the Regional Authority in proportion to the provisional exports/ supplies already made till any amendment in the norms is notified. For the remaining exports, the Policy/ Procedures in force on the date of issue of the authorisation shall be applicable.
- 4.12.1 The exports/supplies made in anticipation of the grant of an Advance Authorisation shall be entirely on the risk and responsibility of the exporter.
- 4.12.2 The conversion of duty free shipping bills to drawback shipping bills may also be permitted by the customs authorities

in case the application for an Advance Authorisation is rejected or modified by the Regional Authority.

***Advance Authorisation
or DFRC or DFIA for
Intermediate Supplies***

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

The Advance Authorisation or DFRC or DFIA for Intermediate supply shall be issued after making the Authorisation/Certificate invalid for direct import of items to be supplied by the intermediate manufacturer. In such cases, a copy of the invalidation letter will be given to the Authorisation/Certificate holder and copy thereof will be sent to the intermediate supplier as well as the Regional Authority of the intermediate supplier. The Authorisation/Certificate holder in such case has an option either to supply the intermediate product to holder of Advance Authorisation/DFRC/DFIA or to export (physical/deemed) directly. However, once the Electronic message transfer facility among the Regional Authorities becomes fully operational, the requirement of sending a copy of the invalidation letter/ARO to the jurisdictional Regional Authority shall not be required.

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

Advance Release Order

- 4.14 An application may be made to the Regional Authority concerned for grant of Advance Release Order (ARO) to procure the inputs from indigenous sources/State Trading Enterprises.

- 4.14.1 The application shall specify (i) the name, description and quantity of the items and (ii) the individual value of items to be procured. An ARO may be issued along with the Advance Authorisation / DFRC/ DFIA or subsequently, and its validity shall be co-terminus with the validity of the Advance Authorisation/ DFRC/ DFIA as specified in this Handbook.

An ARO issued for the 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 The exporter may alternatively avail the facility of a back to back inland letter of credit from the banks. A holder of an Advance Authorisation/ DFRC/ DFIA , 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, the bank will ensure that the necessary BG / LUT has been executed by the Advance Authorisation holder/ non-transferable DFIA and an endorsement to that effect has been made on the authorisation.

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

“The value of this Advance Authorisation/ DFRC/ DFIA stands reduced by a sum of Rs. _____ , being the value of the inland LC No. _____ opened today by the licensee in favour of M/s _____ (name and address of the indigenous supplier).”

4.15.2 The Authorisation/Certificate shall be invalidated by the bank for direct import only in respect of the full quantity and value of the item being sourced indigenously.

4.15.3 The original Letter of credit (L/C) may be retained by the bank for negotiation and only the non-negotiable copy of the L/C may be given to the indigenous supplier.

4.15.4 The responsibility of the bank shall be confined to making the endorsement. The bank shall not be liable for any misrepresentation or false statement made by the Authorisation/ Certificate holder while requesting the bank to make the endorsement. The inland L/C opened by the bank in favour of the indigenous supplier shall not be canceled for any reason whatsoever.

4.15.5 The non-negotiable copy of inland L/C together with the photocopy of the Advance Authorisation/ DFRC/ DFIA duly carrying endorsements made by the bank shall be sufficient for the indigenous supplier to claim deemed export benefits. L/C issued against DFRC shall, however, be entitled only to

benefit given in paragraph 8.3(b) of Policy, whereas L/C for other categories shall be entitled to benefits given in paragraph 8.3 (b) and (c) of the Policy.

4.15.6 Where the import of gold/silver is permitted as an input under this scheme, such gold/silver can be sourced through the nominated agencies as given in paragraph 4A onwards in Chapter-4 of the Policy for supply against the Advance Authorisations/ DFRC/ DFIA issued in this behalf. Before supply of the material, the nominated agencies should follow the same procedure as given in paragraph 4.15.1 above.

***Facility of Supporting
Manufacturers/ Jobber/
Co-Authorisation Holder***

4.16 The imported material may be used in any of the units of the holder of Advance Authorisation or non-transferable DFIA or jobber/supporting manufacturer provided the same is endorsed on the authorisation by the regional office. If the applicant desires to have the name of any manufacturer or jobber added to the authorisation, he may apply for such endorsement. Such endorsement shall be mandatory where prior import before export is a condition for availing Advance Authorisation/DFIA scheme and the Authorisation holder desires to have the material processed through any other manufacturer or jobber.

Upon such endorsement made by the Regional Authority, the authorization holder and co-authorisation holder shall jointly and severally be liable for completion of export obligation. Any one of the Co-Authorisation holders may import the goods in his name or in the joint names. The BG/LUT shall also be furnished in their joint names.

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

In case Bank Guarantee/LUT has been redeemed, the Advance

Authorization holder can get the duty free inputs processed from any manufacturer under Actual User condition as per job work regulations prescribed under the Central Excise Rules. However, such restriction shall not be applicable in case of transferable DFIA holder.

Facility Of Co-Licensee

4.17 Deleted.

Acceptance of BG/LUT

4.18 At the time of issue of the authorisation, the acceptance of the undertaking given by the applicant to the Regional Authority concerned in the form given in 'Aayaat Niryaat Form' will be endorsed on the reverse of the Advance Authorisation.

Note :-

(a) No BG/LUT will be required where the specified export obligation has been fulfilled before making any import. In case of partial fulfillment of export obligation before effecting any imports, the BG/ LUT may be reduced proportionately.

The Authorisation holder shall also produce EP copy of the shipping bills and Bank Certificate of Export and Realisation, and a statement of exports giving details of shipping bill wise exports indicating the shipping bill number, date, FOB value as per shipping bill and description of export product substantiating the completion or the partial fulfillment of the export obligation to the Regional Authority concerned.

However, realization of export proceeds shall not be insisted if the shipments are made against confirmed irrevocable letter of credit or bill of exchange is unconditionally Avalised/ Co-Accepted/ Guaranteed by a bank and the same is confirmed by the exporters bank. In both these arrangements, certification of this is to be made by the bank in column 14/ 15 of Appendix 22A.

(b) In respect of an Advance Authorisation on which "No BG/ LUT" facility has been provided, the Regional Authority shall forward a copy of the "No Bond Certificate" indicating the shipping bill number, date, FOB value as per shipping bill and description of export product, in respect of shipment which were taken into account for calculating fulfilment of export obligation to the Customs Authorities with whom the authorisation is required to be registered. Such details shall also be placed by the zonal offices in their website immediately after issuance of the export obligation discharge/redemption letter/No Bond Certificate and by DGFT Hqr in DGFT website

on monthly basis for the customs authority to access it from the website.

Before allowing the imports against Advance Authorisation, the Customs shall verify that the details of the exports as given in the “No Bond Certificate”, are as per their records.

- (c) The cancellation/ redumption of BG/LUT would be undertaken by the Customs within 30 days of issue of Export Obligation Discharge Certificate (EODC) /bond waiver by the regional office.

Port of Registration

- 4.19 The Advance Authorisation shall be issued for the purpose of import and export through one of the sea ports or airports or ICDs or LCS specified below. The Authorisation holder shall register the authorisation at the port specified in the authorisation and thereafter all imports against the said authorisation shall be made only through that port, unless the Authorisation holder obtains permission from the 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.

Air-ports Ahmedabad, Bangalore, Bhubaneshwar Mumbai, Kolkata Coimbatore Air Cargo Complex, Cochin, Delhi, Hyderabad, Jaipur, Srinagar, Trivandrum, Varanasi, Nagpur and Chennai.

ICDs: Agra, Bangalore, Coimbatore, Delhi, Faridabad, Gauhati (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, Chheharata (Amritsar), Karur, Miraj, Rewari, Bhusawal, Jamshedpur, Surajpur, Dadri and Tuticorin.

LCS Ranaghat , Singhabad , Raxaul, Jogbani, Nautanva (Sonauli), Petrapole, Mahadipur and Dawki .

SEZ Any SEZ notified by the Central Government shall also be one of the specified ports for import and export under this paragraph.

4.19.1 The Commissioner of Customs may, either by a public notice or on the written request of the authorisation holder, by a special order and subject to such conditions as may be specified by him, also permit imports and exports from any seaport/airport/ICD or land custom station other than those mentioned above.

4.19.2 In such cases, where the authorisation has not been registered at the port specified in the authorisation and no import has taken place, the request for change in the Port of Registration may be considered by the Regional Authority concerned provided the authorisation has not been redeemed.

4.19.3 For imports from the Airport/Seaport/ICD other than the port of registration, a Telegraphic Release Advice (TRA) shall also be issued by the Customs Authority at the port of registration to the customs authority at the port of import.

Facility of Clubbing

4.20 The facility of clubbing shall be available only for redemption/regularisation of the 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, Advance Authorisations of different customs notification can be clubbed.

4.20.1 The Regional Authority, under whose jurisdiction the authorisation is issued or NC in other cases, shall consider a request for clubbing all imports and exports of more than one Advance Authorisation provided the imported inputs are properly accounted for as per norms. The value addition of the authorisations so clubbed shall be the average of the minimum

value addition prescribed in the Policy and the Procedure laid thereunder, imposed on individual authorisations. Upon clubbing, the authorisations shall, for all purposes, be deemed to be one authorisation.

- 4.20.2 The accountability of imports and exports shall be restricted in relation to the individual categories of Advance Authorisations including Advance Authorisation for annual requirements issued under this scheme.
- 4.20.3 The facility is available only for Advance Authorisation(s) where there is shortfall in fulfillment of export obligation, 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, the applicant shall pay the composition fee for E.O. period extension as per the provision of paragraph 4.22.
- 4.20.4 In such cases, the exports effected beyond the E.O. extension period (allowed in terms of paragraph 4.22) after the issuance of the earliest authorisation shall not be considered for clubbing.
- 4.20.5 Notwithstanding the provisions of para 4.20.3 and 4.20.4 above, Clubbing of all expired licences may also be permitted provided all the expired licences have been issued during the Exim Policy period 1992-1997 & 1997-2002 i.e., 1st April, 1992 to 31st 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, the Regional Authority concerned (as per their financial powers) may consider a request for enhancement/ reduction in the CIF value of the authorisation, provided the value addition after such enhancement does not fall below the stipulated minimum value addition (as per the policy and the procedure laid thereunder) and provided there is no change in the input-output norms and the Policy under which the authorisation was issued.
- 4.21.1 The Regional Authority concerned (as per their financial powers) may also consider the request for enhancement/ reduction in CIF value, quantity of inputs, FOB value of export obligation and quantity of exports of an Advance Authorisation provided there is no change in the input output norms and value

addition after such enhancement does not fall below the minimum value addition stipulated in the Policy and the Procedure laid thereunder .

4.21.2 The 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 the SION prior to the export of the said product, the prorata enhancement shall be given after calculating the entitlement on the revised SION.

4.21.3 The application for the enhancement/ reduction in the value of the authorisation shall be made in 'Aayaat Niryaat Form' of the Handbook of Procedure (Vol. 1).

Application fee for enhancement

4.21.4 The application fee leviable for enhancement would be on the difference in the CIF values of the original and final authorisation. However, no application fee would be charged if the value of the authorisation is being reduced or the applicant has paid the maximum fee of Rs 150,000 (for manual applications) and Rs 75,000 (for digitally signed applications) respectively in the original application for Advance Authorisation.

***Export Obligation
Period and its Extension***

4.22 The period of fulfillment of export obligation under an Advance Authorisation shall commence from the date of issuance of authorisation. The export obligation shall be fulfilled within a period of 24 months except in the case of supplies to the projects/turnkey projects in India/abroad under deemed exports category where the export obligation must be fulfilled during the contracted duration of execution of the project/ turnkey project.

In case of Spices (covered by chapter 9 of the ITC (HS) Classifications of Export & Import Items, 2004-09), the export obligation shall be fulfilled within a period of 90 days from the date of receipt of the first import consignment i.e. the date on which the first import consignment is cleared by the customs authorities against the authorisation.

However, in case of Advance Authorisations for drugs, which have been issued against a specific export order and with pre-import condition, the period of fulfillment of export obligation shall commence from the date of import of the first consignment and shall be fulfilled within a period of 6 months. Similarly in

the case of advance authorisation for tea, the period of fulfillment of export obligation shall commence from the date of import of first consignment and should be fulfilled within a period of six months.

- 4.22.1 The request for extension in export obligation period may be made in the form given in 'Aayaat Niryaat Form'. The Regional Authority shall grant one extension for a period of six months from the date of expiry of the original export obligation period to the authorisation holder subject to payment of composition fee of 2% of the duty saved on all the unutilized imported items as per authorisation.

Request for a further extension of six months may be considered by the Regional Authorities subject to payment of composition fee of 5% of the duty saved on all the unutilized imported items as per authorisation.

For all the cases of export obligation extension above, the composition fee on the duty saved on all the unutilized imported items would be computed with reference to the actual exports and imports made by the Authorisation holder.

However, the facility of extension of export obligation period shall not be allowed in case of Advance Authorisation wherein import of penicillin and its salts (ITC(HS) Code No. 29411010) and 6 – APA (ITC(HS) Code No. 29411 050) have been allowed as an input. The Regional Authority shall make an endorsement in the Advance Authorisation to this effect.

However, such extensions would not be permitted in the case of the erstwhile Value Based Advance licences (VABALs) . Additionally, no extension in export obligation would be allowed in respect of authorisations where misrepresentation/ fraud has come to the notice of the Regional Authorities. Further, in respect of authorisations/licences where adjudication orders have already been passed, no extension in export obligation period shall be admissible.

- 4.22.2 The Customs may allow provisional clearance of export consignment as and when the Authorisation holder produces documentary evidence of having applied for EO extension to the concerned RA.

<i>Revalidation Of Authorisation</i>	4.23	The Regional Authority may consider a request of the original authorisation holder and grant one revalidation for a period of six months from the date of expiry of the original authorisation. The request(s) for revalidation of authorisation shall be made in the form given in ‘Aayaat Niryaat Form’.
<i>Monitoring of Obligation</i>	4.24	<p>The Regional Authority, with whom the Undertaking is executed by the Advance Authorisation holder, shall maintain a proper record in a master register indicating the starting and closing dates of obligation period and other particulars to monitor the export obligation.</p> <p>Within two months from the date of expiry of the period of obligation, the authorisation holder shall submit requisite evidence in discharge of the export obligation in accordance with paragraph 4.25 of the Handbook.</p> <p>However, in respect of shipments where six months period (one year in case of status certificate holder) for realisation of foreign exchange has not become due, the Regional Authority shall not take action for non submission of bank certificate of exports and realisation provided the other document substantiating fulfillment of Export Obligation have been furnished.</p>
	4.24.1	In case the Authorisation holder fails to complete the export obligation or fails to submit the relevant information/ documents, the Regional Authority shall take action by refusing further authorisations, enforce the condition of the authorisation and undertaking and also initiate penal action as per law.
<i>Advance Authorisation for Annual Requirement</i>	4.24A	<p>(a) The exporters eligible for such authorisations shall file an application in ‘Aayaat Niryaat Form’ to the Regional Authority under whose jurisdiction the manufacturing unit of the applicant is located.</p> <p>The Head office/Registered office of the company can also file an application on behalf of the manufacturing unit. In such cases, the Head office/Registered office shall furnish full address of the factory where the inputs shall be used in the resultant product for exports.</p> <p>In case of merchant exporters, the application shall be made by the Head office/ Registered office mentioning the name and address of the supporting manufacturer</p>

which shall be endorsed on the condition sheet attached to the authorisation.

- (b) The applicant shall have the flexibility to import any input in respect of items mentioned in the authorisation. Items reserved for imports by State Trading Enterprises cannot be imported against Advance Authorisation. However those items can be procured from State Trading Enterprises against ARO issued to Advance Authorisation holder. The Authorisation holder shall have to account for the inputs as per SION/ individual norms fixed by Norms Committee within the time period prescribed in this regard.

In respect of export products for which Standard Input Output Norms does not exist, the authorisation holder shall submit an application in 'Aayaat Niryaat Form' alongwith prescribed documents to NC before making the shipment. The applicant shall also furnish Advance Authorisation for Annual Requirement number and date alongwith the file number from which the same was issued in the covering letter to the application.

In such cases where there is a change in SION/ individual norms fixed by Norms Committee during the validity period of the authorisation, the Authorisation holder shall account for raw material in respect of the exports made prior to the date of amendment, as per pre-revised norms and for exports made on or after the date of amendment as per revised norms.

However, in respect of following inputs, the exporter shall be required to give declaration with regard to technical characteristics, quality and specifications in the application for Advance Authorisation for annual requirement and in the shipping bills. The Regional Authority while issuing the authorisation shall mention the technical characteristics, quality and specifications in respect of such inputs:-

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

- (c) At the time of imports, the Authorisation holder shall furnish the details of inputs to the Customs Authorities for making entries in the imports column. The Authorisation holder shall maintain the nexus in the imported inputs and the resultant product.
- (d) The applicant shall furnish details of the export product group, CIF value of authorisation and FOB value of the export obligation. However, the Authorisation holder shall have the flexibility to export any product falling under the export product group using the duty exempted material.
- (e) The authorisation shall be valid for 24 months for imports and exports from the date of its issuance. Revalidation shall be governed by paragraph 4.23 of this handbook. Each authorisation will have one port of registration for imports. Exports can take place from any port mentioned in paragraph 4.19.

The request(s) for revalidation of authorisation shall be made in 'Aayaat Niryaat Form'.

- (f) Within the eligibility, an exporter may apply for one or more than one authorisations in a licensing year, subject to the condition that against one port of registration only one authorisation can be issued for the same product group.

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

- (g) After expiry of the export obligation period, including the extended export obligation period, if any, the Authorisation holder shall furnish proof of having fulfilled export obligation by submitting the documents prescribing in paragraph 4.25. In case of bonafide default in fulfillment of export obligation, the Authorisation holder can apply for regularization in terms of paragraph 4.28.

4.24B The provisions contained in paragraph 4.24A shall also be applicable to "for intermediate supplies" so far as they are not inconsistent with the following:

The facility is also available for intermediate supplies for the cases where the intermediate supplier intends to supply the material against invalidation letters issue to the holders of Advance Authorisation. In such cases, a copy of the invalidation letter which makes the authorisation invalid for direct import of items to be supplied by the intermediate manufacturer will be given to the Authorisation holder and copy thereof will be sent to the intermediate supplier as well as the Regional Authority of the intermediate supplier.

However, once the Electronic message transfer facility among the Regional Authorities becomes fully operational, the requirement of sending a copy of the invalidation letter/ARO to the jurisdictional Regional Authority shall not be required.

Further the invalidation letters should also contain the Authorisation number and date of 'Advance Authorisation for annual Requirement' to enable proper accounting of the invalidation letters. These would be submitted to the Regional Authority concerned by the intermediate supplier for the purpose of closure of Authorisation.

***Fulfillment Of Export
Obligation***

4.25 The Authorisation holder shall furnish the following documents in support of having fulfilled the export obligation:-

A. For physical exports:-

- (i) Bank Certificate of Exports and Realisation in the form given at Appendix-22A or Foreign Inward Remittance Certificate (FIRC) in the case of direct negotiation of documents or Appendix -22B in case of offsetting of export proceeds. However, realisation of export proceeds shall not be insisted if the shipments are made against :
 - (a) confirmed irrevocable letter of credit or
 - (b) bill of exchange is unconditionally Avalised/ Co-Accepted/ Guaranteed by a bank and the same is confirmed by the exporters bank.

The stipulations at (a) or (b) above must be certified by the bank in column 14/15 of Appendix- 22A.

- (ii) EP copy of the shipping bill(s) containing details of shipment effected or bill of export in case of export to SEZ.

- (iii) A statement of exports giving details of shipping bill wise exports indicating the shipping bill number, date, FOB value as per shipping bill and description of export product.
- (iv) A statement of imports indicating bill of entry wise item of imports, quantity of imports and its CIF value.

B. For deemed exports (including intermediate supplies):

- (i) A copy of the invoice or a statement of invoices duly signed by the unit receiving the material and their jurisdictional excise authorities certifying the item of supply, its quantity, value and date of such supply.

However in case of supply of items which are non excisable or supply of excisable items to a unit producing non excisable product(s), a project authority certificate (PAC) certifying quantity, value and date of supply would be acceptable in lieu of excise certification.

However, in respect of supplies to EOU/EHTP/ STP/ BTP, the supplier has the additional option to furnish a copy of CT-3/ARE-3 duly signed by the jurisdictional excise authorities/Bond Officer certifying the item of supply, its quantity, value and date of such supply in lieu of the excise attested invoice (s) or statement of invoices as given above.

- (ii) Payment certificate from the project authority in the form given in Appendix-22C. In the case of supplies to EOUs/ EHTPs/ STPs / BTPs, deemed exports (including Intermediate Supplies), documentary evidence from the bank substantiating the realisation of proceeds from the Authorisation holder or EOUs/EHTPs/ STPs/ BTPs or the Project Authority, as the case may be, through the normal banking channel, shall be furnished in the form given at Appendix-22B. However realisation of proceeds shall not be insisted upon if the shipments are made against:
 - (a) confirmed irrevocable inland letter of credit or
 - (b) inland bill of exchange is unconditionally Avalised/

Co- Accepted/ Guaranteed by a bank and the same is confirmed by the exporters bank.

The stipulations at (a) or (b) above must be certified by the bank in column 5/6/7 of Appendix- 22B.

(iii) A statement of supplies giving details of supply invoices and indicating the invoice number, date, FOR value as per invoices and description of product.

(iv) A statement of imports indicating bill of entry wise item of imports, quantity of imports and its CIF value.

Redemption

4.26 In case the export obligation has been fulfilled, the Regional Authority shall redeem the case.

After redemption, the Regional Authority shall forward a copy of the redemption letter indicating the shipping bill number(s), date(s), FOB value in Indian rupees as per shipping bill(s) and description of export product to the Customs Authority at the port of registration. Such details shall also be placed by the zonal offices in their website immediately after issuance of the export obligation discharge/redemption letter/No Bond Certificate and by DGFT Hqr in DGFT website on monthly basis for the Customs Authority to access it from the website.

Before discharging BG/LUT against Physical Exports, the Customs shall verify that the details of the exports as given in the “Redemption Certificate”, are as per their records. However before discharging BG/LUT against Intermediate Supplies and Deemed Exports, the Customs shall verify the details of the supplies from the Central Excise Authorities/Bond Officer.

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

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

***Transitional Arrangement
for Licences issued
upto 31.8.2004***

4.27 The Advance Licence including Advance Licence for Annual Requirement issued upto 31.8.2004 shall be governed by the provisions contained in Chapter-7 of the Handbook (Vol.1) (RE-2001) and Chapter 4 of the Handbook (2002-2007 as Notified on 31.3.2002) respectively as amended from time to time, excepting the provisions relating to clubbing and extension in E.O. period which shall be governed by the provisions of paragraphs 4.20 and 4.22.1 respectively of this Handbook and any other provision, as notified by DGFT.

However, wherever Customs duty is to be paid on unutilised material, the same shall be paid alongwith interest @ 15% per annum thereon. This facility shall be available to all pending cases of regularisation of bonafide default against Advance Licences, irrespective of the date of its issuance including erstwhile Advance Licence for physical exports, Annual Advance Licence, Advance Licence for deemed exports or Special Imprest Licence and Advance Licence for Intermediate supply or Intermediate Licence.

***Regularisation Of
Bonafide Default.***

4.28 The cases of a bonafide default in fulfillment of export obligation may be regularised by the Regional Authority in the manner indicated below:

- (i) If the export obligation is fulfilled in terms of value, but there is a shortfall in terms of quantity, the Authorisation holder shall, for the regularisation, pay:-
 - a) To the Customs Authority, customs duty on the unutilised value of the imported material alongwith interest at the rate of 15% per annum thereon; and
 - b) An amount equivalent to 3% of the CIF value of unutilised imported material through a TR in the authorised branch of Central Bank of India indicating the "Head of Account: 1453, Foreign Trade and Export Promotion and Minor Head 102". The Authorisation holder shall also be required to obtain a separate import licence for regularisation of the excess imported input. However, the provisions of this sub paragraph shall not be applicable if the unutilised imported material was freely importable on the date of import.

- (ii) If the export obligation is fulfilled in terms of quantity but there is shortfall in terms of value, no penalty shall be imposed if the Authorisation holder has achieved the minimum value addition prescribed in the policy and the procedure laid thereunder. However, if the value addition falls below the minimum value addition prescribed in the policy and the procedure laid thereunder, the Authorisation holder shall be required to deposit an equivalent amount through TR in the authorised branch of Central Bank of India indicating the “Head of Account-1453 Foreign Trade and Export Promotion-Minor Head –102” so that the 100 times the deposited amount and the FOB value realised in Indian rupees together account for prescribed minimum value addition over the CIF value.

This 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 the export performance is only 50% quantitywise but import has been for the complete CIF value permitted, then the value addition would be calculated on a prorata basis, i.e with reference to 50% of the CIF value of imports. This would accordingly imply that where the Authorisation holder is unable to export, no penalty on valuwewise shortfall shall be imposed.

- (iii) If the export obligation 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 the export obligation undertaken in full and he has not made any import under the Authorisation, the Authorisation holder will also have an option to get the Authorisation canceled and apply for drawback after obtaining permission from the Customs Authorities for conversion of shipping bills to Drawback Shipping Bills.
- (v) The Regional Authority shall compare the relevant portion of Appendix-23 duly verified and certified by Chartered Accountant with that of norms allowed in the Authorisation(s) and the actual quantity imported against

the Authorisation(s) in the beginning of the financial year for all such Authorisations redeemed in the preceeding licensing year. In this verification process, in case if it is found that the Authorisation holder has consumed lesser quantity of inputs than imported, the authorisation holder shall be liable to pay customs duty on the unutilized value of imported material alongwith interest @ 15% per annum thereon or effect additional export within the export obligation period.

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

- 4.29 The customs duty with interest to be recovered from the Authorisation holder on account of regularisation or enforcement of BG/LUT, as the case may be, shall be deposited by the 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 the demand raised by the Regional/Customs Authority and documentary evidence shall be produced to this effect to the Regional/Customs Authority immediately.

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

The 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 the Customs Authorities at any stage under the 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 Regional Authority(ies) at the beginning of each licensing year for all those authorisations, which have been redeemed in the previous licencing year. However, these records in the 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 the date of redemption.

Duty Free Replenishment Certificate (DFRC)

4.31 The Policy of Duty Free Replenishment Certificate (DFRC) is given in Chapter 4 of the Policy. The exporter exporting under DFRC shall be required to give a declaration in the EP copy of the Shipping Bill indicating the serial number and product group of SION of the export product.

In case of export of gold/silver/platinum jewellery and articles thereof, the wastage norms as per paragraph 4A.2 of the Handbook of Procedures (Vol.1) may be indicated on the EP copy of the shipping bill.

However in respect of the following items, the exporter shall be required to give declaration with regard to technical characteristics, quality and specification in the shipping bill. The Regional Authority while issuing Duty Free Replenishment Certificate shall mention the 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.

The DFRC and the specific inputs procured against it are subject to actual user condition under the following circumstances:

- i. the export proceeds have not been realised and the exports have not been made under an irrevocable letter of credit or the bill of exchange is not availed/co-accepted/ guaranteed, or
- ii. the DFRC is issued against a SION with actual user condition , or
- iii. specific inputs under a SION are subject to actual user condition.

Under all other circumstances, the inputs procured against DFRC are freely transferable . However, in case of fuel , the same can only be transferred to agencies granted marketing rights by the Ministry of Petroleum and Natural Gas.

Items reserved for imports by State Trading Enterprises cannot be imported against DFRC. However those items can be procured from State Trading Enterprises against ARO issued to DFRC holder.

- 4.31A DFRC shall also be available for supplies mentioned in Chapter 8 of the Policy except for supplies made to DFRC holders. Such DFRC shall be issued with a single port of registration mentioned in paragraph 4.19 of the Handbook (Vol.1) as per option of the applicant.

The CIF value of DFRC shall be arrived at after discounting 20% from the FOR value of supply. The FOR shall be calculated on the basis of the document mentioned in subparagraph ii) below. The application shall be accompanied by the following:-

- i) A copy of the Invoice duly signed by the unit receiving the material and their jurisdictional Excise Authorities certifying the item of supply, its quantity, value and date of such supply. However in case of supply of items which are non excisable or supply of excisable items to a unit producing non excisable product(s), a Project Authority Certificate (PAC) certifying quantity, value and date of supply would be acceptable in lieu of excise certification.

Notwithstanding the above, in respect of supplies to EOU/ EHTP/ STP/ BTP, the supplier has the additional option to furnish a copy of CT-3/ARE-3 duly signed by the jurisdictional Excise Authorities/Bond officer certifying the item of supply, its quantity, value and date of such supply shall be furnished.

- ii) Payment certificate from the project authority in the form given in Appendix-22C. In the case of Intermediate Supplies/ deemed exports, supplies to the EOUs/ EHTPs/ STPs/ BTPs, documentary evidence from the bank substantiating the realisation of proceeds from the Authorisation holder or EOUs/ EHTPs/ STPs/ BTPs, as the case may be, through the normal banking channel, shall be furnished in the form given at Appendix- 22B.

However realisation of export proceeds shall not be insisted upon if the shipments are made against confirmed irrevocable inland letter of credit or inland bill of exchange is unconditionally Avalised/ Co- Accepted/ Guaranteed by a bank and the same is confirmed by the exporters bank and the same is certified by the bank in column 5/6/7 of Appendix-22B. Exports made against the Government of India/EXIM Bank Line of Credit

and exports made under Deferred Payment/Suppliers Line of Credit Contract backed by ECGC Cover would also be entitled for the benefit under DFRC Scheme.

***Export/Imports
under DFRC***

4.32 Export shipments under DFRC can be effected from any port mentioned in paragraph 4.19 of the Handbook and to any of the SEZs. The DFRC shall be issued with single port of registration, which will be the port from where the exports have been effected. However for import from a port other than the port of export, TRA shall be issued by the Customs Authority at the port of export to the Customs Authority to the port of import.

Filing of Application

4.33 An application for grant of DFRC may be made to the Regional Authority concerned in the form given in 'Aayaat Niryaat Form' alongwith the documents prescribed therein. An application for DFRC shall be filed only after realisation of export/supply proceeds.

However, in case of exports/supplies against:

- (a) confirmed irrevocable letter of credit or confirmed irrevocable inland letter of credit or
- (b) bill of exchange is unconditionally Avalised/ Co-Accepted/ Guaranteed by a bank and the same is confirmed by the exporters bank,

the application may be filed after exports/supplies.

The FOB value shall be calculated on the basis of the Bank Realisation Certificate. However in case of exports of gold/silver/ platinum jewellery and articles thereof, the CIF value would be computed from the FOB value as per the value addition given in paragraph 4A.2.1 of Handbook of Procedures (Vol.1).

Time Period

4.34 The application for DFRC shall be filed within six months from the date of realisation in respect of all shipments/supply for which DFRC is being claimed.

4.34.1 In case of exports against confirmed irrevocable Letter of Credit/ supply against confirmed irrevocable inland letter of credit or bill of exchange is unconditionally Avalised/ Co- Accepted/ Guaranteed by a bank and the same is confirmed by the

exporters bank, the DFRC shall be filed within six months from the date of exports/supply for all shipments in respect of which DFRC is being claimed.

4.34.2 For exports/supply against advance payment, DFRC shall be filed within six months from the date of exports against advance payment.

4.34.3 Wherever provisional shipment has been allowed by the customs authorities, DFRC against such exports shall be issued only after the release of the shipping bill by the Customs. The time limit for filing of application in such cases shall be six months from the date of release/ date of printing of shipping bill or three months from date of realisation, whichever is later.

Frequency of Application

4.35 The applicant shall file one application relating to one export product group from one port of export. Where export product falling under one product group have been exported from different ports, the exporter shall file more than one application for the same export product group.

Split up facility

4.35.1 For each duty credit certificate, split certificates subject to a minimum of Rs 5 lakh each and multiples thereof may also be issued. A fee of Rs 1000/- each shall be paid for each split certificate. However, a request for issuance of split certificate(s) shall be made at the time of application only and shall not be considered at a later stage. The duty credit certificate shall be issued with a single port of registration.

Verification by Customs

4.36 The Regional Authority shall ensure that while issuing the DFRC, the 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 the reverse of DFRC. Before allowing the imports against DFRC, the Customs shall verify that the details of the exports as given on the DFRC are as per their records.

The Regional Authority while issuing DFRC for deemed exports shall endorse a copy of the same to the Customs at the port of registration and a copy to Excise Authorities having jurisdiction over recipient unit of the deemed exports alongwith details of invoice giving item of supply, its quantity, value and date of such supply.

In case there is any variation in the details furnished by the Regional Authority and the record verified by the Excise

authority, the Excise Authority shall intimate to the Regional Authority and Customs at the port of registration immediately. The customs authority at the port of registration shall get the details of the supplies verified from the jurisdictional Excise Authority before allowing clearance against the certificate.

Re-export of goods imported under DFRC Scheme

4.36A Goods imported under DFRC scheme, which are found defective or unfit for use, may be re-exported, as per the guidelines issued by the Department of Revenue. In such cases 95% of the CIF value debited against DFRC for the export of such goods, shall be generated by the concerned Commissioner of Customs in the form of a Certificate, containing the amount generated and the details of the original DFRC. Based on the certificate, a fresh DFRC shall be issued by the concerned Regional Authority. The fresh DFRC, so issued, shall have the same port of registration and shall be valid for a period equivalent to the balance period available on the date of import of such defective/unfit goods.

Duty Entitlement Passbook Scheme (DEPB)

4.37 The Policy relating to Duty Entitlement Passbook Scheme (DEPB) Scheme is given in Chapter-4 of the Policy. The duty credit under the scheme shall be calculated by taking into account the deemed import content of the said export product as per SION and the basic custom duty payable on such deemed imports. The 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 'Aayaat Niryaat Form' prescribes the form regarding fixation of DEPB rates. All applications for fixation of DEPB rates shall be routed through the concerned Export Promotion Council which shall verify the FOB value of exports as well as the international price of inputs covered under SION.

Provisional DEPB Rate

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

Exports in anticipation of DEPB Rate

4.39 No exports shall be allowed under DEPB scheme unless the DEPB rate of the concerned export product is notified.

Port of Registration

4.40 The exports/imports made from the specified ports given shall be entitled for DEPB.

Sea Ports Mumbai, Kolkata, Cochin, Dahej, Kakinada, Kandla, Mangalore, Marmagoa, Mundra, Chennai, Paradeep, Pipavav, Sikka, Tuticorin, Vishakhapatnam, Surat (Magdalla), Nagapattinam, Okha, Dharamtar, Jamnagar and Nhava Sheva

Airports Ahmedabad, Bangalore, Bhubaneswar, Mumbai, Kolkata, Coimbatore Air Cargo Complex, Cochin, Delhi, Hyderabad, Jaipur, Srinagar, Trivandrum, Varanasi, Nagpur and Chennai.

ICDs Agra, Ahmedabad, Bangalore, Bhiwadi, Coimbatore, Daulatabad, (Wanjarwadi and Maliwada), Delhi, Dighi (Pune), Faridabad, Guntur, Hyderabad, Jaipur, Jalandhar, Jodhpur, Kanpur, Kota, Ludhiana, Madurai and the land Customs station at Ranaghat Mallanpur, Moradabad, Meerut, Nagpur, Nasik, Gauhati (Amingaon), Pimpri (Pune), Pitampur (Indore), Rudrapur (Nainital), Salem, Singanalur, Surat, Tirupur, Udaipur, Vadodara, Varanasi, Waluj, Bhilwara, Pondicherry, Garhi-Harsaru, Bhatinda, Dappar, Chheharata (Amritsar), Karur, Miraj, Rewari, Bhusawal, Jamshedpur, Surajpur, Dadri and Tuticorin.

LCS Ranaghat, Singhabad, Raxaul, Jogbani, Nautanva (Sonauli), Petrapole, Mahadipur and Dawki.

SEZ Exports made to any Special Economic Zone (SEZ), notified by the Central Government, are also entitled to DEPB and the port of registration in such cases will be the respective SEZ only.

Provided further that the Commissioner of Customs may, either by a public notice or on the written request of the exporter/DEPB holder, by special orders and subject to such conditions as may be specified by him permit imports or exports from any

other sea port, airport, inland container depot or through a Land Customs Station.

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

Maintenance of Record

4.40.2 Each Custom House at the ports shall maintain a separate record of the details of the exports made under the DEPB shipping bill.

Credit under DEPB and Present Market Value

4.41 In respect of products where the rate of credit entitlement under DEPB Scheme comes to 10% or more, the amount of credit against each such export product shall not exceed 50% of the Present Market Value (PMV) of the export product. At the time of export, the exporter shall declare on the shipping bill that the benefit under DEPB Scheme against the export product would not exceed 50% of the PMV of the export product.

However, PMV declaration shall not be applicable for products for which value cap exists irrespective of the DEPB rate of the product.

Utilisation of DEPB credit

4.42 The credit under DEPB shall be utilised for payment of customs duty on any item which is freely importable.

Application for DEPB

4.43 An application for grant of credit under DEPB may be made to the Regional Authority concerned in the form given in 'Aayaat Niryaat Form' alongwith the documents prescribed therein. The agency commission shall be allowed for the DEPB entitlement upto the limit of 12.5% of FOB value only. The FOB value in free foreign exchange shall be converted into Indian rupees as per the exchange rate for exports, notified by Ministry of Finance, as applicable on the date of order of "Let Export" by the Customs.

4.43A In respect of consignment exports wherein the exporter has declared the FOB value of the product on a provisional basis, the exporter shall be eligible for final assessment of such shipping bill based on the actual FOB realised upon sale of such goods in freely convertible currency. The agency commission shall be allowed for the DEPB entitlement upto the limit of 12.5% of FOB value only. However, the FOB value of foreign exchange shall be converted into Indian rupees as per the exchange rate for exports, notified by Ministry of

Finance, as applicable on the date of order of “Let Export” by the Customs.

4.43B An application for grant of credit for supplies from DTA to SEZ can be made by the DTA unit or the SEZ unit. The DTA unit may claim the benefits either from the Regional Authority or the Development Commissioner concerned. In case claim have been filed with the Regional Authority, the Regional Authority while allowing the benefits to the DTA unit will simultaneously endorse a copy of the communication to the concerned Development Commissioner alongwith the details of export documents against which benefits have been allowed for confirmation of the transaction involved. In case the DTA supplier prefers claim with the Development Commissioner, the Development Commissioner shall verify the Denied Entity List (DEL) status of the supplier from the DGFT website before allowing DEPB benefits. The SEZ unit will file application with the Development Commissioner concerned in ‘Aayaat Niryaat Form’ along with the following documents:

1. Bank receipt (in duplicate)/ demand draft evidencing payment of application fee in terms of Appendix 21B.
2. A copy of bill of exports issued by Customs in the SEZ.
3. A copy of invoice showing FOR value of supply, DEPB entitlement on such supply and total value realised from such sale.
4. Bank certificate of realisation in the form given in Appendix 22B.
5. In case SEZ unit opts to apply for the DEPB benefit for such supplies received, a disclaimer (along with the IEC of DTA Unit endorsed on it) certificate from DTA unit declaring that the DTA unit shall not claim any benefit on such supplies and authorising SEZ units to claim DEPB benefit on such supplies.

4.44 In cases where the applicant applies for DEPB after realisation or shipments are made against confirmed irrevocable letter of credit or bill of exchange is unconditionally Avalised/ Co-Accepted/ Guaranteed by a bank and the same is confirmed by the exporters bank and certified by the bank in the relevant Bank certificate of export and Realisation, the DEPB shall be

issued with transferable endorsement. In other cases, the DEPB shall be initially issued with non-transferable endorsement. Upon realisation of export proceeds, such DEPBs can be endorsed as transferable, if the applicant so desires.

Monitoring of Realisation

4.45 The Regional Authorities shall monitor the cases where the DEPB has been granted prior to realisation of export proceeds (except the cases where shipments are made against confirmed irrevocable letter of credit or bill of exchange is unconditionally Avalised/ Co- Accepted/ Guaranteed by a bank and the same is confirmed by the exporters bank) so as to ensure that realisation takes place within the prescribed time failing which they shall initiate action for recovery of an amount equivalent to DEPB credit with 15% interest. The recovered amount in such cases shall be deposited in the head of account of Customs as stated in paragraph 4.29.

4.45.1 If the export proceeds is not realised within six months or such extended period as may be allowed by RBI, the DEPB holder shall pay in cash an amount equivalent to the duty free credit utilised on imports, against such exports with 15% interest from the date of import till the date of deposit. In such cases, where the amount realised in foreign exchange is less than the amount on which DEPB credit has been obtained, the holder of DEPB shall pay, in cash, an amount proportionate to the duty free credit utilised on imports, with 15% interest from the date of imports till the date of deposit.

Time Period

4.46 The application for obtaining credit shall be filed within a period of twelve months from the date of exports or within six months from the date of realization or within three months from the date of printing/ release of shipping bill , whichever is later, in respect of shipments for which the claim have been filed.

4.47 Wherever provisional shipment has been allowed by the customs authorities, DEPB against such exports shall be issued only after the release of the shipping bill by the Customs. In such cases, application for DEPB shall be filed within six months from the date of release of such shipping bill or six months from the date of realisation, whichever is later.

Frequency of Application

4.48 All the shipping bills in any one application must relate to exports made from one Custom House only. There is no limit on the number of shipping bills which can be filed through EDI mode in a single application.

<i>Verification by Customs</i>	4.49	In case of EDI shipping bills before 1.10.2005 and non-EDI shipping bills, the Regional Authority shall ensure that while issuing the DEPB, the 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 the DEPB. Before allowing the imports against such DEPB, the Customs shall verify that the details of the exports, as given on the 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, the DEPBs issued shall be sent to Customs at the port of registration through an electronic message exchange system and the DEPB shall be registered at the 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.
<i>Revalidation</i>	4.50	No revalidation shall be granted beyond the original period of validity of DEPB unless it expires in the custody of the Regional/ Customs Authorities as per the provisions under para 2.13 of the Handbook.
<i>Re-export of goods imported under DEPB Scheme</i>	4.51	Goods imported under DEPB scheme, which are found defective or unfit for use, may be re-exported, as per the guidelines issued by the Department of Revenue. In such cases 98% of the credit amount debited against DEPB for the export of such goods, shall be generated by the concerned Commissioner of Customs in the form of a Certificate, containing the amount generated and the details of the original DEPB. Based on the certificate, a fresh DEPB shall be issued by the concerned Regional Authority. The fresh DEPB, so issued, shall have the same port of registration and shall be valid for a period equivalent to the balance period available on the date of import of such defective/unfit goods.
<i>Issuance of DEPB and other duty credit certificates/ DFRC against lost EP copy of the Shipping Bills</i>	4.52	In case where EP copy of the Shipping Bill has been lost, the DEPB and other duty credit certificates /DFRC claim can be considered subject to submission of the following documents:- <ul style="list-style-type: none"> a) A duplicate/certified copy of the Shipping Bill issued by the Customs Authority in lieu of original; b) An application fee equivalent to 2% of the DEPB or other duty credit entitlement or 1% of DFRC entitlement,

as the case may be, in respect of lost Shipping Bills. However, no fee shall be charged when the Shipping Bill is lost by the Government agencies and a documentary proof to this effect is submitted;

- c) An affidavit by the exporter about the loss of Shipping Bills and an undertaking to surrender it immediately to the concerned Regional Authorities, in case the same is found subsequently.
- d) An indemnity bond by the exporter to the effect that he would indemnify the Government for the financial loss if any on account of DEPB or other duty credit certificate /DFRC issued against lost Shipping Bills.

The Customs Authority, before allowing clearance, shall ensure that no DEPB/DFRC benefit has been availed against the same shipping bill.

4.52.1 The claim against the 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. However, if a provisionally assessed DEPB shipping bill is lost, the time period for filing an application for DEPB would be six months from the date of release of the finally assessed shipping bill.

***Loss Of Original
Bank Certificate***

4.53 In such cases where original bank certificate has been lost, the DEPB/DFRC claim can be considered subject to submission of following documents:

- a) A duplicate copy of the Bank Certificate issued by the bank authority in lieu of original loss.
- b) An application fee equivalent to 2% of the DEPB entitlement or 1% of DFRC entitlement, as the case may be, in respect of lost Bank Realisation Certificate.
- c) An affidavit by the exporter about the loss of Bank Certificate and an undertaking to surrender it immediately to the concerned Regional Authorities, in case the same is found subsequently.
- d) An indemnity bond by the exporter to the effect that he would indemnify the Government for the financial loss

if any on account of DEPB/DFRC issued against lost Bank Certificate.

The claim against the lost Bank Certificate shall be preferred within a period of six months from the date of realisation and application received thereafter will be rejected.

In such cases, where both the documents have been lost, the exporter shall follow the procedure laid down in paragraph 4.51 and 4.52.

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|------------------------------------------------------------|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Duty Free Import Authorisation (DFIA) Scheme</i> | 4.54 | The Policy relating to the Duty Free Import Authorisation Scheme is prescribed in Chapter 4 of the Policy. |
| <i>Application</i> | 4.55 | An application in ‘Aayaat Niryaat Form’ with the import entitlement as per SION, along with documents prescribed in the application form, shall be submitted to the Regional Authority concerned. |
| | 4.55.1 | In case of export of gold /silver / platinum jewellery and articles thereof, the quantity, wastage and the value addition norms shall be as prescribed in paragraph 4A of the Policy and Handbook of Procedure(vol.1). |
| | 4.55.2 | Applications, where Acetic Anhydride, Ephedrine and Pseudo-ephedrine is required as an input for import and prescribed in SION, shall be filed with the Regional Authorities 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 the respective Zonal Director of the Narcotics Control Bureau, alongwith a declaration that the applicant will maintain the prescribed records and also submit the prescribed returns.

Duty free import of spices (covered by Chapter 9 of the ITC(HS) Classifications of Export & Import items, 2004-09) for export under DFIA scheme shall be permitted only for value addition purposes like crushing/grounding/sterilization or for manufacture of oils and oleoresins and not for simple cleaning, grading, re-packing etc.

The Regional Authority, while issuing the DFIA for the import of Acetic Anhydride, Ephedrine and Pseudo- ephedrine, shall endorse a condition that before effecting imports, NOC shall

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

- 4.55.3 However in respect of the following items, the exporter shall be required to give declaration with regard to technical characteristics, quality and specification in the shipping bill. The Regional Authority while issuing DFIA shall mention the 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.

- 4.55.4 Exports made against the Government of India/EXIM Bank Line of Credit would be entitled for benefits under the DFIA Scheme. Further, exports made under Deferred Payment/ Suppliers Line of Credit Contract backed by ECGC Cover would also be entitled for the benefit under the Scheme.

***DFIA for applicants
with multi units***

- 4.56 Transfer of any duty free material imported or procured against non-transferable DFIA from one unit of the company to another unit of the same company for manufacturing purpose shall be done with the prior intimation to the jurisdictional Excise Authorities with a clear understanding that no benefit of CENVAT shall be claimed on such transferred inputs. In case of non-excisable company/products, the units should maintain a proper record of the same. However to avail the facility, all such units should be available in the IEC certificate and follow the rules and regulations of Central Excise for jobwork.

***DFIA for Free of Cost
and Paid Material***

- 4.57 An exporter may apply for a DFIA for import of items as per SION, some or all of which may also include items that are supplied free of cost.

In such cases, for calculation of value addition, the notional value of free of cost inputs along with value of other duty-free inputs shall be taken into consideration. However, if all the inputs are supplied free of cost, the exporter shall also have the option to follow the provision prescribed in paragraph 4.2.7 of the Policy.

In such cases, a specific endorsement shall be made on the exchange control copy of the DFIA disallowing remittances for the material being supplied free of cost. All inputs imported shall be utilised in the manufacturing of the product except the wastage.

The value addition in the case of such DFIA's would be computed by adding the notional value of the free of cost material to both the CIF value of imports and FOB value of exports.

<i>Financial Powers</i>	4.58	The financial powers under DFIA scheme shall be as per paragraph 4.8 of this Handbook.
<i>Description of a DFIA</i>	4.59	A DFIA shall specify: <ul style="list-style-type: none">(a) the names and description of items to be imported and exported / supplied;(b) the quantity of each item to be imported or wherever the quantity cannot be indicated, the value of the item shall be indicated. However, if in Standard input output norms, the quantity and value of individual inputs is a limiting factor, the same shall be applicable.(c) the aggregate CIF value of imports; and(d) the FOB/FOR value and quantity of exports/ supplies.
<i>Exports in Anticipation of DFIA</i>	4.60	Exports/supplies made from the date of EDI generated file number for a DFIA, may be accepted towards discharge of export obligation. Shipping/Supply document(s) should be endorsed with the File Number or the Authorisation Number to establish co-relation of the exports/supplies with the authorisation issued. If the application is approved, the authorisation shall be issued based on the input-output norms in force on the date of receipt of the application by the Regional Authority in proportion to the provisional exports/ supplies already made till any amendment in the norms is notified. For

the remaining exports, the Policy/ Procedures in force on the date of issue of the authorisation shall be applicable.

4.60.1 The exports/supplies made in anticipation of the grant of a DFIA shall be entirely on the risk and responsibility of the exporter.

4.60.2 The conversion of duty free shipping bills to drawback shipping bills may also be permitted by the Customs Authorities in case the application for a DFIA is rejected or modified by the Regional Authority.

Port of Registration

4.61 The DFIA shall be issued for the purpose of import and export through port(s) as specified in paragraph 4.19 of this Handbook.

Acceptance of BG/LUT

4.62 At the time of issue of the non transferable DFIA, the acceptance of the undertaking given by the applicant to the Regional Authority concerned in the form given in 'Aayaat Niryaat Form' will be endorsed on the reverse of the DFIA.

Note: - No BG/LUT will be required where the specified export obligation has been fulfilled before making any import. In case of partial fulfillment of export obligation before effecting any imports, the BG/ LUT may be reduced proportionately.

***Enhancement/ Reduction
In the Value of DFIA***

4.63 In respect of a DFIA, the Regional Authority concerned (as per their financial powers) may consider a request for enhancement/ reduction in the CIF value, FOB value, quantities of import or export of the certificate, provided the value addition after such amendment does not fall below the stipulated minimum value addition (as per the policy and the procedure laid thereunder) and provided there is no change in the input-output norms and the Policy under which the authorisation was issued.

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

The application for the enhancement/ reduction in the value or quantity of the authorisation shall be made in 'Aayaat Niryaat Form' of the Handbook of Procedure (Vol. 1)

***Export Obligation period
and its extension***

4.64 The period of fulfillment of export obligation and its extension shall be governed as per the provision contained in paragraph

4.22 of this Handbook. However, any extension beyond 36 months from the date of issuance of the authorisation shall not be allowed.

Revalidation of DFIA

4.65 Facility of revalidation shall be available to the DFIA holder as per the provision contained in paragraph 4.23 of this Handbook.

Re-export of goods imported under DFIA Scheme

4.66 Goods imported against transferable DFIA, which are found defective or unfit for use, may be re-exported, as per the guidelines issued by the Department of Revenue. In such cases 95% of the CIF value debited against DFIA for the export of such goods, shall be generated by the concerned Commissioner of Customs in the form of a authorisation, containing the amount generated and the details of the original DFIA.

Based on the certificate, a fresh DFIA shall be issued by the concerned Regional Authority.

The fresh DFIA, so issued, shall have the same port of registration and shall be valid for a period equivalent to the balance period available on the date of import of such defective/unfit goods.

Monitoring of Export Obligation

4.67 The Regional Authority, with whom the undertaking is executed by the DFIA holder, shall maintain a proper record in a master register indicating the starting and closing dates of obligation period and other particulars to monitor the export obligation.

Within two months from the date of expiry of the period of obligation, the certificate holder shall submit requisite evidence in discharge of the export obligation in accordance with paragraph 4.25 of this Handbook.

However, in respect of shipments where six months period (one year in case of status certificate holder) for realisation of foreign exchange has not become due, the Regional Authority shall not take action for non submission of bank certificate of exports and realisation provided the other document(s) substantiating fulfillment of Export Obligation have been furnished.

In case the Authorisation holder fails to complete the export obligation or fails to submit the relevant information/documents, the Regional Authority shall take action by refusing

further authorisations, enforce the condition of the authorisation and undertaking and also initiate penal action as per law.

***Fulfillment of Export
Obligation***

4.68 The Authorisation holder shall furnish the following documents in support of having fulfilled the export obligation:-

A. For physical exports:-

- (i) Bank Certificate of Exports and Realisation in the form given at Appendix-22A or Foreign Inward Remittance Certificate (FIRC) in the case of direct negotiation of documents or Appendix –22B in case of offsetting of export proceeds. However, realisation of export proceeds shall not be insisted if the shipments are made against;
 - (a) confirmed irrevocable letter of credit or
 - (b) bill of exchange is unconditionally Avalised/ Co-Accepted/ Guaranteed by a bank and the same is confirmed by the exporters bank.
- (ii) The stipulations at (a) or (b) above must be certified by the bank in column 14/15 of Appendix- 22A.
- (iii) EP copy of the shipping bill(s) containing details of shipment effected or bill of export in case of export to SEZ.

A statement of exports giving details of shipping bill wise exports indicating the shipping bill number, date, FOB value as per shipping bill and description of export product

A statement of imports indicating bill of entry wise item of imports, quantity of imports and its CIF value.

B. For deemed exports (including intermediate supplies):

- (i) A copy of the invoice or a statement of invoices duly signed by the unit receiving the material and their jurisdictional excise authorities certifying the item of supply, its quantity, value and date of such supply.

However in case of supply of items which are non excisable or supply of excisable items to a unit producing non excisable product(s), a project authority certificate

(PAC) certifying quantity, value and date of supply would be acceptable in lieu of excise certification.

However, in respect of supplies to EOU/EHTP/ STP/ BTP, the supplier has the additional option to furnish a copy of ARE-3/CT-3 form duly signed by the jurisdictional excise authorities/Bond Officer certifying the item of supply, its quantity, value and date of such supply in lieu of the excise attested invoice (s) or statement of invoices as given above.

- (ii) Payment certificate from the project authority in the form given in Appendix-22C. In the case of supplies to EOUs/ EHTPs/ STPs / BTPs, deemed exports (including Intermediate Supplies), documentary evidence from the bank substantiating the realisation of proceeds from the Authorisation holder or EOUs/EHTPs/ STPs/ BTPs or the Project Authority, as the case may be, through the normal banking channel, shall be furnished in the form given at Appendix-22B. However realisation of proceeds shall not be insisted upon if the shipments are made against:
 - (a) confirmed irrevocable inland letter of credit or
 - (b) inland bill of exchange is unconditionally Avalised/ Co- Accepted/ Guaranteed by a bank and the same is confirmed by the exporters bank.

The stipulations at (a) or (b) above must be certified by the bank in column 5/6/7 of Appendix- 22B.

- (iii) A statement of supplies giving details of supply invoices and indicating the invoice number, date, FOR value as per invoices and description of product.
- (iv) A statement of imports indicating bill of entry wise item of import, quantity of import and its CIF value.

Maintenance of proper accounts of the inputs

4.69 The 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 the concerned Regional Authority(ies) along with the request for bond waiver/ redemption/ discharge of export obligation/ transferability. Such records should be preserved

for a period of at least three years from the date of redemption.

Redemption

4.70 In case the export obligation has been fulfilled, the Regional Authority shall redeem the case.

After redemption, the Regional Authority shall forward a copy of the redemption letter indicating the shipping bill number(s), date(s), FOB value in Indian rupees as per shipping bill(s) and description of export product to the Customs Authority at the port of registration. Such details shall also be placed by the Zonal Offices in their website immediately after issuance of the export obligation discharge/ redemption letter / 'No Bond Certificate' and by DGFT HQr in DGFT website on monthly basis for the Customs Authority to access it from the website.

Before discharging BG/LUT against Physical Exports, the Customs shall verify that the details of the exports as given in the "Redemption Certificate", are as per their records. However before discharging BG/LUT against Intermediate Supplies and Deemed Exports, the Customs shall verify the details of the supplies from the Central Excise authorities/Bond Officer.

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

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

The cancellation/ redumption of BG/LUT would be undertaken by the Customs within 30 days of issue of EODC /bond waiver by the Regional Authority.

Regularisation of Bonafide default

4.71 (a) The cases of a bonafide default in fulfillment of export obligation may be regularised by the Regional Authority in the manner prescribed in paragraph 4.28 of this Handbook.

Transferability of the DFIA 4.72 Once the export obligation is fulfilled and the required documents as stipulated in paragraph 4.68 of this Handbook has been furnished, the Regional Authority shall make the authorisation transferable subject to the conditions stipulated for this scheme. However the restricted item endorsed in the authorisation shall be allowed to be transferred only against a separate import licence/permission issued as per Foreign Trade Policy and the procedure laid thereunder.

GEMS AND JEWELLERY

4A The Policy relating to Gem Replenishment Authorisation, and scheme for gold/ silver/platinum jewellery is given in paragraph 4A of Chapter-4 of the Policy.

Replensihment Authorisation 4A.1 An application for REP Authorisation may be made in the form given in ‘Aayaat Niryaat Form’ alongwith the documents prescribed therein to the Regional Authority concerned as given in Appendix-1A.

4A.1.1 The application shall be filed within six months following the month/quarter during which the export proceeds are realised. For export proceeds realised during the month/ quarter, consolidated application for entire month/ quarter shall be filed. However, if any supplementary application is to be filed, it may be accepted with a cut of 10% on entitlement. In case of third party exports, Replenishment benefit shall be admissible provided the EP copy of the Shipping Bill shows the names of both the manufacturer and the third party and REP Authorisation against such exports is claimed by either of the parties after furnishing a disclaimer (along with the IEC Number) from the other party. REP Authorisations will be transferable.

4A.1.2 In case where part payment has been realised against an invoice, the application for REP Authorisation may be made within six months following the month during which part payment was realised, provided;

- a) Not more than two such applications may be made for each such invoice; and
- b) The first such application shall be made only after 50% of the proceeds of the invoice is realised.

4A.1.3 In case where payment is received in advance and exports take

place subsequently, the application for REP Authorisation shall be filed within six months following the month during which the exports are made.

4A.1.4 For the purpose of clarity, it is again reiterated that the month in which the export has been made in the case of advance payment and the month in which export proceeds have been realised in part or full after making of the exports, shall be excluded while calculating the period of six months for the purpose of filing of application for REP Authorisation.

Wastage Norms

4A.2 The wastage or manufacturing loss on gold/silver/ platinum jewellery and articles thereof is as follows:

S.No.	Item of exports	Percentage of wastage by weight with reference to Gold/ Platinum/ Silver content in the 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	9.0%	10%
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 the studded jewellery	2.5%	2.5%
f.	Gold/silver/platinum medallions and coins (excluding the coins of the nature of the legal tender)	0.25%	0.25%
g.	Findings and mountings manufactured by mechanized process	1.25%	1.25%

Value Addition

4A.2.1 Under the scheme for export of jewellery, the value addition shall be calculated as per paragraph 4A.6 of FTP.

The minimum value addition shall be as mentioned below,

S.No.	Item of Export	Minimum Value Addition
a)	Plain gold/platinum /silver jewellery/ Articles and ornaments like Mangalsutra Containing gold and black beads/ Imitation stones, precious stones and semi precious stones, cubic zirconia , diamonds, precious & semi-precious stones.	4.5%
b)	All types of Studded gold/ platinum/ silver Jewellery and articles thereof	15%
c)	Any jewellery/ articles manufactured by fully mechanised process	3%
d)	Gold/ silver/ platinum medallions & coins (excluding the coins of the nature of legal tender)	3%
e)	Gold/ silver /platinum findings/ mountings manufactured by mechanised process	5%

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

Loss of Gem and Jewellery

4A.3 Consignments of gem and jewellery items exported out of the 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 The Gem REP Authorisations shall be valid for import of precious stones, semi-precious and synthetic stones and pearls. In addition, the Authorisation shall also be valid for import of empty jewellery boxes upto 5% of the value of the Authorisation within its overall CIF value. The 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 the CIF value of the Authorisation within its overall CIF value.

4A.4.1 The Gem REP Authorisations are available as per the scale given in Appendix-12B.

<i>Filing of Application</i>	4A.4.2	<ul style="list-style-type: none"> (i) An application for Gem Rep Authorisation may be given to the Regional Authority concerned as given in Appendix-1A in the form given in Appendix-22F alongwith the documents prescribed therein. (ii) In case E.P Copy of the Shipping Bill and Customs attested invoice is submitted to the nominated agencies, the exporter shall furnish a self certified photo copy of the same along with a certificate from the nominated agencies certifying the carat/value of studdings in case of studded jewellery and excess the value addition achieved in the case of plain jewellery and articles. (iii) The provision of paragraph 4A.1.1 to 4A.1.4 will also be applicable for Gem Rep Authorisations.
<i>Agency Commission</i>	4A.5	<p>The exporter availing the scheme of gold/silver/ platinum jewellery are allowed to pay agency commission. The value addition shall be calculated after deducting agency commission. Wherever such agency commission is paid, the value addition shall be correspondingly increased by the percentage of agency commission.</p>
<i>Endorsement on shipping Bill and Invoice</i>	4A.6	<p>At the time of export of jewellery, the shipping bill and the invoice presented to the Customs Authorities shall contain the description of the 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 the purity of gold/ silver/platinum used is the same in respect of all or some of the items made out from each of these metals for export, the exporter may give the total weight of gold/silver/platinum and other details of such similar items which are of the same purity. In case of studded items, the shipping bill shall also contain the description, weight and value of the precious/ semi-precious stones/diamonds/ pearls used in manufacture, and the weight/ value of any other precious metal used for alloying the gold/ silver.</p>
<i>Conditions of Exports</i>	4A.7	<p>The exports shall be allowed by the Customs Authorities provided the endorsement made on the shipping bill and the invoice are correct and the value addition achieved is not below</p>

the minimum prescribed in the Policy.

Proof of Exports

4A.8 The exporter has to furnish the proof of exports, wherever required for export of gold/silver/platinum jewellery and articles thereof, by furnishing the following documents:

- (a) E.P copy of the shipping bill;
- (b) Customs attested invoice;
- (c) Bank certificate of export in the form given in Appendix-22A showing that documents have been sent for negotiation/collection; and
- (d) A declaration on the following lines:
“I/We declare that outstanding realisation of export proceeds beyond 180 days does not exceed 10% of average exports of preceding three licensing years. I/We further declare that no export proceeds are outstanding beyond one year or such extended period for which RBI permission has been obtained.”

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

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

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

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

Instructions issued by the 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, the following formula shall be used:

- (i) Where items of gold has been exported in terms of carats, the quantity of gold shall be multiplied by the number of carat of gold exported, divided by 24 and thereafter again divided by 0.995/0.999/0.900 to arrive at the equivalent quantity of gold in terms of fineness of 0.995/0.999/0.900 respectively; and
- (ii) Wherever the purity of the item of export is expressed in terms of fineness, the quantity of gold/silver/platinum shall be multiplied by the fineness of gold/silver/platinum exported and thereafter divided by 0.995/0.999/0.900 to arrive at the 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 The gold/silver/platinum shall be released to the exporter of jewellery by the 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 the exporters in multiples of 1 Kg only. Any balance of gold/ silver/ platinum shall be available to the exporters along with his future entitlement. The 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 the 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, Cochin, Delhi, Jaipur, Bangalore, Kochi, Coimbatore, Ahmedabad, Dabolin Airport, Goa and Hyderabad. Export by courier shall also be allowed through Custom Houses at Mumbai, Calcutta, Chennai, Cochin, 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 given in paragraph 4A.17 of the policy. At the time of exports, the exporter shall submit the following documents:

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

4A.14 Deleted

***Export Against Supply
By Foreign Buyer***

4A.15 Before clearance of each consignment of import supplied by the foreign buyer, the nominated agency shall execute a bond with the Customs, undertaking to export within the period stipulated in the contract, gold/silver/platinum jewellery or articles equivalent to the entire import quantity of gold/silver/platinum, mountings and findings etc excluding the 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, the Status Holder/exporter shall furnish a Bank Guarantee/LUT, as per Customs Rules and regulations to the Customs equivalent to the 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.

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

4A.15.1 The 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 The goods shall be cleared through Customs by the nominated agency Status Holder/exporter. Even where export order is received by an Associate, the goods shall be cleared through Customs by the nominated agency only and not the Associate. The associate shall, in such cases, authorise the nominated agency to act as its agent to file bill of entry and shipping bill.

4A.15.3 At the time of export, the shipping bill presented to the Customs shall also contain the following:

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

4A.15.4 Each shipping bill shall be valid for exports only through the Customs House located at the place where the office of the 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 the endorsement was made by the nominated agency in case of exports through nominated agency. If the exports cannot be made within this period, the exporter shall file a fresh shipping bill.

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

- (i) Shipping bill with two extra copies where exports are made from a Customs House other than the Customs House through which the 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 the nominated agency indicating the quantity and value of items supplied by the foreign buyer.

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

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

4A.15.8 The exporter may also obtain, in advance, gold/ silver/ platinum etc. supplied by the foreign buyer by furnishing a bank guarantee for an amount equal to the international price of such items and Bank Guarantee/LUT, as the case may be for the customs duty payable thereon. The bank guarantee/LUT shall be redeemed only when the exporter has furnished proof of exports to the Nominated Agency and accounted for the use of items supplied in advance in the export product.

4A.15.9 For the purpose of redemption of bond/Bank Guarantee/LUT, as the case may be, executed with the Customs, the Nominated Agency/Status Holder/exporter shall furnish a statement indicating the items, its quantity and value supplied by the foreign buyer, the corresponding Bill of Entry number and date, number of each of the shipping bills against which corresponding exports was made.

Maintenance of Accounts

4A.16 The 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, the exports effected and the quantity of gold, silver, platinum mountings, findings etc. released against such exports. In case of direct exports, similar accounts shall also be maintained by the Status Holder. Such accounts shall be maintained for a minimum period of three years from the date of exports.

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

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

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

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

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

The exports under this scheme shall be subject to the following conditions:

Items not sold abroad shall be re-imported within 60 days of the close of the exhibition. However, in case the exporter is participating in more than one exhibition within 45 days of close of the first exhibition, then the 60 days shall be counted from the date of close of the last exhibition. In case of personal carriage of gems and jewellery for holding /participating in overseas exhibitions, the value of such gems and jewellery shall not exceed US \$ 2 million. The gold/silver/ platinum content on items sold in such exhibitions may be imported as replenishment. The exporter shall take replenishment from the Nominated Agency within 120 days from the close of the exhibition gold / silver / platinum for the purpose of replenishment content against the 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\$ 100,000 for export promotion tours/photo shoots/ fashion shows and temporary display/ sale abroad is also permitted with the approval of Gem & Jewellery & Jewellery Export Promotion Council subject to the condition that the promoter would bring back the jewellery / goods or repatriate the sale proceeds within 45 days from the date of departure through normal banking channel. In case of personal carriage for export promotion tours, the exporter shall declare personal carriage of such samples to the Customs while leaving the country and obtain necessary endorsement on the Export Certificate issued by Jewellery Appraiser of the Customs. In such cases the exporter shall book with the nominated agency, within 120 days after the export promotion tour or the expiry of the stipulated period of 45 days, whichever is earlier, gold/silver/ platinum for the purpose of replenishment content against the items sold abroad.

(iii) Export of branded jewellery.

Export of branded jewellery is also permitted with the approval of Gem & Jewellery and Jewellery Export Promotion Council for display/sale in the permitted shops set up abroad or in the showroom of their distributors/ agents. Items not sold abroad within 180 days shall be re-imported within 45 days. The exporter shall book with the Nominated Agency within 120 days after the end of the stipulated period of 180 days, gold/silver/platinum for the purpose of replenishment content against the items sold abroad.

(b) The following documents shall be submitted for claiming such replenishment:

- (i) Customs attested invoice;
- (ii) Copy of the approval letter issued by the Government/ GJEPC;

(iii) Certificate from the Nominated Agency/ GJEPC in the form given in Appendix-22F.

(c) In case of exhibitions organised by the nominated agencies, the gold/silver/ platinum shall be imported as replenishment by the Nominated Agencies within 60 days from the close of the exhibition.

4A.19 The Nominated Agencies shall maintain a complete account of the 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 the date of close of the exhibition.

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

4A.20 The exporter under the scheme 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 The exporter may apply to the Nominated Agency for booking of precious metal gold/silver/platinum. The quantity of the precious metal booked with the Nominated Agency shall be equivalent to the precious metal content in the export product and the admissible wastage.

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

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

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

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

***Outright Purchase
Basis in Advance***

4A.22 The exporter may obtain the required quantity of precious metal in advance on outright purchase basis subject to furnishing of Bank Guarantee/LUT, as the case may be to the Nominated Agencies for an amount as may be prescribed by the Nominated Agency. On failure to effect exports within the period prescribed, the Nominated Agencies shall enforce the Bank Guarantee/LUT.

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

Loan Basis

4A.23 The exporter may obtain the required quantity of precious metal on loan basis subject to furnishing of Bank Guarantee for the precious metal and Bank Guarantee/LUT, as the case may be, for the customs duty to the Nominated Agencies for an amount as may be prescribed by the Nominated Agencies. On failure to effect exports within the period prescribed, the Nominated Agencies shall enforce the Bank Guarantee and /or LUT.

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

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

4A.23.3 The exporter shall be permitted to export the jewellery on the basis of a notional rate certificate to be issued by the Nominated Agency/the Gems and Jewellery Export Promotion Council (GJEPC) This rate will be based on the prevailing Gold/USD rate and the USD/INR rate in the notional rate certificate. The certificate issued by the Nominated Agency/GJEPC should not be older than 7 working days of the date of shipment.

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

The exporter shall have the flexibility to fix the price and repay the Gold Loan within 180 days from the date of export. This price shall be communicated to the Nominated Agencies who will issue a certificate showing the final confirmation of the rate to the bank negotiating the documents, to ensure export proceeds are realized at this rate.

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

Exports against Advance Authorisation

4A.25 The procedure applicable to Advance Authorisations under Chapter-4 of this Handbook shall generally apply to this scheme except the norms for value addition, export obligation period and the regularization of default.

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

4A.25.2 The Advance Authorisation holder may obtain gold/silver/platinum from the Nominated Agencies in lieu of direct imports. In such a case, the Nominated Agency shall make, both the exchange control copy and customs purpose copy of the authorisation invalid for direct imports.

Diamond Imprest Authorisation

4A.26 Policy for the Diamond Imprest Authorisation is prescribed in paragraph 4A.14 of the Policy.

<i>Application</i>	4A.26.1	For the purpose of the scheme, an application in ‘Aayaat Niryaat Form’, alongwith documents prescribed therein shall be submitted to the Regional Authority concerned.
<i>Export Obligation</i>	4A.26.2	The export obligation against each consignment shall be fulfilled within a period of five months from the date of clearance of such consignment through Customs. However, at no point of time, the importer shall be required to maintain records of individual import consignments nor will they be required to co-relate export consignments with the corresponding import consignments towards fulfilment of export obligation.
<i>Regularisation of Bonafide Default</i>	4A.27	The cases of bonafide default in fulfillment of export obligation by an exporter who has obtained precious metals from the nominated agencies may be regularised provided the exporter has paid customs duty alongwith 15% interest thereon to the Customs. However, in the case of Advance Authorisation, the provisions as given in paragraph 4.28 of this Handbook shall apply. This shall be without prejudice to any action that may be taken against the exporter under the Foreign Trade (Development and Regulation) Act 1992, the Order or the Rules issued thereunder.
<i>Replenishment Authorisation for Import of Consumables</i>	4A.28	<p>A Replenishment Authorisation for duty free import of consumables, equal to 2 % of FOB value of exports of the preceding year may be issued on production of Chartered Accountant’s Certificate indicating the export performance. This Authorisation shall be non-transferable and subject to actual user condition. This Replenishment Authorisation shall be valid for duty free import of consumables as notified by the Customs.</p> <p>Application for import of consumables as given above may be made to the concerned Regional Authority in the form given in ‘Aayaat Niryaat Form’.</p>
<i>Personal Carriage of Gems & Jewellery Export Parcels</i>	4A.29	Personal Carriage of gems & jewellery parcels by Foreign Bound Passengers from all EOU/SEZ units and all firms in DTA through the Airports in Delhi, Mumbai, Kolkata, Chennai, Cochin, Coimbatore, Bangalore, Hyderabad, Jaipur is permitted. The procedure for Personal Carriage of exports shall be as prescribed by Customs. The export proceeds shall,

however, be realised through normal banking channel. For claiming the Replenishment in case of Personal Carriage of Exports by Foreign Bound passenger, documents shall be the same as mentioned under paragraph 4A.21.2 of this Handbook. 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 the airports in Delhi, Mumbai, Kolkata, Chennai, Bangalore, Hyderabad Jaipur. The procedure will be the same as for import of goods by air-freight except that the parcels shall be brought to the Customs by the Importer/Foreign National for examination and release. The clearance of imports under this scheme shall be as per the normal authorisation system of Chapter-4 of the Policy.

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 the last three years export turnover of gems and jewellery items, whichever is lower, shall be allowed in a financial year as per the terms and conditions of 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 the jewellery rejected and returned by the buyer upto 2% of the FOB value of exports in the preceding licencing year with the refund of any duty exemption/refund/replenishment benefit availed on the inputs used as per customs rules and regulations.

4A.32.1 However, an exporter desirous of re-importing plain/ studded precious metal jewellery for re-export shall submit a CA certified copy of the export of his preceding year to the jurisdictional Customs Authorities and also execute a bond with them to re-export equivalent quantity of plain/ studded jewellery of same quantity (equivalent weight of gold & value of studdings that were re-imported) within 60 days of the re-import.

***Diamond & Jewellery
Dollar Accounts***

4A.33 The policy for Diamond and Jewellery Dollar Accounts is given in paragraph 4A.19 of FTP. Detailed procedure for its operation will be notified separately.

Import of precious metal scrap/used jewellery for melting and re-export of jewellery.

4A.34 The policy for Import of precious metal scrap/used jewellery for melting and re-export of jewellery is given in paragraph 4A.21 of FTP. The procedure is laid as under:

Imported precious metal scrap/used jewellery shall be allowed to be cleared by the Customs subject to the condition:

- a) that the importer files a bond along with Bank Guarantee for a sum equivalent to one and half times the customs duty leviable on the said used jewellery/precious metal scrap;
- b) the importer fulfils the export obligation and value addition as notified by Central Government;
- c) such import will not be allowed through Hand Baggage.

The detailed procedure including value addition requirement and export obligation period etc. for operationalisation of the facility under this paragraph shall be notified separately by DGFT.

CHAPTER-5

EXPORT PROMOTION CAPITAL GOODS SCHEME

- Policy*** 5.1 The Policy relating to Export Promotion Capital Goods (EPCG) Scheme is given in Chapter 5 of the Policy.
- Application Form*** 5.2 An application for the grant of an Authorisation may be made to the Regional authority concerned in the form given in 'Aayaat Niryaat Form' along with documents prescribed therein.
- Consideration of Applications*** 5.3 The applicant may apply for EPCG Authorisation wherein duty saved amount is Rs. 50 crores, to the Regional Authority along with a certificate from the independent chartered engineer on the proforma annexed to 'Aayaat Niryaat Form' certifying the end use of capital goods sought for import for its use at pre production, production or post production stage for the product undertaken for export obligation.
- For the cases wherein duty saved amount is above Rs. 50 crores, the applicant may apply to DGFT Headquarters directly with a copy endorsed to the concerned Regional Authority. In such cases, based on the recommendations of Headquarters EPCG Committee/ approval of competent authority the concerned Regional Authorities will issue the EPCG Authorisation accordingly.
- 5.3.1 The Regional Authority concerned shall, on the basis of the nexus certificate from an Independent Chartered Engineer (CEC) submitted by the applicant in Appendix 32A, issue the EPCG Authorisation and thereafter forward a copy of the EPCG Authorisation to the concerned Jurisdictional Central Excise Authority.
- 5.3.2 The Authorisation holder shall produce to the concerned Regional authority a certificate from the jurisdictional Central Excise authority confirming installation of Capital goods at the factory/premises of the Authorisation holder or his supporting manufacturer(s) vendor(s) within six months from the date of completion of imports.
- However, Authorisation holders who are not registered with Central Excise Authorities and service providers can give a certificate either from the jurisdictional excise authority or an

independent Chartered Engineer confirming installation of movable and immovable capital goods at the premises of the Authorisation holder/supporting manufacturer.

5.3.3 The EPCG Authorisation shall be issued with a single port of registration mentioned in paragraph 4.19 of the Handbook of Procedure for the purpose of imports. All imports shall be made from that particular port unless the specific permission of the Customs Authorities is obtained. However, exports can be made from any of the ports specified in paragraph 4.19.

5.3.4 (i) The applicant may also apply for import of spares including refractory, catalyst and such consumables as are required for installation and maintenance of capital Goods imported/to be imported under the EPCG Scheme.

The application shall contain list of plant/ machinery installed in the factory/ premises of applicant for which spares are required, duly certified by Chartered Engineer or Jurisdictional Central Excise Authorities.

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

- (a) Name of plant/machinery for which spares are required.
 - (b) Value of duty saved allowed under the Authorisation.
 - (c) Description of product to be exported with value of export obligation as per the Policy.
- (ii) The Regional Authority, after issue of EPCG Authorisation for spare shall forward a copy of Authorisation to concerned Jurisdictional Central Excise Authority.
- (iii) Further at the time of final redemption of export obligation Authorisation holder shall submit certificate from the Independent Chartered Engineer confirming the use of spares so imported in the installed capital goods on the basis of stock & consumption register maintained by Authorisation holder.

***EOU/ SEZ Units
under EPCG Scheme***

5.4 An EOU/ SEZ unit may apply for an EPCG Authorisation in terms of paragraph 6.18(d) of the Policy. Such application shall be made in the form given in 'Aayaat Niryaat Form' alongwith the documents prescribed therein. In addition, the applicant shall also furnish a copy of the 'No Objection Certificate' from the Development Commissioner showing the details of the capital goods imported/indigenously procured by the applicant, its value at the time of import/sourcing and the depreciated value for the purpose of assessment of duty under the scheme.

Such cases shall not be required to be forwarded to Headquarters EPCG Committee. The concerned Regional authority shall issue EPCG Authorisations based on the "No Objection Certificate" produced from the concerned Development Commissioner.

***Indigenous Sourcing
of Capital Goods***

5.5 The EPCG Authorisation holder intending to source capital goods indigenously, shall make a request to the Regional Authority for invalidation of the EPCG Authorisation for direct import. The EPCG Authorisation holder shall also give the name and address of the person from whom he intends to source the capital goods.

5.5.1 On receipt of such request, either at the time of issuance of Authorisation or subsequently, the Regional Authority shall make the Authorisation invalid for direct import and issue an invalidation letter, in duplicate, to the EPCG Authorisation holder. The Regional Authority shall simultaneously grant permission to the EPCG Authorisation holder to procure the capital goods indigenously in lieu of direct import.

5.5.2 The indigenous manufacturer intending to supply capital goods to the EPCG Authorisation holder may apply to the Regional Authority in the form given in 'Aayaat Niryaat Form' for the issuance of Advance Authorisation for import of inputs including components required for the manufacture of capital goods to be supplied to the EPCG Authorisation holder.

***Benefits To indigenous
supplier of Capital Goods***

5.5.3 For the purpose of claiming benefit of deemed exports, the indigenous supplier of capital goods shall furnish:

- (a) Certificate from the respective Assistant Commissioner of Customs and Central Excise Authorities having jurisdiction over the factory/ premise as evidence of

having supplied/ received the manufactured capital goods and in case of service provider, a certificate from independent Chartered Engineer confirming the supplies/ receipt of the Capital Goods.

- (b) Evidence of payments received through normal banking channel from the EPCG Authorisation holder in the form given in Appendix- 22B.

Leasing of Capital Goods

- 5.6 An EPCG Authorisation holder may, on the basis of firm contract between the parties, source the capital goods from a domestic leasing company in accordance with paragraph 2.25 of the Policy. In such cases, the Bill of Entry of imported capital goods or the commercial invoice of indigenously procured capital goods, as the case may be, shall be signed jointly by the EPCG Authorisation holder and the leasing company at the time of import/local supply respectively. However, the EPCG Authorisation holder shall alone be fully responsible for fulfillment of export obligation.

Condition for Fulfilment of Export Obligation

- 5.7 In addition to the conditions mentioned in paragraph 5.4 of the Policy, the following conditions shall also be applicable for fulfilment of export obligation under the scheme:-
 - 5.7.1 The exports shall be direct exports in the name of the EPCG Authorisation holder. However, the export through third party(s) as defined in Chapter 9 of the Policy is also permitted under the EPCG scheme. If a merchant exporter is the importer, the name of the supporting manufacturer shall also be indicated on the shipping bills. At the time of export, the EPCG Authorisation No. and date shall be endorsed on the shipping bills which are proposed to be presented towards discharge of export obligation.
 - 5.7.2 Export proceeds shall be realised in freely convertible currency except for deemed exports under paragraph 5.7.3. However, in case of exports against irrevocable letter of credit or if the bill of exchange is unconditionally Avalised/ Co- Accepted/ Guaranteed by a bank and the same is confirmed by the exporters bank, realisation of export proceeds need not be insisted for fulfillment of export obligation provided the final receipts are in free foreign exchange.
 - 5.7.3 Exports made against the Government of India/EXIM Bank

Line of Credit and exports made under Deferred Payment/ Suppliers Line of Credit Contract backed by ECGC Cover would also be counted for fulfillment of export obligation under the Scheme.

5.7.3.1 The supplies made to the Oil and Gas sector also may be counted towards discharge of export obligation against an EPCG licence provided the licence has been issued on or before 31.3.2000 and no benefit under paragraph 8.3 of the Policy has been claimed on such supplies.

5.7.4 Wherever average level of export obligation was fixed taking into account the exports made to former USSR or to such countries as notified by the Directorate General of Foreign Trade under this paragraph, the average level of exports shall be reduced by excluding exports made to such countries. This waiver shall be applicable to all EPCG licences, which have not been redeemed/regularised.

However, exports made against any EPCG licence/ Authorisation, except the EPCG licences/Authorisations which have been redeemed, shall not be added up for calculating the average export performance for the purpose of the subsequent EPCG Authorisation.

5.7.5 Where the manufacturer exporter has obtained Authorisations for the manufacture of the same export product both under EPCG and the Duty Exemption or Diamond Imprest Authorisation Scheme or made exports under DEPB/Advance Authorisation/ DFRC/DFIA/Replenishment Authorisations, the physical exports or deemed exports for categories mentioned in paragraph 5.7.3 made under these schemes shall also be counted towards the discharge of the export obligation under EPCG scheme.

5.7.6 In case of export of goods relating to handicraft, handlooms, cottage, tiny sector, agriculture, aqua-culture, animal husbandry, floriculture, horticulture, pisciculture, viticulture, poultry, sericulture and services, the export obligation shall be determined in accordance with paragraph 5.1 of the Policy, but the Authorisation holder shall not be required to maintain the average level of exports as specified in paragraph 5.4 (i) and 5.9 of the Policy.

The goods excepting tools imported under EPCG scheme by such sectors shall not be allowed to be transferred for a period of five years from the date of imports even in cases where export obligation has been fulfilled.

However, the transfer of capital goods would be permitted within the group companies or managed hotels under intimation to the Regional Authority and the jurisdictional Central Excise Authority in case of manufacturer/merchant exporters and to the Regional Authority only in the case of Service providers.

Moreover, in cases where the service provider wants to discharge export obligation by export of goods also, he shall have to maintain the average level of foreign exchange earning for the preceding three licensing years in respect of goods proposed to be exported for discharge of export obligation.

5.7.7 The Export Obligation shall be fulfilled as per conditions given in para 5.4 of the Policy.

Fulfillment Of Export Obligation

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

Period from the date of issue of Authorisation	Minimum export obligation to be fulfilled
Block of 1 st to 6 th year	50%
Block of 7 th and 8 th year	50%

5.8.1 In respect of Authorisations, 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 in the following proportion:-

Period from the date of issue of Authorisation	Minimum export obligation to be fulfilled
Block of 1 st to 10 th year	50%
Block of 11 th and 12 th 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 of year. The Authorisation holder would intimate the regional authority on the fulfillment of the export obligation as

well as average exports annually 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 year is extended by the competent authority, such Authorisation holder shall, within 3 months from the expiry of the block of years, pay duties of customs plus 15% interest 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 However, the licences issued under the scheme upto 31.3.2000 shall be governed by provisions laid down in paragraph 6.11 as given in Handbook (Vol.1) (RE-99). Notwithstanding the provisions in Handbook (Vol.1) (RE-99), the licence holder shall not have to surrender Special Import Licence in case of valiewise shortfall.

Licences issued from 1st April, 2000 upto 31st March, 2002 shall be governed by the provisions of Chapter 6 of the Handbook (Vol 1) (RE-01) as amended from time to time.

Licences issued from 1st April, 2002 upto 31st August, 2004 shall be governed by the provisions of para 5.8 of the Handbook (Vol 1) (RE-02) as amended from time to time. However, the provision of clubbing even in case of old Authorisations would be as per the current provision of para 5.18 of this Handbook.

Maintenance of Average

5.8.5 The average exports under the EPCG Authorisation has to be maintained as per the provisions of para 5.4(i) and 5.9 of the Policy.

Monitoring of Export Obligation

5.9.1 The Authorisation holder shall submit to the Regional authority by 30th April of every year, report on the progress made in fulfillment of export obligation against the Authorisation issued as well as annual average level of exports achieved. The report shall be submitted electronically on the DGFT website. The Regional authority may issue partial EO fulfilment certificate to the extent of EO fulfilled in a particular year.

Automatic Reduction/

5.10 If the Authorisation issued under the scheme has actually been

Enhancement upto 10% of CIF value and Prorata Reduction/ Enhancement in Export Obligation

utilized for import of a value in excess of 10% of the CIF value/ duty saved amount of the Authorisation, Authorisation shall be deemed to have been enhanced by that proportion. The Customs shall automatically allow the clearance of goods in excess upto 10% of the Authorisation value/duty saved amount without endorsement by the Regional authority.

In such cases, the Authorisation holder shall furnish additional fee to cover the excess imports effected in terms of CIF value/ duty saved amount to the Regional authority within one month of the excess imports taking place. The export obligation shall automatically stand enhanced proportionately.

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

Extension of Export Obligation Period

- 5.11 The concerned Regional authority, may consider one or more request for grant of extension in export obligation period for a period of 2 years, on payment of a composition fee of 2% of the total duty saved under the Authorisation or an enhancement in export obligation imposed to the extent of 10% of the total export obligation imposed under the Authorisation, as the case may be, at the choice of the exporter, for each year of extension sought.

However extension in EO period beyond the 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 the Authorisation holder to the Custom authorities before an endorsement of extension is made on the EPCG Authorisation by the Regional authorities. 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 the duty already deposited will be deducted from the total duty plus interest to be paid for EO default.

The extension in export obligation period shall also be subject to such terms and conditions as may be prescribed by the competent authority. Wherever the export obligation period is extended, the Authorisation holder shall be required to maintain average export obligation during the extended period as well.

Exports made on or after the date of receipt of application for EO extension shall only qualify for discharge of EO fulfillment under the Scheme.

- 5.11.1 The firm/company or group company registered within the original/extended E.O. period with the BIFR or state rehabilitation Scheme for SSI unit as a sick unit or any firm/company acquiring a unit, which is under BIFR may apply for extension in export obligation period for fulfillment of export obligation to Director General of Foreign Trade.

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 Licence/Authorisation, if any, within 30 days of receipt of the application by agency concerned.

The DGFT, on receipt of intimation/notice received from the BIFR/operating agency/ Rehabilitation Department of State Government shall take up the matter with the agency concerned to safeguard government interest on account of default in fulfillment of export obligation imposed on EPCG licence/ Authorisation obtained by such firm.

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

- Export Obligation Shortfall*** 5.12 The regional authority may also consider condonation of shortfall upto 5% in the export obligation within the validity of the export obligation period, subject to such terms and conditions as may be prescribed by them.

- Redemption*** 5.13 As evidence of fulfillment of export obligation, the Authorisation holder shall furnish the following documents;

- (a) For Physical Exports:

A consolidated statement of exports made in the form given in 'Aayaat Niryaat Form', duly certified by a Chartered Accountant and bank evidencing exports and realisation in freely convertible currency or statements of exports in the form given in 'Aayaat Niryaat Form' for individual banks duly certified by a Chartered Accountant.

However in case of exports made under irrevocable letter of credit or bill of exchange is unconditionally Avalised/ Co- Accepted/ Guaranteed by a bank and the same is confirmed by the exporters bank, realization of export proceeds would not be insisted upon.

The EPCG Authorisation holder shall submit a copy of the irrevocable letter of credit or the bill of exchange unconditionally Avalised/ Co-Accepted/ Guaranteed by a bank and confirmed by the exporters bank for availing of the benefit of EPCG..

(b) For Deemed Exports:

(i) Copy of ARO/ Back to Back Inland letter of Credit or Advance Authorisation for Intermediate Supplies

or

Supply invoices or ARE 3 duly certified by the Bond Office of EOU concerned showing that supplies have been received;

(ii) The Authorisation holder shall also furnish the evidence of having received the payment through normal banking channel in the form given in Appendix- 22B or a self certified copy of payment certificate issued by the Project authority concerned in the form given in Appendix-22 C.

However in case of exports made under irrevocable inland letter of credit or the inland bill of exchange is unconditionally Avalised/ Co-Accepted/ Guaranteed by a bank and the same is confirmed by the exporters bank, realization of export proceeds would not be insisted upon.

(c) For Services rendered:

Consolidated statement or individual statements (bank/ authorised dealer wise) of services rendered in the 'Aayaat Niryaat Form', duly certified by a Chartered Accountant and bank/ authorised dealer evidencing

foreign exchange earning received through normal banking channel.

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

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|---------------------------------------------------------------------|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Regularisation of Bonafide Default</i> | 5.14 | In case, EPCG Authorisation holder fails to fulfill the prescribed export obligation, he shall pay duties of Customs plus 15% interest per annum to the Customs authority as per paragraph 5.8.3. This facility of payment of interest @15% shall be available to all pending cases of regularisation of EPCG Authorisations irrespective of the date of its issuance. |
| <i>Maintenance of Records</i> | 5.15 | Every EPCG Authorisation holder shall maintain, for a period of 3 years from the date of redemption, a true and proper account of the exports/supplies made and services rendered towards fulfilment of export obligation under the scheme. |
| <i>Re-Export of Capital Goods Imported Under EPCG Scheme</i> | 5.16 | Capital Goods imported under the EPCG scheme, which are found defective or unfit for use, may be re-exported back to the foreign supplier within three years from the date of payment of duty on importation thereof with the permission of the Regional/Customs Authority. However, in such cases the Authorisation holder shall fulfill the balance export obligation under the Authorisation from export of alternate products/services or the Authorisation holder shall pay duty equivalent to a proportionate amount of duty saved to the unfulfilled export obligation under the Authorisation. |
| <i>Replacement of Capital Goods</i> | 5.16.1 | The Capital Goods imported under the scheme and found defective or otherwise unfit for use may be exported and Capital Goods in replacement thereof be imported under the 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. |
| <i>Penal Action</i> | 5.17 | In case of failure to fulfill the export obligation or any other condition of the Authorisation, the Authorisation holder shall be liable for action under the Foreign Trade (Development & Regulation) Act, 1992, the Orders and Rules made there under, the provisions of the Policy and the Customs Act, 1962. |

Clubbing of EPCG Authorisations

- 5.18 The clubbing of two or more EPCG Authorisations of the same Authorisation holder would be permitted as per the provisions given herewith. The expiry period mentioned in the subparas of this para would be with reference to the export obligation period of the EPCG Authorisation.
- 5.18.1 The accountability of imports and exports shall be restricted to the items mentioned in the EPCG Authorisations to be clubbed.
- 5.18.2 An application for clubbing can be made only to the regional authority under whose jurisdiction the Authorisation is issued in 'Aayaat Niryaat Form'. Clubbing shall not be permitted in case the Authorisations are issued by different Regional Authorities. The concerned Regional Authority would consider the request for clubbing only on the fulfillment of the following conditions:
- (a) The EPCG Authorisations have been issued during the same licensing year.
 - (b) The EPCG Authorisations have been issued under the same Customs Notification,
 - (c) EPCG Authorisations must be for the export of the same product(s) or same services.
- 5.18.3 The total export obligation for the Authorisations so clubbed would be refixed taking into account the total duty saved or total CIF value of imports as the case may be of the clubbed Authorisations.
- The export obligation period of the clubbed Authorisation would be as per the policy applicable for the clubbed CIF value/clubbed duty saved amount, as the case may be. In case of any discrepancy in the export obligation periods of the two Authorisations, clubbing would not be permitted.
- 5.18.4 On clubbing, the Authorisations for all purposes shall be deemed to be a single EPCG Authorisation issued under the said Customs Notification and the export obligation period for the clubbed Authorisation shall be reckoned from the date of issuance of the first Authorisation. However, in cases where the clubbed CIF/duty saved value exceeds Rs 100 crore, no corresponding benefit of increase in export obligation period shall be admissible.

- 5.18.5 The average export obligation to be maintained for the clubbed Authorisation would be the highest of the average export obligations endorsed on the individual Authorisations put up for clubbing.
- 5.18.6 No clubbing would be permitted in the case of expired EPCG Authorisations. In case any specific (as against general extensions under Para 5.11) export obligation extension has been given for any EPCG Authorisation, the same Authorisation cannot be considered for clubbing.

Refixation of Export Obligation

- 5.19 (a) The EPCG Authorisation holder can apply for the re-fixation of export obligation as given in para 5.4 (i) of the Policy in the 'Aayaat Niryaat Form'.
- (b) Deleted.
- (c) For all the EPCG Authorisations, the Authorisation holder should have fulfilled the mandated (original or amended, as the case may be) block wise export obligation at the end of the previous block in which the application is made. This facility is extended to the applications made in the extended export obligation period as well. However, in such cases, extended export obligation period would be treated as the last block for the purpose of EO re-fixation. In all such cases, the refixed export obligation would be computed as under:
 $(\% \text{ export obligation unfulfilled}) \times (8) \times (\text{duty saved on the date of issuance of the Authorisation})$
- (d) In cases where the remaining original export obligation period (and not the extended export obligation period) of the EPCG Authorisation is less than two years on the date of application for re-fixation, and the mandated (original or amended, as the case may be) block-wise export obligation has been fulfilled, the export obligation would be refixed at two times the duty saved on the date of issuance of Authorisation.
- (e) There would be no change in average export obligation fixed or the export obligation period of the original Authorisation.
- (f) An application under 'Aayaat Niryaat Form' can also be made if the EPCG Authorisation holder has got his average and EPCG export obligation refixed on account

of the change in product/ service as per the provisions of para 5.4 (i) of the Policy.

***Technological Upgradation
of Capital Goods*** 5.20

The EPCG Authorisation holders can opt for the Technological upgradation of the capital goods imported under the EPCG Scheme as per the provisions of Para 5.10 of the Policy.

In case an EPCG Authorisation holder wants to upgrade the existing capital goods imported under the EPCG scheme ,he can opt for the Technological upgradation subject to the following conditions:

- (i) The capital goods to be imported must be new and technologically superior to the earlier capital goods. It must be used for the manufacture of the similar product for which the original EPCG Authorisation was issued.
- (ii) The export obligation for the new capital goods would be the difference of the sum total of 6 times the duty saved on both the capital goods and the exports already made under the old capital goods.
- (iii) The export obligation period would be 8 years from the date of issuance of the new Authorisation.
- (iv) The block wise export obligation fulfillment would be as per Para 5.8 of this Handbook.
- (v) The average export obligation for the upgraded capital goods would be the same as that of the capital goods being replaced.

The application for technological upgradation of the capital goods would be made in 'Aayaat Niryaat Form'.

***Import of Refurbished/
Reconditioned Spares
and Tools*** 5.21

The import of refurbished spares as mentioned in paras 5.1 and 5.1A of the Policy shall be permitted under the EPCG Scheme.

However such refurbished / reconditioned spares must have a residual life not less than 80% of the life of the original spare which would be certified by the EPCG Authorisation holder.

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

5.22 Revalidation of Authorisations 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).

- Scheme* 6.1 The Policy relating to Export Oriented Units (EOUs), Electronics Hardware Technology Parks (EHTPs), Software Technology Parks (STPs) and Bio-Technology parks(BTPs) Scheme is given in Chapter 6 of the Foreign Trade Policy.
- Definitions* 6.2 For the purpose of Export Oriented Units (EOUs), Electronics Hardware Technology Parks (EHTPs), Software Technology Parks (STPs) and Bio-Technology Parks (BTPs) unless the context otherwise requires, the words and expressions shall have the meanings attached to them as given in the Policy.
- Approval/Application and renewal of Application* 6.3.1 For setting up an EOU, three copies of the application in the form given in Appendix- 14-IA may be submitted to the Development Commissioner.
- 6.3.2 Applications for setting up of units under EOU scheme other than proposals for setting up of unit in the service sector (except R&D, software and IT enabled services, or any other service activity as may be delegated by the BOA), shall be approved or rejected by the Units Approval Committee within 15 days as per the criteria indicated in Appendix-14-IB and sector specific conditions relating to the approval given in Appendix-14-IC. In other cases, approval may be granted by the Development Commissioner after clearance by the Board of Approval.
- 6.3.3 Proposals for setting up EOU requiring industrial licence may be granted approval by the Development Commissioner after clearance of the proposal by the Board of Approval (as per Appendix-14-ID) and Department of Industrial Policy and Promotion within 45 days on merits.
- 6.3.4.1 Software Technology Park (STP)/Electronics Hardware Technology Park (EHTP) complexes can be set up by the Central Government, State Government, Public or Private Sector Undertakings or any combination thereof, duly approved by the Inter-Ministerial Standing Committee (IMSC) in the Ministry of Communication and Information Technology (Department of Information Technology). Application for

setting up EHTP/STP unit shall be in the format prescribed by the Ministry of Communication and Information Technology (Department of Information Technology) and shall be submitted to the officer designated by the Department of Information Technology.

- 6.3.4.2 Bio-Technology Park (BTP) can be set up by the Central Government, State Government, Public or Private Sector Undertakings or any combination thereof. Application for setting up of BTP shall be submitted to the Department of Bio-Technology and such applications which meet the guidelines prescribed by the Department of Bio-Technology will be approved and recommended to the DGFT for notification. Application for setting up of BTP unit shall be submitted to the Officer designated by the Department of Bio-Technology.
- 6.3.6 The LOP/LOI shall specify the item(s) of manufacture/service activity, annual capacity, projected annual export for the first five years in dollar terms, Net Foreign Exchange earnings (NFE), limitations, if any, regarding sale of finished goods, by-products and rejects in the DTA and such other matter as may be necessary and also impose such conditions as may be required.
- 6.3.7 LOP/LOI issued to EOU/EHTP/STP/BTP units by the concerned authority would be construed as an authorisation for all purposes. Standard format for LOP for EOU units is given in Appendix 14-IE .
- 6.3.8 EOUs shall have separate earmarked premises for separate LOP. Similarly, EOUs may be approved on leased premises provided the 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 the date of LUT and the Development Commissioner shall satisfy himself of genuine nature of the lease.
- 6.3.9 On completion of the approval period as provided for in paragraph 6.6 of Policy, it shall be open to the unit to continue under the scheme or opt out of the scheme. If no intimation in this regard is received from the unit within a period of six months of expiry of the approval period, the Development Commissioner will take action, suo moto, to cancel the approval

under the EOU scheme and take further action in this regard. Where the unit opts to continue, the Development Commissioner concerned will extend the approval period.

Legal Undertaking

6.4.1 The approved EOU/EHTP/STP/BTP unit shall execute a legal undertaking with the Development Commissioner / Designated Officer concerned as per the format given in Appendix- 14-IF.

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

Export of goods and services

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

6.5.2 The EOUs shall be permitted to export jewellery on the basis of a notional rate certificate issued by the nominated agency. This rate will be based on the prevailing Gold/US\$ rate and the US\$/INR rate in the notional rate certificate. The certificate issued by the nominated agency should not be older than 3 working days of the date of shipment.

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

6.5.4 Gem & Jewellery and 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 the value of imported or indigenously procured goods to the DTA against the valid Gem & Jewellery REP as applicable on payment of appropriate duty is also permitted.

*Import / Domestic
Procurement of Goods*

6.6.1 Goods permitted to be imported /procured from Domestic Tariff Area shall include:

- (a) Raw materials, components, consumables, intermediates, spares and packing materials:
- (b) Capital goods, whether new or second-hand, including inter-alia the 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 material for making capital goods for use within the 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, server.

- (e) Spares and consumables for all the above items.
- (f) Any other items not mentioned above with the approval of Board of Approval.

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

Conditions of Import

6.7 The import of goods by EOU/EHTP/STP/BTP units shall be subject to the following conditions:

- (a) The goods shall be imported into the EOU / EHTP / STP / BTP premises. However, agriculture and allied sectors and granite sector units in EOU may supply/ transfer the capital goods and the inputs in the farm/ fields/ quarries with prior intimation to the jurisdictional Customs/ Central Excise authorities, provided the ownership of the goods rests with EOU units. The granite sector would also be allowed to take spares upto 5% of the value of the Capital Goods to the quarry site.
- (b) The procedure as prescribed under Customs/Excise rules for EOUs and units in EHTP/STP/BTP will be followed and appropriate bond executed with Customs/ Excise authorities.
- (c) The goods, except capital goods and spares, shall be utilised 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 the date of import. Similarly, export obligation against import of items (covered by chapter 9 of the ITC (HS) Classifications of Export & Import Items, 2004-09) shall be fulfilled within a period of 90 days from the date of receipt of the first import consignment i.e. the date on which the first import consignment is cleared by the Customs authorities.
- (d) Goods already imported/shipped/arrived before the issue of LOP/ LOI are also eligible for duty free clearance under the EOU/EHTP/STP/BTP scheme provided customs duty has not been paid and the goods have not been cleared from Customs.

Fax machines / laptop computers outside approved premises

- 6.8.1 EOU/EHTP/STP/BTP units may install one fax machine at a place of its choice, outside the premises of the unit, subject to intimation of its location to the concerned Customs/Central Excise authorities.
- 6.8.2 EOU/EHTP/STP/BTP units may, temporarily take out of the premises of the unit duty free laptop computers and video projection systems for working upon by authorized employees.
- 6.8.3 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 the guidelines issued by Department of Revenue in this behalf.
- 6.8.4 For IT and IT enabled services, persons authorized by the software units may access the facility installed in the EOU/ EHTP/STP/BTP unit through communication links.

Leasing of Capital Goods

- 6.9 The 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 the purpose of calculation of NFE as defined in the Policy.

Net Foreign Exchange Earnings (NFE)

- 6.10.1 EOU/EHTP/STP/BTP unit shall be a positive net foreign exchange earner. Net Foreign Exchange Earnings (NFE) shall be calculated cumulatively for a block of five years from the commencement of production according to the formula given below. Items of manufacture for export specified in the Letter of Permission (LOP)/ Letter of Intent (LOI) alone shall be taken into account for calculation of NFE.

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

Where

NFE is Net Foreign Exchange Earning.

‘A’ is the FOB value of exports by the EOU/EHTP/STP/BTP unit; and ‘B’ is the sum total of the CIF value of all imported inputs and the CIF value of all imported capital goods, and the value of all payments made in foreign exchange by way of commission, royalty, fees, dividends, interest on external borrowings/ high sea sales during the first five year period or any other charges. “Inputs” mean raw materials, intermediates, components, consumables, parts and packing materials.

- 6.10.2 If any goods are obtained from another EOU / EHTP / STP / SEZ / BTP unit, or procured from an international exhibition held in India, or bonded warehouses or precious metals procured from nominated agencies the value of such goods shall be included under B.
- 6.10.3 If any capital goods imported duty free or leased from a leasing company, received free of cost and/or on loan basis or transfer, the CIF value of the capital goods shall be included pro-rata, under 'B' for the period it remains with the units.
- 6.10.4 For annual calculation of NFE the value of imported capital goods and lumpsum payment of foreign technical know-how fee shall be amortized as under:

1st – 10th year: 10%

Maintenance of accounts

- 6.11.1 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-IF to the Development Commissioner/ Designated Officer in the Ministry of Information & Technology /Department of Bio-Technology and Customs and Central Excise authorities.
- 6.11.2 The unit shall be able to account for the 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 the units shall be required to correlate every import consignment with its exports, transfer to other SEZ/ EOU/ EHTP/STP/BTP units, sales in the 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

- 6.12.1 The performance of EOU units shall be monitored by the Units Approval Committee as per the guidelines given in Appendix –14-IG. Performance of EHTP / STP / BTP shall be monitored by Ministry of Information & Technology / Deptt. of Bio-technology jointly with the jurisdictional Central Excise / Customs Authority.
- 6.12.2 Failure to ensure positive NFE or to abide by any of the terms and conditions of the LOP/LOI/IL/LUT shall render the unit liable to penal action under the provisions of the Foreign Trade

(Development & Regulation) Act, 1992 and the Rules and Orders made there under without prejudice to action under any other law/rules and cancellation or revocation of LOP/ LOI/IL.

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|-------------------------------------------------------------------------------------------------|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Conversion of Scrap / dust /sweeping of Gold/ silver/platinum into standard Bars.</i> | 6.13 | Scrap/dust/sweeping of gold/silver/ platinum may be sent to the Government of India Mint/Private Mint from the EOU/ EHTP/STP units and returned to them in standard bars in accordance with the procedure prescribed by the Customs authorities or may be permitted to be sold in the DTA on payment of applicable customs duty, on the basis of gold/silver/ platinum content, as may be notified by Customs authorities. |
| <i>DTA supplies</i> | 6.14 | Notwithstanding the provision of DTA sales in Para 6.8 of Policy, such DTA sales shall not affect the 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 the importer may be subject to under other laws or regulations. |
| <i>Supplies to other EOU/ EHTP/STP/SEZ / BTP units</i> | 6.15 | Supplies to other EOU/SEZ/ EHTP/ STP/BTP units shall be counted towards NFE provided that such goods are permissible for procurement by these units. |
| <i>Transfer of Power from one unit to another</i> | 6.16 | Transfer of power from Captive Power plants (DG Sets) from one unit of EOU/EHTP/STP/BTP to another is permitted as prescribed in sector specific condition in Appendix 14 IC. |
| <i>Supply of precious/ semiprecious/ Synthetic stones from DTA.</i> | 6.17 | 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 the rates and for the items mentioned in the Handbook (Vol.I). The procedure for submission of application for grant of Replenishment Authorisation as contained in the relevant Chapter of the Handbook (Vol-I) shall be applicable. However, the application shall be made to the Development Commissioner concerned. Such supplies to EOUs are not treated as deemed exports for the purpose of any of the deemed export benefits. |
| <i>Application for grant of entitlements</i> | 6.18 | Application for grant of all the entitlements may be made to the Development Commissioner concerned. |

Export through other exporters

- 6.19 An EOU/EHTP/STP/BTP unit may export goods manufactured/software developed by it through other exporter or any other EOU/ EHTP / STP / SEZ/BTP unit subject to the condition that:
- (a) Goods shall be produced in the EOU/EHTP/STP/BTP unit concerned.
 - (b) The level of NFE or any other conditions relating to the imports and exports as prescribed shall continue to be discharged by the EOU / EHTP / STP unit concerned.
 - (c) The export orders so procured shall be executed within the parameters of EOU/EHTP/STP/BTP schemes and the goods shall be directly transferred from the unit to the port of shipment.
 - (d) Fulfillment of NFE by EOU/ EHTP/STP/BTP units in regard to such exports shall be reckoned on the basis of the price at which the 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 the 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.

Other Entitlements

- 6.20.1 The FOB value of export of an EOU/ EHTP / STP / BTP unit can be clubbed with FOB value of exports of its parent company in the DTA or vice versa for the purpose of according Star Export House status.
- 6.20.2 Sectoral norms as notified by the Government shall apply to FDI in service activities.
- 6.20.3 Software units may also use the computer system for training purpose(including commercial training) subject to the condition that no computer terminal shall be installed outside the bonded premises for the purpose.
- 6.20.4 Export of iron ore shall be subject to the decision of the Government from time to time. Requirements of other conditions of exports like minimum export price/export in

consumer pack etc. as per ITC(HS) shall apply in case the raw materials are sourced from DTA and exported without further processing/manufacturing by the EOU. Export of textile items shall be covered by bilateral agreements. Wood based units shall comply with the direction of Hon'ble 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 regards to use of timber/other wood.

Sub-Contracting

6.21.1 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- contractingshall be brought back to the 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 the said jewellery.
- (d) EOUs shall be eligible for wastage as applicable as per para 4A.2 of Handbook for sub-contracting and against exchange.
- (e) The DTA unit undertaking job work or supplying jewellery against exchange of gold/silver/platinum shall not be entitled to deemed export benefits.

6.21.2 The facility of getting job work done from DTA unit will be available even when the job worker is not registered with the Central Excise Authority subject to the condition that the goods are brought back to the premises of the Unit on completion of the job work.

6.21.3 Export of finished goods from the job worker's premises may be permitted provided such premises are registered with the Central Excise authorities. Where the job worker is SEZ/EOU/

EHTP/STP/BTP unit, no such excise registration is required and export may be effected either from the job worker's premises or from the premises of the unit. Export of such products from the job worker's premises shall not be allowed through third parties as provided in the Policy.

- 6.21.4 EOUs may be permitted to remove moulds, jigs, tools, fixtures, tackles, instruments, hangers and patterns and drawings to the premises of sub-contractors subject to the conditions that these shall be brought back to the premises of the units on completion of the job work within a stipulated period. The raw materials may or may not be sent along with these goods.
- 6.21.5 In case of sub-contracting of production process abroad, the goods may be exported from the sub-contractor premises subject to the conditions that job work charges shall be declared in the export declaration forms, invoices etc. and full repatriation of foreign exchange.

Contract farming

- 6.22 EOUs engaged in production/processing of agriculture/horticulture/aquaculture products, may on the basis of annual permission from the Customs authorities take out inputs and equipments (specified at Appendix-14- IJ) to the DTA farm subject to the following conditions:-
- (a) Supply of inputs by the EOUs to the contract farm(s) shall be subject to the input-output norms approved by the DGFT/BOA.
 - (b) There shall be contract farming agreement between the EOU and the DTA farmer(s).
 - (c) The unit engaged in export of agriculture/horticulture / aquaculture products shall furnish bank guarantee equivalent to the duty foregone on the capital goods/ inputs proposed to be taken out to the Deputy /Assistant Commissioner of Customs /Central Excise.

Export through Exhibitions/ Export Promotion tour

- 6.23 EOU/EHTP/STP/BTP units may export goods for holding/ participating in exhibitions abroad with the permission of Development Commissioner subject to the following conditions:-
- (a) The unit shall produce to the Customs authorities the letter in original or its certified copy containing approval

of the Development Commissioner. For gems and jewellery items, a self certified photograph of the products shall also be submitted.

- (b) In case of re-import, such items, on arrival shall be verified along with the export documents before clearance.
- (c) Items not sold abroad shall be re-imported within 60 days of the close of the exhibition. However, in case the exporter is participating in more than one exhibition within 45 days of close of the first exhibition, then the 60 days shall be counted from the date of close of the last exhibition.
- (d) In case of personal carriage of goods and for holding / participating in overseas exhibitions, the value of such gems and jewellery shall not exceed US \$ 2 million.

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

6.24 Personal carriage of gold/silver/platinum jewellery, cut and polished diamonds, precious, semi-precious stones, beads and articles as samples upto US \$ 100,000 for export promotion tours and temporary display /sale abroad by EOUs is also permitted with the approval of the Development Commissioner subject to the following conditions:-

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

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

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

***Sale through
showrooms/ retail outlets
at International Airports.***

6.26 EOUs may set up showrooms/retail outlets at the International Airports for sale of goods in accordance with the procedure laid down by the Customs authorities. The items remaining unsold after a period of 60 days shall be exported or returned to the respective EOUs.

***Personal carriage of
Import / export Parcels
including through foreign
bound passengers***

- 6.27.1 Import/ export through personal carriage of gem and jewellery items may be under-taken as per the procedure prescribed by Customs. The export proceeds shall, however, be realized through normal banking channel. Import/export through personal carriage, other than gem and jewellery units, shall be allowed provided the goods are not in commercial quantity.
- 6.27.2 For Personal carriage of jewellery by foreign bound passenger, the following documents shall be submitted by EOU units as proof of exports.
- (a) Copy of the shipping bill filed by the EOUs ;
 - (b) A copy of the Currency Declaration Form filed by the Foreign buyer with the Customs at the time of his arrival; and
 - (c) Foreign Exchange Realisation/ Encashment Certificate from the Bank.
- 6.27.3 In addition to this, Personal Carriage by foreign bound passenger on Document Against Acceptance (DA)/Cash On Delivery (COD) basis is also allowed. The EOUs will have to furnish the following documents as proof of exports:-
- (a) Copy of Shipping Bill;
 - (b) Bank Certificate of Export and Realisation.
- 6.27.4 The procedure for personal carriage of import parcels will be the same as for import of goods by airfreight except that the parcels shall be brought to the Customs by the EOUs/ foreign national for examination and release. Instructions issued by the Customs authorities in this regard should be followed mutatis mutandis.
- 6.27.5 Personal carriage of parts by foreign bound passengers shall be allowed in case the same are required for repairs of exported goods at customer site. The 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***

- 6.28.1 The units may send capital goods abroad for repair with the permission of the Customs Authorities. Any foreign exchange payment for this purpose will also be allowed. However, no permission will be required for sending capital good for repair within the country.

6.28.2 EOU/EHTP/STP/BTP units may, on the 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 the Customs for return of the goods. However, if the goods have been consumed/destroyed in the process of testing etc. a certificate from the laboratory/ institution to this effect be furnished to the Customs.

Samples

6.29.1 EOU/EHTP/STP/BTP units may on the basis of records maintained by them, and on prior intimation to Custom authority supply or sell samples in the DTA for display/market promotion on payment of applicable duties.

6.29.2 Remove samples without payment of duty, on furnishing a suitable undertaking to Customs authorities for bringing back the samples within a stipulated period.

6.29.3 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.

6.29.4 An EOU on the 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

6.30 EOU/EHTT/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 the units, to a school run by the 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 the Central Government or, Government of a State or, a Union Territory or local body, an Adult Education Center run by the Central Government or, Government of a State or, a Union Territory or a local body, or an organization of the Central Government or, a Government of a State or, a Union Territory as per Custom /Central Excise notification issued in this regard.

Destruction of goods

6.31 No duty shall be payable in case capital goods, raw material, consumables, spares, goods manufactured, processed or packaged, and scrap/waste/ remnants/rejects are destroyed within the Unit after intimation to the Custom authorities or destroyed outside the Unit with the permission of Customs authorities. Destruction as stated above shall not apply to gold, silver, platinum, diamond, precious and semi precious stones.

Distinct Identity

6.32 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 the imports and exports or supplies affected by the EOU/EHTP/STP/BTP units from those made by the other units of the enterprise.

***Unit Approval
Committee for EOUs***

6.33.1 The powers and functions of the 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 the services sector (except R&D, software and IT enabled services, or any other service activity as may be delegated by the BOA). Items of manufacture requiring industrial licence under the Industrial (Development & Regulation) Act, 1951 shall be considered by the BOA.
- (b) to consider and permit conversion of units in SEZ to EOU;
- (c) to monitor the performance of the Units;
- (d) to supervise and monitor permission, clearances, licences granted to the units and take appropriate action in accordance with law;

- (e) to call for information required to monitor the performance of the unit under the permission, clearances, licenses granted to it;
- (f) to perform any other function delegated by the Central Government or its agencies;
- (g) to perform any other function as may be delegated by the State Governments or its agencies; and
- (h) to grant all approvals and clearances for the establishment and operation of EOUs.

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

6.33.2 In the case of units under EHTP/STP scheme, necessary approval/permission shall be granted by the officer designated by the Ministry of Communication and Information Technology, Department of Information Technology / Director (STPI). The designated officer shall also exercise powers of adjudication under section 13 read with section 11 of Foreign Trade (Development & Regulation) 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 the officer designated by the Department of Bio-Technology. However, the designated officers shall adopt the criteria for automatic approval of new units as laid down in Appendix 14-IB.

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

6.34 The Development Commissioner/Designated Officer shall have the following powers in respect to the units. Jurisdiction of Development Commissioners is given in Appendix- 14-IK.

- (1) Conversion of sick/closed DTA unit into EOU;
- (2) Conversion of EOU to STP/EHTP/BTP and vice-versa as per the prescribed procedure;
- (3) To allow increase in the 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 the LOP or to provide for backward or forward linkages to the existing line of manufacture;

- (6) Authorize change in name of the company or the implementing agency and change from a company to another provided the new implementing agency/ company undertakes to take over the assets and liabilities of the existing unit;
- (7) Permit change of location from the place mentioned in the LOP to another and/or include additional location provided that no change in other terms and conditions of the approval is envisaged and that the new location is within the territorial jurisdiction of the Development Commissioner/Designated Officer;
- (8) Extend validity period of LOP by three years beyond the initial validity period of the 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 the units fall within the jurisdiction of the same Development Commissioner/Designated Officer subject to the conditions that the activities are covered under the provision of broad banding;
- (11) Exercise powers of adjudication under Section 13 read with Section 11 of Foreign Trade (Development & Regulation) Act, 1992 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;
- (14) Function as a Registering authority for EOU/ EHTP/ STP /BTP. A separate Registration cum- Membership Certificate shall not be required in their cases as provided for in paragraph 2.44 of the Policy except in case of spices. In case of spices, it would be mandatory for the

***Registration-cum-
Membership Certificate***

units to get themselves registered with the Spices Board also.

Importer Exporter Code No.

(15) Allot Importer-Exporter Code number for EOUs, if the same has already not been allotted to the entity;

Green Card

(16) Issue of Green Card automatically after execution of Legal Undertaking;

(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 the DTA;

(18) Publicity of EOU/EHTP/STP/BTP Scheme under their jurisdiction.

Clearance of Capital Goods in DTA

6.35 Clearance of Capital Goods including second hand in DTA shall be allowed as per the Policy under EPCG Scheme. In other cases, clearance in DTA may be allowed on payment of applicable duty and Import Policy in force on the date of such clearance.

Depreciation norms

6.36.1 Depreciation upto 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

6.36.2 Depreciation for computers and computer peripherals shall be as follows:-

10% for every quarter in the first year;

8% for every quarter in the second year;

5% for every quarter in the third year;

1% for every quarter in the fourth and fifth year;

Depreciation norms for other Capital goods

6.36.3 For capital goods, other than the above, the depreciation rate would be as follows:-

4% for every quarter in the first year;

3% for every quarter in the second and third year; and

2.5% for every quarter in the fourth and fifth year.

2% for every quarter thereafter.

Conversion

- 6.37.1 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 the scheme for plant, machinery and equipment already installed. On conversion, they would get Income Tax concessions but limited to the period of 10 year from original commencement of manufacture or that prescribed under Section 10 of Income Tax Act whichever is earlier. For this purpose, the DTA unit may apply to the Development Commissioner / Designated Officer concerned in the same manner as applicable to new units. In case there is an outstanding export commitment under the EPCG scheme, it will be subsumed in the export performance of the unit. If the unit is having outstanding export commitment under the Advance Authorisation Scheme, it will apply to the Norms Committee for reducing its export commitment in proportion to the quantum of duty free material actually utilised for production and permitted to carry forward the unutilized material imported against the Advance Authorisation, if any, under the EOU/EHTP/ STP/BTP scheme.
- 6.37.2 The existing EHTP/STP/BTP units may also apply for conversion/merger to EOU unit and vice-versa. In such cases, the units will continue to avail the permissible exemption in duties and taxes as applicable under the relevant scheme. EHTP/STP/BTP units desiring conversion as an EOU may apply to the Development Commissioner concerned through the Officer designated by the Department of Information Technology/Department of Bio-Technology in the same manner as applicable to new units. Likewise EOU desiring conversion into EHTP/STP/BTP may apply to the officer designated by the Department of Information Technology / Department of Bio-Technology through the Development Commissioner concerned.
- 6.37.3 An EOU may be shifted to SEZ with the approval of Development Commissioner provided the EOU unit has achieved pro-rata obligation under the EOU scheme.

Revival of Sick units

- 6.38 Subject to a unit being declared sick by the appropriate authority, proposals for revival of the unit or its take over may be considered by the Board of Approval. Guidelines on revival of sick units are given in Appendix -14-IM.

6.39 FAST TRACK CLEARANCE PROCEDURE

<i>Eligibility</i>	6.39.1	EOUs having a status holder certificate under the Foreign Trade Policy shall be eligible for the Fast Track Clearance Procedure.
<i>Examination of Import Cargo</i>	6.39.2	The status holder units shall be exempted from examination of import cargo at the Port of import. The jurisdictional Commissioner of Customs / Central Excise may, however, examine consignments at the unit's place on random basis.
<i>Domestic procurement and import of goods</i>	6.39.3	The units having physical export turnover of Rs. 15 crores and above in the preceding financial year shall be allowed to import goods without payment of duty on the basis of pre-authenticated procurement certificate issued by the jurisdictional Customs/ Central Excise Authority.
<i>Installation of Fax Machine/ Computers</i>	6.39.4	The eligible EOUs may install one fax machine and two computers in their administrative / registered office outside the bonded premises under prior intimation to the jurisdictional Asst / Deputy Commissioner of Customs or Central Excise.
<i>Procurement of DG sets</i>	6.39.5	Procurement of DG set of capacity commensurate with the actual requirement of the unit shall be permitted under intimation to the Development Commissioner and the jurisdictional Central Excise Authority.
<i>Temporary removal of Capital Goods</i>	6.39.6	The eligible EOU units may remove their capital goods or parts thereof for repairs under prior intimation to the jurisdictional Asstt. / Deputy Commissioner of Customs or Central Excise.
<i>Clearance of rejects in DTA</i>	6.39.7	Request for permission for DTA clearance of rejects shall be considered by the jurisdictional Excise Authority on priority basis.
<i>Personal carriage of samples</i>	6.39.8	Personal carriage of samples of Gems & Jewellery by status holder EOUs are allowed subject to the limit fixed in Para 6.24 without a need for prior permission from Development Commissioner/ Customs / Central Excise.
<i>Activities which do not require permission</i>	6.39.9	In respect of the following activities of a status holder, permission will not be required from the Development Commissioner or the 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 6.24 of Handbook (Vol.1)

However, prior intimation thereof needs to be given.

Time bound disposal of applications.

6.40 The Development Commissioner shall dispose off applications expeditiously. The following time schedule shall normally be followed to dispose of the applications provided the application is complete in all respects and is accompanied by the prescribed documents.

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

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

CHAPTER – 7
SPECIAL ECONOMIC ZONES

The policy 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 The Policy relating to Deemed Exports is given in Chapter-8 of the Foreign Trade Policy.
- Criteria for claiming Deemed Exports Benefits***
- 8.2.1 In respect of supplies under Paragraph 8.2(a) of the Policy, the procedure for issue of ARO and Back-to-Back Inland Letter of Credit is given in paragraphs 4.14 and 4.15 of the Handbook.
- 8.2.2 In respect of supplies under paragraph 8.2(b) of the Policy and DFIA/DFRC, the deemed export benefits may be claimed from the Development Commissioner or the Regional Authority concerned. Advance Authorisation, DFIA and DFRC shall be claimed from the concerned Regional Authority. Such supplies shall be certified by the receiving agencies.
- 8.2.3 In respect of supply of capital goods under paragraph 8.2 (c) of the Policy, the supplier shall produce a certificate from the EPCG Authorisation holder evidencing supplies/ receipt of the 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 the Policy, the application for advance authorisation shall be accompanied with a project authority certificate in Appendix - 27. The payment against such supplies shall be certified by the Project Authority concerned in the prescribed format in Appendix-22C.
- Procedure for claiming Deemed Exports Drawback & Terminal Excise Duty Refund/ Exemption from payment of Terminal Excise Duty.*** 8.3.1 The procedure for claiming benefits under paragraph 8.3 (b) and (c) of the Policy shall be as under:-
- (i) An application in the Aayaat Niryaat form along with the documents prescribed therein, shall be made by the supplier to the Regional Authority concerned. The recipient may also claim the benefits on production of a suitable disclaimer from the supplier along with a self declaration in Appendix 22C of Handbook regarding non-availment of CENVAT credit in addition to the prescribed documents.
- (ii) In case of supplies under paragraph 8.2(a), (b) & (c), the claim shall be filed against receipt of payment through normal banking channel in the form given in Appendix

-22B. Such claims shall be filed within a period of 6 months from the end of monthly/quarterly/half yearly period reckoned from the date of payment as per the option of the applicant. In cases where payment is received in advance, last date for submission of application may be correlated with the date of supply instead of date of receipt of payment.

- (iii) In respect of supplies under paragraph 8.2(b) of the Policy where the supplier wants to claim benefits from the Regional Authority, the Regional Authority shall allow deemed export benefits to the DTA supplier, on receipt of certified copies of Central excise attested invoice as proof of supplies made and/or excise attested CT3 form and proof of validity of LOP.
- (iv) In respect of supplies under categories mentioned in Paragraphs 8.2(d) (e) (f) (g) (h) (i) & (j) of the Policy, the claim may be filed for the payment received/supplies effected during a particular month/quarter/half year as per the option of the applicant either on the basis of proof of supplies effected or payment received. The claim may be filed either against a particular project or all the projects. Such claims shall be filed within a period of 6 months from the end of monthly/quarterly/half yearly period reckoned from the date of receipt of the supplies by the project authority or from the date of receipt of the payment as per the option of the applicant. Such claims may also be filed where part payments have been received.

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

8.3.3 Where All Industry Rate of Drawback is not available or the same is less than 4/5th of duties actually paid on the materials or components used in the production or manufacture of the said goods, the exporter/ supplier may apply for fixation of brand rate in the application form as given in Aayaat Niryaat form to the Regional Authority or Development Commissioner as the case may be.

8.3.4 The claim application shall be filed along with the application

for fixation of brand rate of duty drawback in case brand rate is required to be fixed. The 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 Regional Authority may consider provisional payment to the extent of 75% of the drawback claim in the case of private companies and 90% in the case of Public Sector Undertakings, pending fixation of Brand Rate.

8.3.6 Subject to the procedure laid down in this Handbook, the Customs and Central Excise Duty Drawback Rules, 1995 shall apply mutatis mutandis to deemed exports.

***Procedure for claiming
deemed export benefit
by Sub contractor***

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

CHAPTER - 9

MISCELLANEOUS MATTERS

Change In Name and Constitution

- 9.1 If there is any change in the name/address or constitution of IEC Holder/Licensee/Authorisation Holder/Actual User eligible for import without a Authorisation/Licence/Recognised Status Holders, the concerned IEC Holder/Licensee/Authorisation Holder/Actual User/Status Holders, as the case may be, shall cease to be eligible to import or export against the licence/IEC No. or any other facility permitted under the Policy and Handbook, after expiry of 90 days from the date of such change in his name or address or constitution, unless in the meantime,
- (a) The IEC Holder/Licensee/Authorisation Holder/Status Holders has got the consequential changes effected in the IEC Number/Authorisation/Licence or the recognition certificate, as the case may be, by the concerned Regional Authority;
 - (b) The Actual User has got the consequential changes effected from the concerned authority in the Industrial Licence issued by the Secretariat for Industrial Assistance (Ministry of Commerce and Industry) or Certificate of Registration as an Actual User issued by Director of Industries of the State Government or has received an acknowledgement for filing of a memorandum with the Secretariat for Industrial Assistance. Provided, however, the licensing authority issuing the IE Code may, condone the delay on payment of a penalty of Rs. 1000/-.

However, the change in the director of a public limited company shall not be considered change in the constitution of the company for the purposes of payment of the aforesaid penalty.

The constitution for the purposes of amendment of an IEC and payment of the aforesaid penalty would mean the change in partners in a partnership firm, trustees of a trust, members of the board of a society and directors of a private limited company.

Denomination of Import Authorisation/Licence/ Certificate/ Permissions

- 9.2 Import Authorisation/Licence/Certificate /Permissions issued under the Policy shall indicate the value both in Rupees and in freely convertible currency(s) at the exchange rate(s)

prevailing on the date of issue of the Authorisation/Licence/Certificate/Permission. In the case of Authorisation/Licence/Certificate/Permissions where export obligation is imposed, the value of the export obligation shall be indicated both in freely convertible currency(s) and in Rupees equivalent at the exchange rate(s) prevailing on the date of issue of the Authorisation/Licence/Certificate/ Permission. Such exchange rate(s) shall also be indicated on the import Authorisation/Licence/Certificate/ Permission.

- 9.2.1 The remittance of foreign exchange and discharge of export obligation against the Authorisation/Licence/Certificate/ Permission shall, however, be regulated in freely convertible currency. No enhancement in Rupee value shall be necessary if the remittance of foreign exchange is covered by the value of Authorisation/Licence/Certificate/ Permission shown in freely convertible currency.
- 9.2.2 However, on the Advance Authorisation(s), issued for exports to ACU countries, export obligation shall be denominated and discharged in ACU dollars.
- 9.2.3 The export obligation against Advance Authorisation for intermediate supply and Advance Authorisation for deemed export, where supplies are to be made within the country, shall be denominated in Indian rupees and the export obligation shall be discharged in Indian rupees with reference to the CIF value of imports in Indian rupees irrespective of CIF value indicated on the Authorisation.

***Applications Received
After Expiry of
Prescribed Date of Receipt***

- 9.3 Wherever any application is received after the expiry of the last date for submission of such application but within six months from the last date, such application may be considered after imposing a late cut @ 10% on the entitlement.

Supplementary Claims

- 9.4 Wherever any application for supplementary claim is received, within the specified time limits, such application may also be considered after imposing a cut @10% on the entitlement.

Furnishing of Information

- 9.5 Every importer/ exporter shall furnish such information as may be called for by the Director General of Foreign Trade or any officer duly authorised by him.

***Clarifications On
Policy/Procedures***

- 9.6 A request seeking clarifications on any provision of the Policy or Handbook of procedures, importability or exportability of

items under ITC(HS), may be made to the Director General of Foreign Trade in the form given in Appendix-28. The clarification may also be sought on E.mail.

Consumption Register

9.7 The importer shall maintain a register of items imported under a licence/authorisation and its consumption. The importer shall also maintain such a register of items imported without an Authorisation and its consumption provided such items are imported subject to actual user condition.

The register shall be maintained in the form given in Appendix-23 except in respect of the scheme wherein period for retention of the consumption register is specifically mentioned, in all other cases, the register shall be maintained upto 3 years period from the date of import.

Export Facilitation

9.8 In order to resolve exporters' problems in a co-ordinated manner, the field offices of the Directorate General of Foreign Trade shall act as Export Facilitation Centres.

These offices shall function as nodal agencies to attend to the problems and grievances of the exporters, and also co-ordinate with different Departments to resolve their trade and export related problems.

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.

For resolving problems relating to different departments, facilitation committees shall be constituted in each department which shall be serviced by Directorate General of Foreign Trade.

Standing Grievance Committee

9.9 The detail of the Grievance Redressal Mechanism is given in para 2.49 of the Policy.

In order to facilitate speedy redressal of genuine grievances of trade and industry pertaining to the Policy and Procedure, Grievance Committees have been constituted.

These Grievance Committees are chaired by (i) the Director General of Foreign Trade at the Headquarters and (ii) head(s) of the concerned Regional Authority (s) in the respective regional offices.

Grievance Committee will include representatives of the Federation of Indian Export Organisations (FIEO), Export Promotion Councils/ Commodity Boards, Development Authorities, and Government Departments/ technical authorities as their members.

- 9.9.1 The Chairman of the respective Grievance Committee(s) may also co-opt any other member. The 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 to and be personally heard, if he so desires, by the Grievance Committee. For this purpose, he may send his request in writing seeking such personal hearing.
- 9.9.3 A representation to the Grievance Committee may be made in the form given in Appendix-26.

Counter Assistance

- 9.10 For speedy disposal of applications, “Counter Assistance” will function in all the offices of the Directorate General of Foreign Trade.

A Foreign Trade Development Officer (FTDO) shall be incharge of the counter in each office. On submission of the application at the counter, applicant will be handed over a token and would be advised on the same day whether his application has been found complete and admitted for further processing by the office or whether is any deficiency that needs to be rectified.

- 9.10.1 Counter Assistance will send the application to the concerned section on the same day of its receipt for necessary scrutiny. If there are any deficiencies, these will be noted by the concerned section and returned to the counter on the same day. In case of complete applications, the applicant will be given a formal receipt indicating file number for further reference.

In case of deficient applications, the same will be returned to the applicant for complying with all the deficiencies pointed out by the concerned section.

Complete applications shall be processed by the concerned section within the time frame as given under paragraph 9.10.

Communication of any deficiency noted subsequently should

be undertaken only with the approval of the 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 the regional offices at the counter against a proper receipt and the Authorisation/list/enquiry, as the case may be, 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 applications

9.11 The Regional Authority shall dispose off applications expeditiously. The following time schedule shall normally be followed to dispose of the applications provided the application is complete in all respects and is accompanied by the prescribed documents.

S. No.	Category Of Application	Time Limit For Disposal
a)	IEC Code Number	2 working days
b)	Advance Authorisation where Input-Output norms are notified or under paragraph 4.7, Advance Authorisation for Annual Requirement and DFIA	3 working days
	Advance Authorisation where Input-Output norms are notified but cases are to be placed before Norms Committee (NC)	15 working days
	Advance Authorisation where Input-Output Norms are not notified,	45 working days
	Fixation of input output norms	90 working days
c)	DFRC/DEPB	3 working days
d)	EPCG Authorisations on self declaration basis	3 working days

	EPCG Authorisations for fixation of nexus (other than those covered in i) above	45 working days
e)	All Authorisations under Gem & Jewellery scheme	3 working days
f)	Revalidation of Authorisation and extension of export obligation period by R.A	3 working days
g)	Acceptance of Bank Guarantee/ Legal Undertaking	3 working days
	Redemption of Bank Guarantee/ Legal Undertaking for Advance Authorisation and DFIA	15 working days
	Redemption of BG/LUT for EPCG Authorisations	30 working days
h)	Issuance/renewal of status certificate.	3 working days
i)	Amendment of any category of Authorisation	3 working days
j)	Fixation of deemed exports Drawback rate	45 working days
k)	Miscellaneous	10 working days
l)	All applications filed through EDI mode	1 working day

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

Date of Shipment/ Dispatch 9.11 A ***Date of shipment/dispatch for the purposes of imports will be reckoned as under:-***

Mode of Transportation

Date of Shipment/Dispatch

By Sea

The date affixed on the Bill of Lading

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

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

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

Mode of Transportation

Date Of Shipment/ Dispatch

(i) By Sea

For bulk cargo, the date of Bill of Lading or the date of me receipt, whichever is later.

a) For containerised cargo, the 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 for containers from Inland Container Depot (ICD), the date of Bill of Lading issued by shipping agents at the time of loading of export goods in the ICD after customs clearance.

b) For Lash barges, the date of Bill of Lading evidencing loading of the export goods on board

- | | |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (ii) By Air | The date mentioned by the appropriate Officer of Customs on the Shipping Bill, evidencing loading or handing over of goods to the air cargo complex, which are not international airports, or by way of rotation of flight number and date. |
| (iii) By Post Parcel | The date stamped on the postal receipt. |
| (iv) By Rail | The date of RR (Railway Receipt). |
| (v) By Registered
Courier Service | The date affixed on Courier Receipt/
Waybill |
| (vi) By Road | The date on which the goods crossed the Indian border as certified by the Land Customs Authorities. |

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

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

General Power of review.

9.13 The Director General of Foreign Trade may, on his own or otherwise, call for the 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.

APPENDICES

APPENDICES ARE AN INTEGRAL PART OF THE HANDBOOK OF PROCEDURES - VOLUME 1 (2004-2009) INCORPORATING THE ANNUAL SUPPLEMENT AS NOTIFIED BY THE PUBLIC NOTICE NO 1 (RE-2006) / 2004-09 DATED 7TH APRIL 2006.

THE APPENDICES ARE AVAILABLE ON THE DGFT WEBSITE AND CAN BE ACCESSED AT <http://dgft.gov.in>

