

Government of India
Ministry of Commerce and Industry
Department of Commerce
Directorate General of Foreign Trade

Dated: 12th March, 2025
Vaniya Bhawan, New Delhi

Trade Notice No. 33/2024-25

To,

1. Industry and Relevant Stakeholders
2. Export Promotion Councils

Subject: Inputs on Draft Amendments in Procedures for Export Authorization for "Stock and Sale" of SCOMET items –reg

Reference is drawn to Para 10.10 of Chapter 10 of the Handbook of Procedures (HBP) 2023, which outlines provisions for granting authorization for bulk export of SCOMET items from an Indian exporter to an entity abroad ('stockist') for subsequent transfer to the ultimate end users.

2. In line with Para 1.07A of FTP 2023, which provides for consultation with stakeholders during the formulation or amendment of Foreign Trade Policy, draft amendments to Para 10.10 of HBP 2023 have been formulated and are enclosed as an Annexure to this Trade Notice. This Directorate invites views, suggestions, comments, and feedback from relevant stakeholders, including exporters, industry associations, and experts on the proposed amendments.

3. Stakeholders are requested to submit proposals, recommendations, or inputs to this Directorate for examination within 10 days from the issuance of this Trade Notice. Submissions may be made via email to scomet-dgft@gov.in.

4. This Trade Notice is issued with the approval of the competent authority in accordance with the provisions of Para 1.07A of FTP 2023.


(Md. Mojin Afaq)
Joint DGFT

(Issued from F.No. 01/91/171/37/AM10/EC(S))

Annexure: Draft Public Notice for amendments in Para 10.10 of Handbook of Procedures

Public Notice No. /2024-2025

New Delhi, Dated the

Subject:- Amendments in Para 10.10 of Handbook of Procedures for issue of export authorization for "Stock and Sale" of SCOMET items

In exercise of the powers conferred under Paragraph 1.03 of the Foreign Trade Policy, 2023, the Director General of Foreign Trade, hereby makes amendments to Paragraph 10.10 (Stock and Sale) of the Handbook of Procedures (HBP) of the Foreign Trade Policy (FTP) 2023, with immediate effect.

2. The paragraph 10.10 of the Handbook of Procedures (HBP) of the Foreign Trade Policy 2023 is substituted to read as under:

"10.10 Issue of export authorization for "Stock and Sale" of SCOMET items

Application for grant of authorization for bulk export of SCOMET items (excluding Category 0, Category 3A401, Category 6 and transfer of technology under any category) from an Indian exporter to an entity abroad (hereinafter referred to as 'Stockist') for subsequent transfer to the ultimate end users shall be considered by IMWG, on the following conditions:

Applicability and scope of policy

a. Stockist refers to an entity abroad to whom the SCOMET items are originally exported by Indian Exporter. Stockist entity should be a subsidiary/principal (parent) company abroad of the Indian exporter. The stockist entity could also be an affiliate of the Indian Exporter, Indian or Foreign Original Equipment manufacturer(OEM)/Electronic Manufacturing Services (EMS)/Contract Manufacturer(CM)*.

* This could be considered based on additional documents submitted by the Indian company such as AEO certification, contract / agreement between the Indian company and its Original Equipment Manufacturer, etc.

For the purpose of this policy, EMS is defined "as a business service provided by companies that specialize in the manufacturing, assembly, testing, return, repair and sometimes design of electronic products for OEMs. These providers are responsible for assembling electronic components and devices based on the customer's specifications, and the services are often provided at a cost-effective price compared to setting up internal manufacturing facilities."

b. Export shall be permitted from the Indian company (applicant exporter) to 'Stockist' entity on the basis of an End Use declaration from the 'Stockist', through the specified End User Certificate (EUC) for 'Stock & Sale' purpose;

Note: IMWG may relax the provisions of a. and b. above in certain cases, considering the description/end use/end user of the item.

Application for export to stockist abroad and transfer to end users in specific countries

- c. The exporter shall submit application in prescribed proforma (ANF-10B) along with following documents from the stockist:
 - i. Documentary proof regarding corporate relationship between the Indian exporter and stockist;
 - ii. End-use/End-user Certificate from stockist entity abroad in Appendix-10j (iii);
 - iii. List of countries (in the EUC) to which the items imported from India would be exported by the stockist;
 - iv. Purchase Order(s)/Invoice(s) or a document in lieu thereof;
 - v. Technical specifications of the product(s);
 - vi. Copy of Internal Compliance Program (if applicant exporter/ stockist entity has one)
 - vii. Copy of AEO certificate (in case of *).
 - viii. Undertaking on the letterhead of the firm duly signed and stamped by the authorized signatory stating, "The applicant exporter declares that subsequent to the issuance of export authorization, if the licensee has been notified in writing by DGFT or if they know or has reason to believe that an item may be intended for military end use or has a potential risk of use in or diversion to weapons of mass destruction (WMD) or in delivery of their missile system, the exporter would not be eligible for Stock & Sale policy for export of that/those item(s) and would apply separately to DGFT for a fresh authorization in terms of regular policy". Action will be taken against the exporter under FT (D & R) Act, 1992 for any mis-declaration.
 - ix. Copy of corporate registration/business registration or certificate of incorporation of stockist entities in the destination countries.

In-principle approval for export to the stockist, and, for sale by stockist within the country of the stockist, and, for re-export by stockist to end user in other countries

- d. The application would be assessed for grant of authorization for export to the stockist, and, for grant of in-principle approval for re-export to specified countries of ultimate end use approved by the IMWG;
- e. No authorization would be required for transfer from the stockist to the ultimate end user(s) within the country of the stockist and for re-export to end users in such approved countries;
- f. Re-export to such approved countries would be subject to the export control regulations of the country of the stockist;
- g. Country would denote an independent sovereign entity which is a distinct national entity in political geography. Hence, transfers within an economic union or a customs union would not qualify as "same country transfers";

Post-reporting for same country transfer and re-export to pre-approved countries by the stockist

- h. In case of sale/transfer by the stockist within the same country and for re-export/re-transfer to the end users in countries, for which, in-principle approval has been granted, the Indian exporter/licensee shall submit details of all such transfers to SCOMET Division of DGFT (Hqrs) in ANF-10B, including EUCs[Appendix-10J(i), 10J(ii) as applicable] from all ultimate end users and Bill of Entry into the ultimate destination countries(for export outside the country of stockist), within 3 months of every such transfer;

Application for re-export to other countries (other than pre-approved)

- i. In respect of re-export/re-transfer of items from the stockist entity to the end users outside the country of the stockist, for which, in-principle approval has not been granted at the initial stage, the Indian exporter (stock and sale authorization holder) shall submit application for re-export/re-transfer to SCOMET Division in DGFT (Hqrs), in ANF 10B, through email (scomet-dgft@nic.in), after obtaining following documents from the stockist entity:
 - i. End-use/End-user Certificate from each link in the supply chain as per Appendix-10J(i) /10J(ii), as applicable;
 - ii. Purchase Order(s)/Invoice(s) or a document in lieu thereof ;
 - iii. Technical specifications of the product to be transferred (only if there is any value addition in the product by the stockist)
- j. IMWG shall consider export authorizations for allowing such re-export/re-transfer based on end use/end user verification;

Repeat Order cases

- k. Applications for export of same SCOMET items to same stockist entity, and re-export/re-transfer of same SCOMET items from the stockist entity to the end-users (within the country of stockist entity and only the countries of ultimate end use where in-principle approval has been granted), i.e. repeat orders, shall be considered by Chairman IMWG, without any consultation with IMWG members;

Annual reporting on inventory of the stockist and transfers/re-exports

- l. The Indian exporter (Stock & Sale Authorization holder) shall submit a statement of exports made from India to the stockist, transfers made by the stockist to the final end-users and inventory with the stockist, as on 31st December of each calendar year, by 31st January of the following year. A failure to do so may entail imposition of penalty and /or cancellation of authorization under the stock and sale policy;
- m. The items exported to the stockist entity under the stock and sale authorization should be transferred to the final end-user(s) within the validity period of the authorization as in paragraph 10.17 of HBP;

- n. The authorization may be revalidated as per the procedure mentioned in paragraph 10.20 of HBP;

3. Effect of this Public Notice:

The existing "Stock and Sale" policy under Paragraph 10.10 of the Handbook of Procedures (HBP) of the Foreign Trade Policy (FTP) 2023 has been amended to revise the applicability of the policy, and allow export from the Indian company (applicant exporter) to its subsidiary / principal (parent) company abroad / Original Equipment Manufacturer under the Stock and Sale policy.

(Santosh Kumar Sarangi)
Director General of Foreign Trade
Ex-officio Additional Secretary, Government of India
E-mail: dgft@nic.in

(Issued from F.No. 01/91/171/37/AM10/EC(S))