

EXPORT-IMPORT PROCEDURE OF THE GEM AND JEWELLERY

Compiled by

The Gem and Jewellery Export Promotion Council

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Export Import Procedure

Any person/firm/company, desiring to establish export and/or import business should have the following:

1.1 Bank account:

First of all a name should be chosen for the firm/company to be established and either a Savings Bank account or Current Account, in the chosen name, should be opened with a bank. For opening a bank account with the bank the following documents are required:

- i. Photocopies of the ration card
- ii. Photographs of the authorized signatories
- iii. Photocopy of the Pan number. In case of the PAN number is not relieved at the time of opening the account, a declaration in the form no.16 in cases of proprietorship firms and partnership firms and form 57 in case of companies should be submitted. This is a declaration that the account holder has applied for the PAN number and the same would be submitted to the bank, no sooner the account opener receives it.
- iv. A board resolution to open account duly signed by the Chairman, in case of company and a copy of the Memorandum and articles of association duly signed by the Chairman of the Company or a copy of the partnership deed in case of partnership firms.

These documents have to be submitted along with the account opening form dully filled and signed by the authorized signatories with details of operation instructions. The account should be recommended by another person/firm or company, who is already having an account in the bank.

1.2 Income Tax Permanent Account Number:

The exporter should make an application for the allotment of an income tax permanent account number in **Form No.49A**. This is normally done through the Chartered Accountant of the applicant. The PAN is intimated the Income Tax Department through a letter and subsequently a laminated card with the photograph of the applicant and the PAN embossed on it is sent to the applicant.

1.3 Import-Export code Number (IEC)

As per para 2. . 12 of the Foreign Trade Policy no export or import shall be made by any person without an IEC number, unless specifically exempted. An IEC number shall be granted on application by competent authority in accordance with procedure specified in HBP v1. If anybody who is already a holder of IEC number has not imported or exported in the preceding licensing year, such IEC shall be made inoperative by the DGFT.

1.3.1 Para 2 . 8 of the Hand book of Procedure 2009-14 mentions the exempted categories from obtaining IEC No. as under:

- i. Importers covered by clause 3(1) {except sub-clauses (e) and (I)} and exporters covered by clause 3(2) {except sub clauses (i) and (K) } of foreign trade (exemption from application of Rules in certain cases) order, 1993.
- ii. Ministries/Department of Central or state Government.
- iii. Persons importing and exporting goods for personal use not connected with trade or manufacture or agriculture.
- iv. Persons importing/exporting goods from/to Nepal, Myanmar through Indo-Myanmar border areas and China (through Gunji, Namgaya Shipkila and Natula ports), provided CIF value of a single consignment does not exceed Indian Rs.25,000. In case of Natural port, the applicable value ceiling will be Rs.100,000/-

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

1.3.3 The list of IEC numbers which shall be used by non-commercial PSUs and categories of importers/ exporters mentioned against them for import/export purposes in mention in Para 2.8 (b) of Handbook of Procedure 2009-14

Note: Commercial Public Understanding (PSU), who obtained PAN will however be required to obtain IEC number. The permanent IEC number as mentioned above shall be used by non-commercial PSU's.

1.3.4 The procedure for obtaining the Importer-Exporter code number is given in Para 2.9 of

Hand Book of Procedures.

1.3.5 An application should be made in duplicate as per Annexure 3 of Hand Book of Procedures and it is to be submitted to the office of the Regional Licensing Authority, by the registered office in the case of company and head office in the case of others under whose jurisdiction it is situated with the following enclosures:

- i. Bank receipt in duplicate/pay order/demand draft drawn in favor of the Regional Licensing Authority for Rs.1000/-
- ii. One passport size photograph of the proprietor in the case of proprietorship firm/any one of the partners in the cases of partnership firms and any one of the directors in the case of companies, duly attested by the banker of the applicant.
- iii. A copy of the PAN issued by the Income Tax Department duly attested by the applicant.
- iv. A certificate on the letter head of the applicant's banker addressed to the licensing authorities, as per annexure I to Appendix 3 of Hand book.

The applicant should also give the following details while applying for I.E.C code:

- i. If there is any non-resident interest in the firm and NRI investment is to be made with repatriation benefits, full particulars thereof, with a photocopy of RBI approval, must be submitted. If there is NRI investment without repatriation benefit, a simple declaration on the letter head of the firm/company, indicating whether it is held with the general/specific approval of the RBI, should be produced. Indian companies issuing shares to foreign nationals/ NRIs under automatic route, 100% scheme or 24/40% schemes are not required to obtain prior approval.
- ii. A simple declaration that the proprietor/partners/directors as the case may be, of the firm/company, is/are associated as proprietor/partners/directors in any other firm/company which has been caution listed by the Reserve Bank of India. Where the applicants declare that they are associated with firms/companies caution listed by RBI, they will be allotted IEC number, with a condition, that they can export only with the prior approval of the

Reserve Bank India and they should approach RBI for the purpose.

In case a firm/company is having branches, only the head office or registered office needs to apply for the allotment of the IEC number. An IEC number allotted to an applicant is valid for all its branches/divisions/units/factories as indicated on the IEC number certificate. The IEC number should be mentioned on all the export invoices, GR/PP form, shipping bills and bills of entry and all other export import related documents, unless it is specifically exempted.

The applicant should mention the address of the factory (ies)/ branch (es) while applying for IEC code. Whenever any new factory (ies)/ branch (es) is/are established, they have to be incorporated in the IEC certificate.

After scrutiny if the licensing authorities are satisfied, they will issue an IEC code number. A copy of the IEC number shall be endorsed to be concerned banker as per details given in the IEC application form.

A consolidated statement of IEC numbers issued by the licensing authority shall be sent to the offices of the Exchange Control department of the Reserve Bank of India.

The IEC number is fed to the main server in the office of the Director General of Foreign Trade (DGFT), New Delhi through the computers of the Regional Licensing Authority and a hard copy is sent to the applicant.

Once the number is fed in their computer, it is transmitted to the Custom's server and a Business Identification Number (BIN) is automatically generated by the software with the Customs. This can be viewed by visiting the website "dgft.delhi.nic.in"

To know the BIN acceptance by the Customs open "dgft.delhi.nic.in" site click on IEC status customs (BIN). The applicant should feed the IEC number and first three letters of the name of the firm/company and click on query.

The BIN would be displayed on the screen with a message that the IEC has been accepted by the Customs. The BIN should be incorporated on all bills of entry and shipping bills. There are other sites also like "ieport.com" from where the details can be viewed.

Any change in the name, address or constitution/ownership should be incorporated in the IEC number by the licensing authority within sixty days from the change, other the exporter-importer shall not be able to import-export against IEC number, unless in meantime:

The IEC holder has got consequential changes effected in the IEC number by the Licensing Authority

The actual user has got the consequential changes effected from the concerned authority in the Industrial license issued by the Secretariat for Industrial Assistance (MoC &I) or certificate of registration as an actual user issued by the Director of Industries of the State Government or has received an acknowledgement for filing of a memorandum with the Secretariat of Industrial Assistance. Provided however the licensing authority issuing IEC code may, condone the delay on payment of penalty of Rs.1000/-. However, a change in the director of a Public Limited Company shall not be considered as a change in the Constitution of the Company.

In cases where the IEC holder has not made any import/export in preceding licensing year, such IEC shall be made operative from 1st November.

1.4 Registration Cum Membership Certificate (RCMC)

As per para 2.44 of the policy, any person applying for a license/certificate/permission to import or export,(except restricted items as per the policy) or any other benefit or concession under the export import policy shall be required to furnish RCMC granted by the competent authority unless specifically exempted under the policy. For getting the RCMC the member will have to become the member of the Gem and Jewellery Export Promotion Council. On being admitted to membership, the applicant shall be granted a membership, the applicant shall be granted forthwith RCMC. They need to mention their main line of business in the application.

The application for RCMC should be made with the following documents:

- i. Form of application for RCMC, wherein the product for which the registration required is to be specified.
- ii. A self certified copy of IEC number, issued by the licensing authorities concerned.

- iii. Bank certificate of the IEC number, issued by the licensing authorities concerned.
- iv. SSI/IEM certificate in case the registration is sought as a manufacturer exporter.
- v. A declaration regarding the exports and imports effected during the preceding financial year.
- vi. A copy of Memorandum of Association & Articles of Association in the case of companies/partnership deed in the case of partnership firms.

The application form should be sponsored by another member exporter of the EPC, who is not an associate or a sister concern of the applicant. He should also be a member with the GJEPC for more than three years.

1.5 Enrolment No.

As per Trade Notice No.14/98 dated 15/12/1998 all the firms/companies should get registered with the office of the Joint Director General of Foreign Trade and an Enrollment number should be obtained. For obtaining this enrolment number, a simple application on the letter head of the firm/company should be submitted along with the following details:

- i. Profile of the exporter as per Appendix 2 in duplicate
- ii. A copy of Importer/exporter code number certificate
- iii. A copy of registration cum membership certificate
- iv. Copies of latest Income Tax Returns
- v. Copies of latest sales tax returns
- vi. A copy of central excise registration certificate, if applicable
- vii. A copy of permanent account number certificate
- viii. Copies of the passports of Proprietor/Partners/Directors, as the case may be
- ix. Number of Identity card holders, with names and their designation
- x. Copies of proof of Address of the firm/company, like telephone bills and electricity bills.

After submitting the application, the originals of the above documents should be shown to the licensing authorities for their verification. Once the documents are in order an enrolment number would be issued to the applicant which would be communicated through a letter.

This enrolment number should be quoted on all the license applications.

1.6 Identity Cards

Identity cards are issued to the Proprietor/Partners/Directors and the authorized employees to facilitate collection of licenses/certificates/permissions and other documents from the licensing authorities. Maximum of three identity cards per company for three employees can be applied for. An application for identity card should be made as per the form given in Appendix -5. The identity card issued is valid for a period of three years.

1.7 Profile of Importer/Exporter

As per para 2.6 of the Handbook, each importer/exporter is required to file their profile, once with the licensing authority in the form in Appendix-2. Licensing authorities shall enter the information furnished in this format in their data base so as to dispense with the need for asking repetitive information. In case of any change in the information given in Appendix 2, importer/exporter shall intimate the same to the licensing authority.

1.8 Export / Import of Rough Diamonds with KPCS

- As per DGFT Notification No-21/2002-07 dated 26th December 2002 no import export of rough diamonds shall be permitted unless the shipment is accompanied by Kimberley Process Certificate required under the procedure specified by the Gem and Jewellery Export Promotion Council.
- The earlier para 2.2 of FTP has been included under the appendices ITC HS Code-Export Import as uploaded in the DGFT website <http://www.dgft.gov.in>.
- It may be noted that all exports and imports are also bound for physical checking & inspection as per Customs Act 1962. Hence, Circular No.53 of 2003-Cus dated 23rd June, 2003 is to be followed for the Kimberley Process Certification Scheme and its implementation.
- The trading in export / import of rough diamonds can be done only with the KP Participating countries as available on the website www.kimberleyprocess.com

- The circulars related to Kimberley Process issued by GJEPC are available under Kimberley Info section on the Council's website www.gjepc.org.

1.9 Export through Exhibitions/Export Promotion tours/Export of Branded Jewellery

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

(b) In case of re-import, such items, on arrival, shall be verified along with export documents before clearance.

2.0 RBI Policy for Export

The Reserve Bank of India, as per their authorized dealer (banks) circular No. 1 dated 12.02.1994 had liberalised the procedures for the exports of Gem and Jewellery. Hence, even in the absence of letters of credit or advance remittances, prior permission from the Reserve Bank of India for exports, is not required.

The exports are done in the following two ways:

1) Bank through shipments:

In this case the documents are addressed to the consignee's bankers for the account of the importer. The consignee gets the delivery of the goods only against payment, if the documents are sent on COD basis or against acceptance of shipping documents by signing the original Bill of Exchange if they are shipped on Usance basis, as per the terms of the contract. As per Reserve Bank of India directives, the bankers should normally accept bank through documents in the cases of clients who are not their regular customers, unless the documents are backed by Letters of credit or advance remittances.

2) Direct shipments:

In this case, the documents are addressed in the name of the consignees, who have an excellent track record regarding payments, long standing business relations etc., with the exporters. The

advantages of shipping the goods directly to the consignees are:

- a. Speedy delivery of the export parcels to the clients, since the importers need not wait for the full set of bank documents to be received through their bankers.
- b. Delivery charges, including bank commission for issuing delivery order and stamp duty, prevalent in the respective countries are avoided and thereby saved.
- c. Early payments and hence the bank interest is saved.

The authorized dealers may accede to the request to dispatch the documents directly to the consignee, provided;

- 1) The exporter is a regular customer,
- 2) The authorized dealer is satisfied on the basis of standing and track record of the exporter customer,
- 3) The arrangements made for realization of the export proceeds by the exporter customer are satisfactory to the bankers.