



CHAPTER 1

# **Legal Framework and Trade Facilitation**

# **Chapter-1**

## **Legal Framework and Trade Facilitation**

### **1.01 Notification of Procedure**

In pursuance of the provisions of paragraph 1.03 of Foreign Trade Policy (FTP), the Director General of Foreign Trade (DGFT) hereby notifies the procedure to be followed by an exporter or importer or by the licensing/Regional Authority or by any other authority for purpose of implementing the provisions of Foreign Trade (Development & Regulation) Act, the Rules/Orders made there under and the provisions of Foreign Trade Policy. The said procedure is contained in following compilations:

- (a) Hand Book of Procedures
- (b) Appendices & Aayat Niryat Forms and
- (c) Standard Input Output Norms (SION)

These compilations, as amended from time to time, shall come into force from the date of the notification and shall continue to be in operation unless otherwise specified or amended.

### **1.02 Objective**

The objective is to implement provisions of FT (D&R) Act, Rules and Orders made thereunder and provisions of FTP by laying down simple, transparent and digitally (electronically) compatible procedures, which are user friendly and easy to comply with and administer for efficient management of Foreign Trade.

### **1.03 Definition**

For the purpose of this Handbook, definitions and glossary contained in FT (D&R) Act, Rules and Orders made there under and in the FTP shall apply.

### **1.04 E-governance of Foreign Trade in DGFT**

IT initiatives taken by DGFT are as under:

### **(a) DGFT Online Customer Portal**

A customised online dashboard is made available to the exporter which provides a 360-degree view of Export related applications at <https://dgft.gov.in/CP>.

### **(b) Exporter Importer Profile**

An Importer / Exporter shall regularly update the Importer Exporter profile on the online IEC module to enable efficient delivery of services to the IEC holder. The documents & details available in the IEC Profile and online Repository will facilitate paperless processing in DGFT.

### **(c) Facility of online filing and processing of applications**

Through the DGFT Customer Portal, applicants can apply online for various trade related benefits/services including for issue of authorisations/scripts and amendments thereof under various FTP provisions. The online environment also enables uploading of supplementary documents, replying to the queries online and tracking status of applications as well as processing of application by officials.

### **(d) Automated processing in online environment**

Rule-based, system-driven workflow is being implemented in a phased manner for automated processing of various applications with a risk based management approach.

### **(e) Applications requiring Inter-Ministerial Consultation**

Exporters would be able to apply and track status of the applications made against various categories including

- (i) Import of Restricted Items
- (ii) Export of Restricted Items
- (iii) SCOMET Items
- (iv) Fixation of norms by Norms Committees

The requisite consultation for these applications with other Ministries/Stakeholders will also be handled in online environment.

### **(f) Onboarding of CA/CS/Cost Accountant**

In order to move towards paperless processing, an electronic procedure has been developed to upload digitally signed documents by Chartered Accountant / Company

Secretary / Cost Accountant. Exporter shall be able to link digitally uploaded annexure with the online applications under various schemes of the FTP.

**(g) 24 X 7 Helpdesk Facility to guide applicants and monitor grievances**

A dedicated 24 X 7 Helpdesk facility has been put in place to assist the exporters in filing online applications on the DGFT portal and other matters pertaining to Foreign Trade Policy.

A Help manual & FAQs for filing various applications under the FTP are also available on DGFT website under the link <https://dgft.gov.in>> Learn > Application Help & FAQs.

For assistance any of the following channels may be accessed —

- (i) Raise a service request ticket on DGFT website under the link > Services > DGFT Helpdesk Service
- (ii) Call the DGFT toll free helpline number at 1800-572-1550 / 1800-111-550
- (iii) Send an email to the Helpdesk on [dgftedi@nic.in](mailto:dgftedi@nic.in)

**(h) Message Exchange with Community partners**

CBIC, CBDT, MCA and Banks are major community partners of DGFT for message exchange. An effective message exchange system is in place with various community partners which is as follows:

- (i) API Message Exchange with CBIC for
  - (a) Importer Exporter Code Number
  - (b) Authorisations/ Scrips including of DFIA, AA, EPCG
  - (b) Shipping Bills and Bills of Entry
  - (d) RBI's EDPMS for Export Realisation details
- (ii) API Message Exchange with CBDT for PAN related services
- (iii) API Message Exchange with MCA for company related information
- (iv) Message Exchange with Banks, PFMS & Bharat Kosh
  - (a) Application Fee
  - (b) electronic Bank Realisation Certificate (e-BRC) data
- (v) API message exchange with M/o MSME for Udyam Registration.

### **(i) DGFT Trade facilitation Mobile application**

A DGFT Trade Facilitation Mobile App is available for information on Trade Statistics, FTP Schemes and status of applications submitted for both Android and iOS.

### **(j) Facility to verify the documents/certificate issued through DGFT Portal**

Digitally issued e-authorisations/e-certificates through DGFT Portal can be verified at DGFT website under the link > Services > Verify Document.

## **1.05 Use of Digital Signature Certificates and Aadhar e-Sign**

DGFT allows submission of applications authenticated through digital signature certificate (DSC) issued by any approved entity of Controller of Certifying Authority of India or through Aadhar eSign in online environment.

## **1.06 Conversion of Currencies in e-BRCs**

(a) Currencies, where Exchange rates are notified by CBIC: The foreign exchange realised (as mentioned by bank in the eBRC) is converted into Indian Rupee (INR) using the monthly exchange rates published by CBIC as on Let Export Order (LEO) date.

(b) Currencies, where Exchange rates are not notified by CBIC: In such cases, total realised value in INR (as mentioned by bank in the eBRC), will be converted into US\$ by using the US\$ /INR exchange rate prevailing on the date of realisation as published by CBIC.

## **1.07 Generation of eBRC where payments are realised through Insurance Agencies**

(a) An applicant realising export proceeds through Insurance Agency will approach the concerned RA with the proof of payment issued by the concerned Insurance Agency. RA, after satisfying itself of the bona fide of the payment, will obtain approval of EG&TF Division, DGFT Hqrs and then RA will upload the value (in lieu of eBRC value) in EDI system of DGFT for processing of the case.

(b) If the proof of payment issued by the Insurance Agency mentions claim value both in foreign exchange and INR, RA will use the foreign exchange value for processing. If the claim value is mentioned only in equivalent INR, RA will convert this INR value in equivalent US\$ using the exchange rate (published by CBIC) applicable on the date of settlement of insurance claim.

## **STATUS HOLDER CERTIFICATION**

### **1.08 Status Holder: Application for grant of Status Certificate**

- (a) Exporters shall be required to file an application online for recognition of status under the Policy in ANF 1B along with prescribed documents.
- (b) Online Application for status certificate shall be filed with jurisdictional RA as determined by the location of Registered Office in the case of Company and of Head Office in the case of others as per Appendix 1A.

### **1.09 Validity of status certificate**

- (a) Any Status Certificate issued under FTP 2015-20 to an IEC holder shall remain valid only till 30.09.2023.
- (b) Status Certificates issued under this FTP shall be valid for a period of 5 years from the date on which application for recognition was filed.
- (c) On achieving higher status threshold as per Para 1.26 of FTP a firm can, at its discretion, upgrade their status holder category after surrender of the previous Certificate and applying as per para 1.08 above.

### **1.10 Maintenance of Accounts and Submission of Annual Export Statement**

Status Holders shall maintain true and proper accounts of its exports and imports based on which such recognition has been granted. Records shall be maintained for a period of two years from the date of grant of status certificate. These accounts shall be made available for inspection to RA concerned or any Authority authorized by DGFT, as and when required.

### **1.11 Refusal /Suspension /Cancellation of Certificate**

Status Certificate may be refused / suspended/ cancelled by RA concerned, if status holder or authorized representative acting on his behalf:

- (a) Fails to discharge export obligation imposed;
- (b) Tampers with Authorisations;
- (c) Misrepresents or has been a party to any corrupt or fraudulent practice in obtaining any Authorisation;
- (d) Commits a breach of FT (D& R) Act, or Rules, Orders made there under and FTP, The Customs Act 1962, The Central Excise Act 1944, FEMA Act 1999, COFEPOSA Act 1974 and Central / State GST Acts ;
- (e) Fails to furnish information required by this Directorate.

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

### **1.12 Appeal**

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

## CHAPTER 2

# **General Provisions Regarding Imports and Exports**

# **CHAPTER-2**

## **GENERAL PROVISIONS REGARDING IMPORTS AND EXPORTS**

### **2.00 Policy**

Policy relating to general provisions regarding exports and imports is given in Chapter-2 of the FTP.

### **2.01 Coverage**

This chapter covers procedure for various applications including their complete documentation. Procedure for applications for authorisations/ license/ permissions/ certificates for import/export and applications for benefits under FTP are laid out.

### **2.02 Countries of Imports/Exports**

Unless otherwise specifically provided, international trade (i.e. import into India and/or export from India) can take place from/to any country. Country specific prohibitions/limitations, if any, are specified in the FTP or the ITC(HS).

## **APPLICATIONS**

### **2.03 Filing of Application**

- (a) Applications seeking authorisation for import/export of “restricted” goods, or for claiming benefits under the schemes in FTP or for seeking clarifications or for other purposes may be made online on <https://dgft.gov.in>
- (b) Applicants may ensure while submitting documents that documents are either in English or Hindi. Documents in regional languages may be translated into English or Hindi and the translated copy may be self-certified and submitted along with the original copy.

### **2.04 Territorial Jurisdiction of RA**

Territorial jurisdiction of RAs is given in Appendix 1A of Appendices and Aayat Niryat Forms. The address of applicant determines the jurisdiction of RA. Each application, unless otherwise specified, shall be submitted to jurisdictional RA.

## **2.05 Incomplete Application**

- (a) An incomplete or unauthorised application is liable to be rejected by the competent authority with specific reason for rejection. Such incomplete application may be re-opened on rectifying the deficiencies.
- (b) If the deficiencies are not rectified by the applicant within a period of 90 days, the application will be deemed to have been withdrawn.

## **2.06 Application Fee**

The scale of fee, mode of payment, procedure for refund of fee and categories of persons exempted from payment of fee are provided in Appendix-2K.

## **IMPORTER EXPORTER CODE (IEC)**

### **2.07 IEC Number Exempted Categories**

(a) IEC is compulsory for import and /or exports. However, the following categories of importers or exporters are exempted from obtaining IEC:

<b>Sl. No.</b>	<b>Categories Exempted from obtaining IEC</b>
(i)	Importers covered by clause 3(1) [except sub- clauses (e) and (l)] and exporters covered by clause 3(2) [except sub-clauses (i) and (k)] of Foreign Trade (Exemption from application of Rules in certain cases) Order, 1993.
(ii)	Ministries /Departments of 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; Bhutan; Myanmar (through Indo-Myanmar border areas); and China (through Gunji, Namgaya Shipkila and Nathula ports), provided that the CIF value of single consignment of import/export of goods from/to Nepal; Bhutan and Myanmar (through Indo-Myanmar border areas) does not exceed Indian Rs. 25,000/-; and in the case of China, (a) for import/export of goods through Gunji and Namgaya Shipkila, CIF value of single consignment does not exceed Indian Rs.1,00,000/-; and (b) for import/export of goods through Nathula, CIF value of single consignment does not exceed Rs.2,00,000/-.

Further, exemption from obtaining IEC shall not be applicable for export of SCOMET items as listed in Appendix -3, Schedule 2 of ITC (HS), 2022 except in case of exports by category (ii) above.

b) Following permanent IEC numbers shall be used by non – commercial PSUs and categories or importers / exporters mentioned against them for import / export purposes:

<b>Sr. No.</b>	<b>Permanent IEC</b>	<b>Categories of Importer / Exporter</b>
1	AMDCG0111E	All Ministries / Departments of Central Government and agencies wholly or partially owned by them.
2	ADSGA0129E	All Departments of any State Government and agencies wholly or partially owned by them.
3	DCUNO0137E	Diplomatic personnel, Counsellor officers in India and officials of UNO and its specialised agencies.
4	IABBR0145E	Indians returning from / going abroad and claiming benefit under Baggage Rules.
5	IIHIE0153E	Persons /Institutions /Hospitals importing or exporting goods for personal use, not connected with trade or manufacture or agriculture.
6	IIEGN0161E	Persons importing/exporting goods from /to Nepal for non-commercial purposes
7	IIEGM0170E	Persons importing / exporting goods from / to Myanmar through Indo-Myanmar border areas for non-commercial purposes
8	ATAEF1096E	Importers importing goods for display or use in fairs/ exhibitions or similar events under provisions of ATA carnet. This IEC number can also be used by importers importing for exhibitions/fairs as per Paragraph 2.60 of Handbook of Procedures
9	IDNBG1100E	Director, National Blood Group
10	ICIRN1126E	Individuals /Charitable Institution /Registered NGOs importing goods, which have been exempted from Customs duty under Notification issued by Ministry of Finance for bonafide use by victims affected by natural calamity.
11	IIEGC1134E	Persons importing/exporting permissible goods as notified from time to time, from /to China through Gunji, Namgaya Shipkila and Nathula ports, subject to value ceilings of single consignment as given in Paragraph 2.07 (iv) above.
12	NCIEE1169E	Non-commercial imports and exports by entities who have been authorised by Reserve Bank of India.

## **2.08 Application for IEC**

- a) Exporters/ Importers shall file online application in ANF-2A format through the online process at <https://dgft.gov.in> with applicable fee and requisite documents.
- b) IEC will be auto-generated and applicant will be informed through e-mail and SMS. Applicant can also view and download the e-IEC after completion of the submission process of application by logging onto their dashboard.
- c) The details submitted in the IEC application shall be validated through online integration with records maintained by relevant Ministries/Departments/Organisations/Banks, wherever feasible. Further, the applicant is required to submit the following details/documents (scanned copies to be uploaded), unless specifically exempted by the system during the online application process:
  - (i) Cancelled cheque bearing entity's pre-printed name or Bank certificate in format prescribed;
  - (ii) Address proof of the applicant entity as detailed in the application
- (d) The guidelines for the conduct of post-verification of Online IECs will be issued by DGFT Headquarters from time to time.

## **2.09 IEC Format**

An electronic copy of the IEC may be downloaded online on their DGFT Dashboard. The details of any IEC may be verified on the DGFT Website under Services → 'View IEC Related Details'

## **2.10 Validity of IEC**

- a) An IEC allotted to an applicant shall have permanent validity unless suspended/cancelled by the competent authority. The IEC will cover all branches / divisions / units / factories of the applicant.
- b) IEC's can however be de-activated in pursuance of the policy in para 2.05(e) of FTP.

## **2.11 Validity of IEC for EOUs / SEZs**

An IEC will remain valid irrespective of a firm's status as a DTA unit or an SEZ unit or an EOU/EHTP/STP/BTP unit.

## **2.12 One PAN-One IEC**

Only one IEC shall be issued against a single PAN.

## **2.13 Surrender of IEC**

If an IEC holder does not wish to operate allotted IEC, they may surrender the same online to the issuing authority. On receipt, the issuing authority shall examine the request. On approval the updated IEC shall be transmitted to the Customs authorities.

IEC can be surrendered only if all authorisations/ obligations have been closed for the IEC or in cases where the firm has been amalgamated/acquired/merged etc. with another entity such that all the authorisations/obligations are transferred to the IEC of the new entity.

## **2.14 Modification of IEC**

- (a) Modification(s)/Updation(s) in IEC can be done online only with applicable fees and requisite documents.
- (b) Any change in constitution of firm, address, bank details or any other primary details, the IEC holder is required to ensure that the IEC details are suitably updated online within 30 days of effecting such change(s).
- (c) Request for (i) Cancellation of existing IEC and (ii) PAN change in existing numeric IECs has to be made to the jurisdictional Regional Authority.
- (d) RAs shall consider applications seeking modification in IEC (all numeric), involving change in PAN, by ensuring that liabilities of the previous applicant/applicant firm are transferred to the new applicant/applicant firm whose PAN will be reflecting in the modified IEC.
- (e) In case of change in constitution of a PAN based IEC by way of merger, acquisition, liquidation, inheritance, business transfer etc. such that PAN of the new entity so formed is different from the earlier one, an IEC shall be availed against the new PAN within 30 days of effecting such change, if not existing already. Previous IEC (s) can also be operationally linked to the IEC of the new entity.
- (f) An application for transfer of unredeemed Authorisation(s) from earlier IEC to the new IEC may be submitted online to the original jurisdictional RA along with supporting documents. Concerned RA may sanction the given linkage after due scrutiny of the evidence provided by the applicant including submission of affidavits etc.

## **2.15 Profile of Importer / Exporter**

- a) ANF-1 contains the profile of the importer/exporter. IEC Holder shall be responsible for updating the same as and when a change takes place immediately or in any case at least once in a year.
- b) Documents which are uploaded in the Importer-Exporter Profile are not required to be filed each time the importer/exporter applies for authorisation/scrip/ licence/ registration under different schemes of this FTP.
- c) Proof of status as manufacturer exporter is also to be uploaded under the Profile.

## ISSUANCE OF AUTHORISATION

### 2.16 Validity period of Authorisation/ Licence / Certificate / Authorisation / Permissions

Validity period of Import / Export Authorisations from the date of issue shall be as follows, unless specified otherwise:

Sr. No	Type of Authorisation	Validity Period
(i)	Export Authorisation for restricted (Non-SCOMET) goods	24 months
(ii)	Export Authorisation for SCOMET items	24 months
(iii)	Import Authorisations for Restricted items	18 months
(iv)	EPCG Authorisation	24 months
(v)	Advance Authorisations (AA) for Deemed Exports	Co-terminus with contracted duration of project execution or 12 months, whichever is more.
(vi)	AA {except (v) above}, DFIA, Replenishment Authorisation for Gems & Jewellery as per Chapter 4 of FTP.	12 months from issue date.
(vii)	Registration certificate for import/ export as per para 1.05 of FTP (Transitional Arrangement)	Original shipment period as mentioned in the ICLC or as stipulated by DGFT.

However, EXIM Facilitation Committee (EFC) and Inter Ministerial Working Group (IMWG) (for SCOMET items) may approve the grant of Export/ Import Authorisation for a shorter / longer duration in specific cases to meet contractual obligations/delivery schedule or on specific recommendation of the concerned Technical / Administrative Ministry / Department / or any other agency.

b) DGFT may decide to issue specific authorisation/ class of authorisations for a longer/shorter validity period. Any extension /revalidation in such cases to be allowed only by DGFT.

## **2.17 Date of reckoning of Import / Export**

- (a) Date of reckoning of import is decided with reference to date of shipment / dispatch of goods from supplying country as given in Paragraph 11.11 of Handbook of Procedures and not the date of arrival of goods at an Indian port.
- (b) Date of reckoning of export is decided with reference to date of shipment / dispatch of goods from India as given in Paragraph 11.12 of Handbook of Procedures. However, for benefit under FTP, Let Export Order (LEO) date shall be the date of reckoning of export.

## **2.18 Validity of Authorisation/ Licence for import/export**

- (a) Authorisations must be valid on the date of import.
- (b) Similarly, export obligation period of an Authorisation must be valid on the date of export. However, AA/ EPCG Authorisation holder(s)may continue to export post the export obligation period at their own risk and responsibility. The affected exports would only be accounted for EO fulfilment only if the authority concerned approves the EO extension.

## **2.19 Validity of Scrips**

Scrips issued under the FTP must be valid on the date on which actual debit of duty is made.

## **2.20 Revalidation of Import / Export Licence Certificate/ Authorisation / Permissions for Non-SCOMET items**

- (a) Import Authorisation, may be revalidated, on merits for a period of six months from date of expiry of validity by the DGFT (HQ).
- (b) Export Authorisation, may be revalidated, on merits for a period of six months a time and maximum upto 12 months by the DGFT (HQ).
- (c) However, revalidation of freely transferable authorisation / duty credit scrips and stock and sale (excluding SCOMET items) authorisation shall not be permitted unless validity has expired while in custody of Customs Authority / RA / Government Authority.
- (d) Revalidation of Authorisation/Duty Credit Scrip shall also be allowed without charging any fee for the period of delay (the period for which authorisation/scrip holder was unable to utilise the same) or six months, whichever is less, due to the following reasons:

- (i) If Authorisation/Scrip or any amendment thereof could not be transmitted to Customs Server within fifteen working days from the date of issue/amendment;
- (ii) If Authorisation/Scrip rejected by Customs server with error Code
- (iii) If request for issue of waiver of Bond/EODC was not considered within the period specified under Para 11.10 of HBP, where complete application was submitted within the validity of the Authorisation.

In such cases, revalidation shall be allowed from the date of endorsement for the period of delay or six months, whichever is less. For example: Authorisation is issued having initial validity of 12 months on 01.04.2017. It was transmitted to Customs server on 01.04.2017 by DGFT server but it is accepted by Customs server on 31.10.2017. So, the Authorisation holder loses 7 months (still 5 months validity is left). In such a case, RA shall allow revalidation for a period of 6 months (validity of 5 months is subsumed) from the date of endorsement.

The applicant shall submit request for endorsement of Authorisation/Scrip along with screen shot of DGFT server as well as Customs Server in support of his claim. RA shall verify the same before revalidation is allowed.

However, request must be made to RA concerned within a month from the date of final acceptance of Authorisation/Scrip in the Customs Server.

Notwithstanding anything contained above, these provisions of revalidation shall not apply wherever, the authorisation/scrip holder had clear 6 months period in hand for utilisation.

## **2.21 Authority to Revalidate**

Such revalidation under Paragraph 2.20 above would be permitted under specific orders of Head of concerned Office and such revalidation would be maximum up to the extent of custody period.

## **2.22 Application for Revalidation**

An application for revalidation of authorisation may be made to the office which has issued the authorisation.

## **PROCEDURE FOR ISSUING DUPLICATE COPIES**

### **2.23 Duplicate copies of Export / Import Authorisation**

Where a physical copy of Authorisation/Permissions/ Licence / Certificate / is lost or misplaced, an application for issue of a duplicate may be made along with self-

declaration, as given in Appendix 2M, to concerned office where the original Licence was issued.

## **2.24 Documents required for duplicate copy of freely transferable Authorisation**

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

- (i) An application with fee equivalent to 10% of duty saved or duty credit (of unutilized balance).
- (ii) A copy of FIR reporting loss.
- (iii) Self-declaration to indemnify revenue loss, which may be caused on account of issue of such duplicate.

## **2.25 Exception**

When an Authorisation is lost by a Government agency and a proof to this effect is submitted, documents at serial nos. (i) to (iii) of Paragraph 2.24 above shall not be required. In such cases, revalidation shall be for six months from date of endorsement.

## **2.26 Mechanism for issuing duplicates**

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

## **2.27 Validity of duplicate Authorisation**

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

## **2.28 Applicability of the provision**

Provision of Paragraph 2.26 and 2.27 shall be applicable for cases covered under both Paragraph 2.23 and 2.24.

## **BANK GUARANTEE /LUT/ CORPORATE GUARANTEE**

## **2.29 Execution of BG/Legal undertaking for Advance Authorisation/ EPCG Authorisation**

- (a) Before clearance of goods through Customs, Authorisation holder shall execute a BG/LUT with Customs Authorities. In such cases, RA shall endorse the

following condition on the licence/ Authorisation: "BG / LUT as applicable, to be executed with concerned Customs Authorities".

- (b) In case of indigenous sourcing, Authorisation holder shall furnish BG/ LUT to RA as per Customs Circular No.58/2004 dated 31.10.04, as amended from time to time. In case, the firm has already executed BG/LUT for the full value of the licence/ certificate/ authorisation/ permission (covering the items indigenously procured) to the Customs and furnishes proof of the same to Regional Authority (RA), no BG/LUT shall be required to be executed with the RA. The RA concerned shall endorse on the authorisation that the Customs Authority shall release/redeem BG/LUT only after receipt of NOC or EODC from the RA concerned. RA shall endorse a copy of the same along with a forwarding letter to the Customs Authority at the Port of registration for their information and record.
- (c) 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.

**2.29 A** Any firm/ company coming under the NCLT proceedings shall make a summary of statement of outstanding export obligations/liabilities under the FTP schemes, indicating duty saved amounts and applicable interest till the date of start of proceedings before the National Company Law Tribunal (NCLT), any penalty imposed under FT (D&R) Act, any other dues such as fee etc., and submit the same to the RA concerned and to NCLT, before the start of NCLT proceedings as part of the statutory filings. The statement of consumption of inputs/procurement of capital goods, attested by chartered engineer/chartered accountant, shall also be submitted along with other documentary details of any partial fulfilment of Export Obligation claimed towards offsetting the duty saved amount.

### **2.30 Advance Payment**

In case, payment is received in advance and export / deemed export takes place subsequently, application for an Authorisation shall be filed within specific period following the month during which exports/ deemed export is made, unless otherwise specified.

### **2.31 Import under Lease Financing**

Import under lease financing shall be available under EOU/ SEZ scheme. Domestic supply of capital goods to eligible categories of deemed exports shall be eligible for benefits of deemed export as in paragraph 7.03 of FTP, even in cases where supplies are under lease financing

### **2.32 Submission of Certified Copies of Documents**

Wherever original documents have been submitted to a different RA / nominated agency or to a different division of same RA, applicant can furnish photocopy of documents duly certified by him in lieu of original.

## **WAREHOUSING FACILITY**

### **2.33 Warehousing Facility**

- (a) Public / Private Customs Bonded Warehouses may be set up in DTA as per Chapter-IX of Customs Act, 1962, to import items in terms of Paragraph 2.36 of FTP. On receipt of goods, such warehouses shall keep these goods for one year without payment of applicable customs duties. Goods can be cleared against Bill of Entry for home consumption, on payment of custom duty and on submission of Authorisation wherever required, after an order for clearance of such goods for home consumption is issued by competent customs authorities. In case of clearance against duty free categories /concessional duty categories, exemption / concession from duty shall be allowed.
- (b) Goods can be re-exported without payment of customs duty provided shipping bill or a bill of export is presented in respect of such goods; and order for export of such goods has been made by competent customs authorities.

## **CERTIFICATES**

### **2.34 Free Sale and Commerce Certificate**

- (a) (i) RAs may issue, on application, Free Sale and Commerce certificate for export of items not covered under Drugs & Cosmetics Act, 1940, which have usage in hospitals, nursing homes and clinics, for medical and surgical purposes and are not prohibited for export. Validity of such certificate shall be two years from date of issue unless otherwise specified.  
(ii) For items falling under the Drug & Cosmetics Act, 1940, application for issue of Free Sale & Commerce Certificate may be made to the Central Drug Standards Control Organisation (CDSCO)

(iii) An application for grant of Free Sale and Commerce Certificate may be made to RA concerned as per format in ANF 2H of Appendices and Aayat Niryat Forms with Annexure A therein. RA shall issue Free Sale and Commerce Certificate as per Annexure B of ANF 2H.

- (b) (i) RAs may also issue, on application, Free Sale and Commerce Certificate for export of any other item which is not restricted or prohibited for export. Validity of such certificate shall be two years from date of issue unless otherwise specified.
- (ii) An application for grant of Free Sale and Commerce Certificate for these items may be made to RA concerned as per format in ANF 2H of Appendices and Aayat Niryat Forms along with Annexure A therein. RA shall issue Free Sale and Commerce Certificate as per Annexure B of ANF 2H.

### **2.35 End User Certificate**

In case of import of any Free/Restricted items in India, if a foreign Government insists on certification of the end user of the item before permitting export of the same from their country. the Regional Authority (RA) may issue an End User Certificate (EUC) as per Appendix 2Q of Appendices and Aayat Niryat Forms. The certificate shall be issued based on an application made under ANF 2J, along with documents prescribed therein. Provided further that, in the case of import of restricted items, the EUC shall be issued by RA only for those items in respect of which a restricted authorisation has been granted by DGFT and is valid. The quantity and value in the EUC should be limited to the quantity and value specified in the said restricted authorisation.

### **2.36 Imports under Indo-US Memorandum of Understanding**

- (a) Import of specified capital goods, raw materials and components, from United States of America (USA) is subject to US Export Control Regulations. US suppliers of such items are required to obtain an export authorisation based on import certificate issued in India. The following are designated Import Certificate Issuing Authorities (ICIA):
- (i) Department of Electronics (DoE), for computer and computer-based systems
  - (ii) Department for Promotion of Industry and Internal Trade (DPIIT), Technical Support Wing (TSW), for organised sector units registered under it, except for computers and computer-based systems;
  - (iii) Ministry of Defence (MoD), for defence related items;
  - (iv) DGFT for small scale industries and entities not covered above as well as on behalf of any of the above;

- (v) Embassy of India, Washington, DC, on behalf of any of the above.
- (b) Application for an import certificate shall be made in ANF 2K(i). Import certificate in Appendix-2P(I)(a) may be issued by ICIA directly to importer with a copy to (i) Ministry of External Affairs (MEA) (AMS Section), New Delhi, (ii) DoE, New Delhi; and (iii) DGFT.
- (c) However, this import certificate will not be regarded as a substitute for an import authorisation in respect of items mentioned as restricted in ITC (HS) and an import authorisation will have to be obtained for such items.
- (d) India's import and export with regard to USA's unilateral export control items [Crime Control (CC) Items as listed in Appendix 2P(ii)(a) and Regional Security (RS) items as listed in Appendix 2P(ii)(b)] will be governed by the following regulations:
- Items listed at both Appendix 2P (ii)(a) and Appendix 2P(ii)(b) will be allowed by DGFT for import from USA provided the importer submits the following documents in ANF 2K(i):
- (i) documentary proof of Bill of Lading indicating Port of USA,
  - (ii) legal undertaking that goods shall not be exported/ alienated; and
  - (iii) Import is with Actual User condition.
- (e) In case the importer wants to subsequently export the imported items from USA, or any part thereof, such export will require an authorisation from DGFT as per ANF 2K(ii) and Export certificate will be issued in the format Appendix- 2P(i)(b).
- (f) Import /export of such items shall be allowed only through EDI enabled ports of India.

## IMPORTS

### 2.37 Import of Consumer or Other goods as Gifts

- (a) In terms of provisions contained in Paragraph 2.26 of FTP, an application for grant of authorisation for import as gifts of items appearing as restricted for imports in ITC (HS) shall be made to the DGFT as in ANF 2M along with documents prescribed therein.
- (b) Where recipient of a gift is a charitable, religious or an educational institution registered under any law in force, and gift sought to be imported has been exempted from payment of customs duty, such import shall be allowed by customs authorities without an authorisation.

### **2.38 Import of Cheque Books /Ticket Forms etc.**

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

### **2.39 Import of Reconditioned/ Second Hand Aircraft Spares**

Import Authorisation for reconditioned / second hand aircraft spares is not required subject to NOC/ recommendation of Director General of Civil Aviation (DGCA), Government of India.

### **2.40 Import of Replacement Goods**

Goods or parts thereof on being imported and found defective or otherwise unfit for use or which have been damaged after import, may be exported without an Authorisation, and goods in replacement thereof may be supplied free of charge by foreign suppliers or imported against a marine insurance or marine-cum-erection insurance claim settled by an insurance company. Such goods shall be allowed clearance by the customs authorities without an import Authorisation provided that:

- (a) Shipment of replacement goods is made within 24 months from date of clearance of previously imported goods through Customs or within guarantee period in case of machines or parts thereof where such period is more than 24 months; and
- (b) No remittance shall be allowed except for payment of insurance and freight charges where replacement of goods by foreign suppliers is subject to payment of insurance and / or freight by importer and documentary evidence to this effect is produced while making remittance.

### **2.41 Other Conditions for Import of Replacement Goods**

- (a) In case of short-shipment, short-landing or loss in transit, import of replacement goods will be permitted based on certificate issued by customs authorities without an import Authorisation.
- (b) This procedure shall also apply to cases in which short shipment of goods is certified by foreign supplier, who has agreed to replace free of cost.
- (c) Cases not covered by above provisions will be considered on merits by DGFT for grant of Authorisation for replacement of goods for which an application may be made as per paragraph 2.47 of HBP.

## **2.42 Import of Overseas Office Equipment**

On winding up of overseas offices, set up with approval of RBI, used office equipment and other items may be imported without Authorisation.

## **2.43 Import of Ammunition by Licensed /Authorised Arms Dealers**

- (a) Import of following types of ammunition are allowed against an Authorisation by licensed arms dealers subject to conditions as may be specified:
  - (i) Shotgun Cartridges 28 bore;
  - (ii) Revolver Cartridges of .450, .455 and .45 bores;
  - (iii) Pistol Cartridges of .25, .30 Mauser, .450 and .45 bores;
  - (iv) Rifle Cartridges of 6.5 mm, .22 savage, .22 Hornet, 300 Sherwood, 32/40, .256, .275, .280, 7m/m Mauser, 7 m/m Man Schoener, 9m/m Mauser, 9 m/m Man Schoener, 8x57, 8x57S, 9.3 m/m, 9.5 m/m, .375 Magnum, .405, .30.06, .270, .30/30 Winch, .318, .33 Winch, .275 Mag., .350 Mag., 400/350, .369 Purdey, .450/400, .470, .32 Win, .458 Win, .380 Rook, .220 Swift and .44 Win. bores.
- (b) An import Authorisation shall be issued at 5% of value of annual average sales turnover of ammunition (whether indigenous or imported) during preceding three licensing years subject to a minimum of Rs. 2000.
- (c) An application for grant of an Authorisation for items listed above may be made online to DGFT Hqrs in ANF 2M along with documents prescribed therein.

## **2.44 Duty Free Imports for specific Sectors**

### **(A) R&D Equipment for Pharmaceuticals and Biotechnology Sector:**

- (i) Duty free import of goods (as specified in list 28 of Customs notification No.21/2012 dated 17.3.2012, as amended from time to time) upto 25% of FOB value of exports during preceding licensing year, shall be allowed.
- (ii) The eligible unit may furnish an application given in Appendix-8A to RA concerned duly countersigned by Chartered Accountant.
- (iii) In respect of duty free import of R&D equipment, units not registered with jurisdictional Customs authority shall be allowed to give Installation Certificate issued by an independent Chartered Engineer.

### **(B) Agrochemicals Sector:**

- (i) Duty free imports of goods as specified in list 28A of Customs notification No. 21/2012 dated 17.3.2012, upto 1% of FOB value of exports made during preceding licensing year, shall be allowed to agrochemicals sector unit having export turnover of Rs. 20 crore or above during preceding licensing year.
- (ii) The eligible unit shall apply in form given in Appendix-8B to RA concerned duly countersigned by Chartered Accountant.
- (iii) In respect of duty free import of R&D equipment, units not registered with jurisdictional Customs authority shall be allowed to give Installation Certificate issued by an independent Chartered Engineer.

## **2.45 Import under Govt. to Govt. Agreements**

Import of goods under Government-to-Government agreements may be allowed without an Authorisation on production of necessary evidence to satisfaction of Customs authorities.

## **2.46 Transfer of Imported Goods**

### **(a) Cases where prior permission is required:**

Transfer of imported goods which are subject to Actual User condition and have become surplus to needs of Actual User, shall be made only with prior permission of the issuing authority. Following information along with supporting documents shall be furnished with request for grant of permission for transfer, to the issuing authority:

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

### **(b) Cases where prior permission is not required**

- (i) in case of sale or otherwise by importer of freely importable goods;

- (ii) for goods imported with Actual User condition, provided such good is freely importable without Actual User condition on date of transfer
- (iii) for goods with AU Condition after a period of two years from the date of import.
- (iv) for transfer of Imported Firearms (a) after 10 years of import or (b) on attaining the age of 60 years by such importer, subject to condition that transferee fulfils conditions as in Arms Act and Rules there under.
- (v) for transfer of weapon/s (firearm/s) imported by a Renowned Shooter (as defined in Policy Condition 3 of Chapter 93 of ITC (HS) 2022) for the purpose of his/her pursuing shooting as a sport to any upcoming shooter as certified either by the National Rifle Association of India (NRAI) or the Department of Sports, Ministry of Youth Affairs & Sports after two years from the date of import. The transferee can subsequently transfer/resell to any buyer as certified by the NRAI or Department of Sports for the sole purpose of pursuing shooting as a sport after one year from the date of its first sale. Such transfer/sale is subject to the provisions of the Arms Act, 1959 and other rules/regulations by state/local police. NRAI/Department of Sports will maintain the required records.

## **IMPORT OF RESTRICTED ITEMS**

### **2.47 Import /Export of Restricted Items**

- (a) An application for grant of an Authorisation for import or export of items mentioned as 'Restricted' in ITC (HS) may be made online to DGFT Hqrs in ANF 2M /ANF 2N respectively along with documents prescribed therein.
- (b) An application for amendment in import or export Authorisation has be made online to DGFT Hqrs.

### **2.48 EXIM Facilitation Committee**

- (a) Restricted item Authorisation may be granted by DGFT or any other RA authorised by him in this behalf. DGFT / RA may take assistance and advice of a Facilitation Committee while granting authorisation. The Assistance of technical authorities may also be taken by seeking their comments in writing. Facilitation Committee will consist of representatives of Technical Authorities and Departments / Ministries concerned.

- (b) Import/Export authorisations for a restricted item, if so, directed by the competent authority, shall be issued for import/ Export through one of the sea ports or air ports or ICDs or LCS, as per the option indicated, in writing, by the applicant. Authorisation holder shall import at the port specified in the Authorisation and thereafter all imports against said authorisation shall be made only through that port, unless the authorisation holder obtains permission from customs authority concerned to import through any other specified port.
- (c) EXIM Facilitation Committee (EFC) shall normally meet once every month. Where a case has been deferred in EFC for want of comments from the Technical Authorities and Departments /Ministries concerned but subsequently, NOC(s) has / have been received from the concerned agency(ies) with no divergence in views, authorisation shall be issued with the approval of Chairman, EFC and the case shall be brought before EFC in its subsequent meeting for approval on ex-post facto basis.

#### **2.49 Import of Restricted items required by Hotels, Restaurants, Travel Agents, Tour Operators and other Specified Categories**

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

- (a) Hotels, including tourist hotels, recognised by Director General of Tourism, Government of India or a State Government shall be entitled to import Authorisation upto a value of 25% of foreign exchange earned by them from foreign tourists during preceding licensing year, for import of essential goods related to hotel and tourism industry.
- (b) Travel agents, tour operators, restaurants, and tourist transport operators and other units for tourism, like adventure/ wildlife and convention units, recognized by Director General of Tourism, Government of India, shall be entitled to import authorisation up to a value of 10% of foreign exchange earned by them during preceding licensing year, for import of essential goods which are restricted for imports related to travel and tourism industry, including office and other equipment required for their own professional use.
- (c) Import entitlement under paragraphs 2.49 (a) and 2.49 (b) of any one licensing year can be carried forward, either in full or in part, and added to import entitlement of two succeeding licensing years.

- (d) Such imported goods may be transferred after 2 years with permission of DGFT. No permission for transfer will be required in case the imported goods are re-exported. However, re-export shall be subject to all conditionality, or requirement of licence, or permission, as may be required under Schedule II of ITC (HS).
- (e) An application for grant of an Authorisation under paragraphs 2.49 (a) and 2.49 (b) may be made in ANF 2M to DGFT Hqrs through Director of Tourism, Government of India.

## **2.50 Import of Restricted items for R&D by units of Government**

All restricted items and items permitted to be imported by STEs, except live animals, required for R&D purpose may be imported without an Authorisation by Government recognized Research and Development units.

## **2.51 Import of Metallic Waste and Scrap**

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.

- (a) Import of following types of metallic waste and scrap will be free subject to conditions detailed below:

<b>Sl. No.</b>	<b>Exim Code</b>	<b>Item description</b>
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	Re-melting scrap ingots
9.	74040012	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

- (b) 'Freely' Importable metallic waste and scraps (shredded) as listed above shall be permitted through all ports of India subject to following conditions:
- (i) At the time of the clearance of goods, importer shall furnish to the Customs pre-shipment inspection certificate as per the format to Appendix 2H from any of the Inspection & Certification agencies given in Appendix-2G, to the effect that the consignment was checked for radiation level and scrap does not contain radiation level (gamma and neutron) in excess of natural background. The certificate shall give the value of background radiation level at that place as also the maximum radiation level on the scrap; and
  - (ii) Importer shall also furnish copy of the contract with the exporter stipulating that the consignment does not contain any radioactive contaminated material in any form.
- (c) Import from Hodaideh, Yemen and Bandar Abbas, Iran will be in shredded form only.
- (d) Import of un-shredded compressed and loose form of metallic waste, scrap listed in paragraph 2.51(a) above in shall be subject to the following conditions:
- - (i) At the time of the clearance of goods, importer shall furnish to the Customs pre-shipment inspection certificate as per the format in Appendix 2H from any of the Inspection& Certification agencies given in Appendix-2G to the effect that the consignment does not contain any type of arms, ammunition, mines, shells, cartridges, or any other explosive material in any form either used or otherwise, and that the consignment was checked for radiation level and it does not contain radiation level (gamma and neutron) in excess of natural background. The certificate shall give the value of background radiation level at that place as also the maximum radiation level on the scrap.
  - (ii) The imported item (s) is actually a metallic waste/ scrap /seconds /defective as per the internationally accepted parameters for such a classification.
  - (iii) Copy of the contract between the importer and the exporter stipulating that the consignment does not contain any type of arms, ammunition,

mines, shells, cartridges, radioactive contaminated, or any other explosive material in any form either used or otherwise.

- (iv) Import of scrap would take place only through following designated ports and no exceptions would be allowed even in case of EOUs, SEZs:-
  - 1. Chennai, 2. Cochin, 3. Ennore, 4. JNPT, 5. Kandla, 6. Mormugao, 7. Mumbai, 8. New Mangalore, 9. Paradip, 10. Tuticorin, 11. Vishakhapatnam, 12. Pipava 13. Mundra, 14. Kolkata 15. Krishnapatnam and 16. Kattupalli 17. Hazira and 18. Kamarajar.
- (v) Only entry sea ports will be designated and notified for import of un-shredded Metallic Waste and Scrap subject to the following:
  - (i) Any sea port to be designated for import of un-shredded metallic scrap will be required to install Radiation Portal Monitors and Container Scanner with adequate security. The sea port having completed the above shall approach jurisdictional Customs for inspection and certification. Customs may give necessary clearance on receipt of certification from AERB. On getting clearance from Customs, DGFT will notify such a port as designated port for import of un-shredded scrap.
  - (ii) The existing designated sea ports namely Chennai, Cochin, Ennore, JNPT, Kandla, Mormugao, Mumbai, New Mangalore, Paradeep, Tuticorin, Vishakhapatnam, Pipava, Mundra and Kolkata will be allowed to import un-shredded scrap till 30.09.2021 by which time they are required to install and operationalize Radiation Portal Monitors and Container Scanner. Such sea ports which fail to meet the deadline will be derecognised for the purpose of import of un-shredded metallic scrap w.e.f. 01.10.2021
  - (iii) Further, any ICD can handle clearance of un-shredded metallic scrap provided the same passes through any of the designated sea ports as mentioned above or any new ports to be notified/designated from time to time, where Radiation Portal Monitors and Container Scanner are in operation and the consignment is subjected to risk-based scanning/ monitoring as per the protocol laid down by Customs.
  - (iv) Import consignments of metallic waste and scrap shall be subject to pre-shipment inspection certificate (PSIC) from the country of origin. However, metallic waste and scrap (both shredded and

unshredded) imported from safe countries / region i.e., the USA, the UK, Canada, New Zealand, Australia and the EU will not require PSIC if consignments are cleared through eight (8) ports namely, Chennai, Tuticorin, Kandla, JNPT, Mumbai Krishnapatnam, Mundra and Kattupalli. Consignments from these six countries / regions will be accompanied by certificate from the supplier / scrap yard authority to the effect that it does not contain any radioactive materials / explosives. These will however be subject to radiation and explosive checks through portal monitors and container scanner at these ports. Trans-shipments through these countries / regions will not be allowed this facility. Import through remaining eight (8) other ports (for both shredded and unshredded scrap / waste), irrespective of country of origin, will be subject to PSIC.

## **2.52 Recognition as Pre-shipment Inspection Agency (PSIA) and issuance of Pre- shipment Certificate (PSIC)**

- (a) Applications for recognition in respect of PSIAs have to be made online on DGFT Website (<https://dgft.gov.in>) by payment of applicable fee in terms of Appendix 2K of FTP.
- (b) The online applications will be considered by an Inter-Ministerial Committee.
- (c) The recognized PSIAs will be notified under Appendix 2G for a period of three years. At the end of 3 years PSIA has to make a fresh online application for further recognition by DGFT.
- (d) PSIA shall issue PSIC in the format given in Appendix 2H. PSIA shall generate PSICs using the facility provided on the DGFT website.
- (e) A PSIA can also carry out inspections in countries, where it does not have a full-time equipped branch office but which falls within its area of operation, by deputing its Inspectors. However, for such inspections in other countries, the PSIA will be required to give prior intimation to DGFT by sending an email (at [psia-travel-dgft@gov.in](mailto:psia-travel-dgft@gov.in)) and furnishing details of visit / inspection done by the Inspector in PSIC.
- (f) The PSIA applicant(s) may submit online application(s) initially without bank guarantee, as required under S.No.9 of ANF-2L. Their applications would not be rejected only on the ground of non-submission of bank guarantee. Applicants would, however, be required to submit bank guarantee or an equivalent financial instrument, before they are notified as PSIA, by the competent authority.

- (g) Any application for amendment in instruments and/or areas of operation of the existing PSIA has to be made online on the DGFT website.

### **2.53 Responsibility and Liability of PSIA and Importer**

- (a) In case of any mis-declaration in PSIC or mis-declaration in the online application form for recognition as PSIA, the PSIA would be liable for penal action under Foreign Trade (Development & Regulation) Act, 1992, as amended, in addition to suspension/ cancellation of recognition.
- (b) The importer and exporter would be jointly and severally responsible for ensuring that the material imported is in accordance with the declaration given in PSIC. In case of any mis-declaration, they shall be liable for penal action under Foreign Trade (Development & Regulation) Act, 1992, as amended.
- (c) PSIA may generate and upload PSIC online through the DGFT website. The PSIC shall be generated by the PSIA after the required inspection has been carried out. Required Video or photographic evidence is to be uploaded by the PSIA during this online PSIC process. The attested copy of the PSIC (in pdf format) shall have to be uploaded by the PSIA on DGFT website. The certificate shall be issued in prescribed form Appendix 2H
- (d) The PSIA will also be required to take photographs or make video of the inspection carried out, duly capturing the following activities/details:
- (i) Photograph(s) or video clipping of the place of inspection with PSIA inspector (mandatory) and representatives of exporter / importer, if available (optional); with time, date of the inspection (at least 1 photograph or video clipping);
  - (ii) Photograph(s) or video clipping of the testing instrument(s) used for inspection;
  - (iii) Photograph(s) or video clipping of the process of stuffing of containers showing the container number (at least 1 photograph or video clipping per container)
  - (iv) Photograph(s) or video clipping of the sealing process (at least 1 photograph or video clipping per container)
  - (v) One Photo of Inspector shall be captured with empty container in the background having only one door closed (door with container

number) and container number shall be clearly readable in that photo. Another photo of Inspector shall be captured with sealed container with same container number on the door clearly readable

- (vi) Photo of Instrument used for inspection (as indicated at serial no (h) of PSIC) shall be captured along with container seal, having container seal number and instrument serial number, visible in the same photo
- (e) The photographs and/ or video clippings [as per 2.53(d) above] shall be uploaded on DGFT website (<https://www.dgft.gov.in/ICP/>) by PSIA at the time of issue of PSIC.

## **2.54 Import of other kinds of metallic waste and scraps**

Import of other kinds of metallic waste and scrap will be allowed in terms of conditions of ITC (HS).

## **2.55 Imports of seconds and defectives**

Import policy for second and defective, rags, PET bottles /waste, and ships is given in ITC (HS).

## **2.56 Services of Inspection and Certification Agencies**

Customs or any other Central or State Government authority may avail of services of Inspection and Certification Agencies in Appendix 2I of the Appendices and Aayat Niryat Forms, for certifying residual life as well as valuation / purchase price of capital goods.

## **TARIFF RATE QUOTA SCHEME**

### **2.57 Procedure for import under the Tariff Rate Quota Scheme**

- (a) Imports under the Tariff Rate Quota Scheme is governed as per the Customs Notification No. 28/2020-Customs dated 23.06.2020 of Department of Revenue, Ministry of Finance, Government of India as amended from time to time.
- (b) Tariff Rate Quota (TRQ) Imports for Crude Soya-bean oil and Crude Sunflower seed oil shall be allocated during financial year 2022-23 only, up to quantities per year as indicated below.

Item Description	ITC(HS)	TRQ per Year (in MT)

Crude Soya-bean oil, whether or not degummed	15071000	20,00,000
Crude Sunflower seed oil	15121110	20,00,000

The duty exemption under the said TRQs may be availed as per the Ministry of Finance (Department of Revenue) Notification No. 30/2022-Customs dated 24.05.2022.

*Note: The procedure for allocation of quota for the year 2022-23 under para 2.57(b) above has already been notified, vide Public Notice No. 10/2015-20 dated 24.05.2022 read with Public Notice Nos.50/2015-20 dated 11.01.2023 and 60/2015-20 dated 01.03.2023.*

## 2.58 Eligible entities for allocation of quota

The following entities shall be eligible for allocation of quota with reference to para 2.57(a) of HBP:

- (a) Milk Powder (Tariff Code No. 0402.10 or 0402.21) and White Butter, Butter oil, Anhydrous Milk Fat (0405): National Dairy Development Board (NDDB), National Cooperative Dairy Federation (NCDF) and National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED).
- (b) Maize (corn) (Tariff Code No. 1005.90): National Agricultural Cooperative Marketing Federation of India Ltd.(NAFED) and State Cooperative Marketing Federations.
- (c) Crude sunflower seed or safflower oil or fractions thereof (Tariff Code No. 1512.11) and Refined rape, colza, canola or mustard oil, other (Tariff Code No. 1514.19 or 1514.99): National Dairy Development Board (NDDB), National Agricultural Cooperative Marketing Federation of India Ltd.(NAFED) and Central Warehousing Corporation (CWC), State Cooperative Marketing Federation & State Cooperative Civil Supplies Corporation.

## 2.59 Conditions applicable on availing quotas

All eligible entities are eligible to avail quotas subject to the conditions as detailed below:

- (i) All eligible entities desiring availment of quota as mentioned above, may make an online application to EFC in ANF-2M to DGFT, completed application forms along with prescribed documents must be submitted on or before 1st March of each financial year preceding to the year of quota

- (ii) Imports have to be completed before 31st March of financial year i.e. consignments must be cleared by customs authorities before this date.
- (iii) Since import of maize (corn) is through STEs, the allottees of quota i.e., designated agencies in paragraph 2.58 (b) above for this item shall also be granted an import Authorisation for allotted quantities as indicated at Sl. No. 21 (b) of Customs Notification No. 21/2002 dated 1.3.2002 in terms of paragraph 2.21 of FTP.
- (iv) Application fee for these applications shall be paid according to procedure contained in Appendix 2K of Appendices & Aayat Niryat Forms.
- (v) EFC in DGFT will evaluate and allot quota among applicants by 31st March of each financial year preceding to year of quota.

## **EXHIBITS AND SAMPLES**

### **2.60 Exhibits Required for National and International Exhibitions or Fairs and Demonstration**

- (a) Import / Export of exhibits, including the construction and decorative materials, except items in the 'Prohibited' or SCOMET List, required for the temporary stands of foreign / Indian exhibitors at exhibitions, fair or similar show or display for a period of six months on re-export / re-import basis, shall be allowed without an Authorisation on submission of a bond/ security to Customs or ATA Carnet.
- (b) Extension beyond six months for re-export / re-import will be considered by Customs authorities on merits. Consumables such as paints, printed material, pamphlets, literature etc. pertaining to exhibits need not be re-exported/re-imported.

### **2.61 Sale of Exhibits**

- (a) Restricted Items: Sale of exhibits of restricted items, mentioned in ITC (HS), imported for an international exhibition / fair may also be made, without an Authorisation within bond period allowed for re-export, on payment of applicable customs duties, subject to a ceiling limit of Rs.5 lakh (CIF) for such exhibits for each exhibitor.
- (b) Freely importable items: However, sale of exhibits of items which are freely importable shall be allowed within bond period allowed for re-export on payment of applicable customs duties.

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

## **2.62 Import of Samples**

- (a) No Authorisation shall be required for Import of bonafide technical and trade samples of items restricted in ITC (HS) except vegetable seeds, bees and new drugs. Samples of tea not exceeding Rs.2000 (CIF) in one consignment shall be allowed without an Authorisation by any person connected with Tea industry.
- (b) Duty free import of samples upto Rs.3,00,000 for all exporters shall be allowed as per terms and conditions of Customs Notification.

## **2.63 Exports of Samples / Exhibits**

- (a) Exports of trade and technical samples of freely exportable item shall be allowed without any limit.
- (b) An application for export of samples/exhibits, which are restricted for export, may be made to DGFT as per ANF-2Q.

# **EXPORTS**

## **2.64 Export Policy**

Policy relating to Exports is given in Chapter-2 of FTP. Further, Schedule 2, Appendix-1 of ITC (HS) specifies list of items, which may be exported without an Authorisation but subject to terms and conditions specified.

## **2.65 Gifts / Spares / Replacement Goods**

For export of gifts, indigenous / imported warranty spares and replacement goods in excess of ceiling / period prescribed for exports of Gifts; export of Spares and export of replacement goods in FTP, an application may be made to DGFT in **ANF 2Q**.

## **2.66 Export by post**

In case of export by post, exporter shall submit following documents in lieu of documents prescribed for export by sea/air:

- (a) Bank Certificate of Export and Realisation as in e-BRC in Appendix 2U
- (b) Relevant postal receipt
- (c) Invoice duly attested by Customs Authorities.

## **2.67 Direct negotiation of export documents**

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

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

## **2.68 Application for Grant of Export Authorisation/Certificate/Permission for non-SCOMET Items**

An online application for grant of Export Authorisation in respect of restricted items [other than items in Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET) List] mentioned in Appendix-3 to Schedule 2 of ITC (HS) Classifications of Export and Import Items may be made in ANF 2N to DGFT (Headquarters) along with documents prescribed therein. EFC shall consider applications on merits for issue of export Authorisation.

## **EXPORT THROUGH STATE TRADING ENTERPRISES (STE)**

### **2.69 Export of Items under (STE)**

An application under ANF 2N for export of items mentioned in ITC (HS) under STE regime may be made online to DGFT Hqrs as per paragraph 2.21 of FTP.

## **PROVISIONS FOR EXPORTERS/OTHER PROVISIONS FOR DOING TRADE AND BUSINESS**

### **2.70 Free of Cost Exports for status holders**

Status holders shall be entitled to export freely exportable items on free of cost basis for export promotion subject to an annual limit of Rs.10 lakh or 2% of average annual export realisation during preceding three licensing years whichever is lower. For Pharma exports, the annual limit would be 2% of the annual export realisation during preceding three licensing years. In case of government supplies and supplies of vaccines and lifesaving drugs to health programmes of international agencies such as UN and WHO-PAHO, the annual limit shall be upto 8% of the average annual export realisation during preceding three licensing years. Such free of cost supplies shall not

be entitled to Duty Drawback or any other export incentive under any export promotion scheme.

### **2.71 Admissibility of benefits on payment through insurance cover**

(I) Payment through ECGC cover would count for benefits under FTP.

(II) Payment through General/ Private Insurance companies:

Amount of Insurance Cover for transit loss by General Insurance and Private Approved Insurance Companies in India would be treated as payment realized for exports under various export promotion schemes.

- (a) An applicant realizing export proceeds through Insurance Agency will approach the concerned RA with the proof of payment issued by the concerned Insurance Agency. RA after satisfying itself of the bona fide of the claim, will obtain approval of Additional DGFT (EDI) and then will upload the value (in lieu of eBRC value) in EDI system of DGFT for processing of the case.
- (b) If the proof of payment issued by the Insurance Agency mentions claim value both in foreign exchange and INR, RA will use the foreign exchange value for processing. If the claim value is mentioned only in equivalent INR, RA will convert this INR value in equivalent US\$ using the exchange rate (published by CBEC) applicable on the date of settlement of insurance claim".

### **2.72 RBI write-off on export proceeds realization**

Realization of export proceeds shall not be insisted under Foreign Trade Policy, if the Reserve Bank of India (RBI) or any "Authorised Bank" (authorised by RBI for this purpose) writes off the requirement of realization of export proceeds on merits and the exporter produces a certificate from the concerned Foreign Mission of India about the fact of non-recovery of export proceeds from the buyer. However, this would not be applicable in self – write off cases.

### **2.73 Conversion of Shipping Bill from one Scheme to another**

Customs Authorities, after recording reasons in writing, permit conversion of any scheme-shipping bill on which benefit of that scheme has not been availed, in accordance with the Regulations under Customs Act, 1962, and exporter would be entitled to benefit under scheme in which shipment is subsequently converted.

### **2.74 Offsetting of Export Proceeds**

Subject to specific approval of RBI, any payables, or equity investment made by an Authorisation holder under any export promotion scheme, can be used to offset

receipts of his export proceeds. In such cases, offsetting would be equal to realisation of export proceeds and exporter would have to submit following additional documents:

- (a) Appendix-2L in lieu of Bank Realisation Certificate.
- (b) Specific permission of RBI.

## **PROVISIONS RELATED TO QUALITY CERTIFICATION:**

### **2.75 Quality Certification**

It has been a constant endeavour to promote quality standards in export product / units manufacturing export product.

#### **Agencies authorised to grant Quality Certification:**

- (a) List of such agencies authorised to grant quality certification is given in Appendix-2I
- (b) For ISO 9000 (Series) and for ISO 14000 (Series), the Agencies accredited with National Accreditation Board for Certification Bodies (NABC) under Quality Council of India shall be deemed to be authorised under this Policy. List of such accredited agencies is available on the web site [www.qcin.org](http://www.qcin.org) and also provided under Appendix 2I
- (c) The agencies for ISO (9000) Series & ISO 14000 Series have been accredited on further classification of:
  - (i) Quality Management System (QMS)- <http://www.qcin.org> for Quality Management Systems
  - (ii) Environmental Management System (EMS) - <http://www.qcin.org> for Environmental Management system.These agencies are listed in Appendix 2I of the AANF.
- (d) Any agency desirous of enlistment in Appendix 2I may submit their application as per Annexure I to Appendix 2I to the DGFT.

### **2.76 Track and Trace system for export of drug formulations**

Procedure for Implementation of the Track and Trace system for export of drug formulations will be as under:

i. The manufacturer or the exporter of drug formulations will print the barcode as per GS1 Global Standard at different packaging levels to facilitate tracking and tracing of their products. The details are as follows:

a) Primary Level:

Incorporation of two-dimensional (2D) barcode encoding unique and universal global product identification code in the format of 14 digits Global Trade Item Number (GTIN) along with batch number, expiry date and a unique serial number of the primary pack. The bar code labeling at primary level is exempted till further notification; however, the above-mentioned details are required to be printed in human readable form on optional basis till further notification.

b) Secondary level:

Incorporation of one or two dimensional (1D or 2D) barcode encoding unique and universal global product identification code in the format of 14 digits Global Trade Item Number (GTIN) along with batch number, expiry date and a unique serial number of the secondary pack. However, in case of monocartons manufacturer or exporter shall affix bar code on mono carton containing one primary pack on optional basis till further notification.

c) Tertiary Level:

Incorporation of one dimensional (1D) barcode encoding unique and universal global product identification code in the format of 14 digits Global Trade Item Number (GTIN) along with batch number, expiry date and a unique serial number of the tertiary pack i.e., Serial Shipping Container Code (SSCC).

ii. Parent-Child Relationship for SSI and Non-SSI Manufacturers:

The manufacturer or exporter shall maintain the data in the parent-child relationship for three levels of packaging i.e., Primary, Secondary and Tertiary packaging and their movement in its supply chain.

iii. Maintenance of data of Parent-Child relationship:

The data mentioned in (ii) above shall be uploaded on the central portal of the Government of India (<http://dava.gov.in>) by the manufacturer or exporter or its designated agency before release of the drug formulations for sale or distribution.

iv. The responsibility of the correctness, completeness and ensuring timely upload of data on the central portal shall be with the manufacturer or exporter.

v. In case, the Government of the importing country has mandated a specific requirement, the exporter has the option of adhering to the same and in such a case, it would not be necessary to comply with the stipulation under sub para (i) to (iv) above and if an exporter is seeking to avail such exemption from bar coding prescribed by the Government of India as above, the exporter is given the option to move an application to the Pharmaceutical Export Promotion Council of India (Pharmexcil) for this purpose, clearly specifying the nature of such an exemption in the interest of the exports from the country. Pharmexcil shall dispose of such applications on case-to-case basis with prior approval of Government. However, the tertiary level of packaging will have additional printing of barcode as per Para 2 (i) (c) in addition to importing country's requirement, if any.

vi. Export of drugs manufactured by SSI and non-SSI units and having manufacturing date on or before 31.03.2023 are exempted from maintenance of data in the Parent-Child relationship for three levels of packaging and its uploading on Central Portal (<http://dava.gov.in>).

vii All drugs manufactured by SSI or non-SSI units and having manufacturing date after 31.03.2023 can be exported only if both tertiary and secondary packaging carry barcoding as applicable and the relevant data as prescribed by DGFT is uploaded on the Central Portal.

**Explanation:**

- (a) For the purpose of this rule,
  - (i) Drug formulation means a formulation manufactured with a license from Drug Control Authority under the provisions of Drugs & Cosmetics Act and Rules made there under and registered as "Drug" with the FDA of importing country.
  - (ii) Primary packaging means the package which is in direct physical contact with the active ingredient.
  - (iii) Secondary packaging means a carton containing one or more primary packs and includes a mono carton containing one primary pack.
  - (iv) Tertiary packaging means a shipper containing one or more secondary packs.

- (b) All relevant guidelines regarding grant of specific exemption(s) if any, procedure of data requirement / maintenance / upload on central portal and clarifications issued under this notification etc. will be available on the central portal i.e. <http://dava.gov.in>
- (c) It will be the responsibility of the drug manufacturers/exporters as the case may be, to satisfy the customs authorities that the export consignment satisfies the conditions of the Notification.

## **EXPORT PROMOTION COUNCIL (EPC)/ COMMODITY BOARDS**

### **2.77 Registering Authorities**

- (a) Registering Authority is a body notified by DGFT in this regard to register importers/ exporters as its members by issuing RCMC.
- (b) The list of notified Registering Authorities is at Appendix -2T.

### **2.78 Criteria for EPCs as Registering Authorities**

In order to make the EPCs truly democratic and participative in nature and for better governance and transparency, the criteria for them to function as Registering Authority are being laid down as under:

- (a) e-Voting: Electronic Voting would be mandatory for election to the posts of Vice Chairman/Vice President and Executive Committee members with a view to ensuring wider participation.
- (b) Tenure of Elected Heads: The tenure of an elected head shall not be for more than two years. The election of Chairman/President of the EPC shall be via Vice Chairman/Vice President route. However, any member having held the post of Chairman/President and/or Vice Chairman/Vice President may come back as Vice Chairman/Vice President in the same council after a gap of not less than 4 years.
- (c) Directions of the Central Government: EPCs acting as the Registering Authorities shall abide by all directions of the Central Government in respect of promotion and development of international trade.

### **2.79 Registration- cum- Membership Certificate (RCMC)**

- (a) An exporter may, on application given in ANF 2C register and become a member of EPC. On being admitted to membership, applicant shall be granted forthwith Registration-cum-Membership Certificate (RCMC) of EPC concerned, in

format given in Appendix 2R. In case an exporter desires to get registration as a manufacturer exporter, he shall furnish evidence to that effect.

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

## **2.80 Applying for RCMC**

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

(b) In case an export product is not covered by any Export Promotion Council/Commodity Board etc., RCMC in respect thereof is to be obtained from FIEO. Further, in case of multi product exporters, not registered with any EPC, where main line of business is yet to be settled, the exporter has an option to obtain RCMC from Federation of Indian Exporters Organization (FIEO).

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

(d) In respect of exporters of handicrafts and handloom products from the UTs of Jammu & Kashmir and Ladakh, Director, Handicrafts, Government of Jammu & Kashmir is authorised to issue RCMC.

## **2.81 Validity Period of RCMC**

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

## **2.82 Intimation Regarding Change in Constitution of Business of RCMC holder**

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

## **2.83 De- Registration**

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

## **2.84 Appeal Against De-registration**

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

## **2.85 Directives of DGFT**

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

## **2.86 Identity Cards for Importers /Exporters**

- (a) To facilitate collection of Authorisation and other documents from DGFT Hqrs and RA, identity cards (valid for 3 years) may be issued to proprietor/ partners / directors and authorised employees (not more than three), of importers and exporters, upon online application
- (b) In case of limited companies, more than three identity cards can be allotted per company. In case of loss of an identity card, a duplicate card may be issued on the basis of an self-declaration.
- (c) Identity card would be issued electronically with QR code and a Unique Document Identification Number (UDIN) for electronic verification.

## **2.87 Interview with authorised Officers**

Officers may grant interview at their discretion to authorised representative of importer / exporter. Interviews /clarifications may also be sought through E-mails. Interactions to the extent possible should be through online medium/video conference.

## PREFERENTIAL TRADE AGREEMENTS

### 2.88 Free Trade Agreements (FTAs) / Preferential Trade Agreements (PTAs)

India has always stood for a transparent, equitable, inclusive, predictable, non-discriminatory and rules based international trading system. In this context, India's trade agreements may be seen as a measured and calibrated exposure of the Indian economy to international competition. As of March, 2023; India has signed 13 FTAs and 6 limited Preferential Trade Agreements (PTAs). India is presently engaged in FTA negotiations with some of its trading partners, notable among these FTAs are: India – UK Free Trade Agreement, India-EU Free Trade Agreement and India-Canada Comprehensive Economic Partnership Agreement (CEPA)/Early Progress Trade Agreement (EPTA).

(a) The list of the FTAs that have been signed by India are:

- (i) India - Sri Lanka FTA
- (ii) Agreement on South Asian Free Trade Agreement (SAFTA)
- (iii) Revised Agreement of Cooperation between Government of India and Nepal to control unauthorised trade
- (iv) India - Bhutan Agreement on Trade Commerce and Transit
- (v) India - Thailand FTA - Early Harvest Scheme (EHS)
- (vi) India - Singapore Comprehensive Economic Cooperation Agreement (CECA)
- (vii) India – ASEAN CECA (Goods, Services and Investment)
- (viii) India - South Korea Comprehensive Economic Partnership Agreement (CEPA)
- (ix) India - Japan CEPA
- (x) India - Malaysia CECA
- (xi) India -Mauritius CECPA
- (xii) India -UAE CEPA
- (xiii) India - Australia ECTA
- (xiv) India-European Free Trade Association Trade and Economic Partnership Agreement (India-EFTA TEPA)

(b) The list of Preferential Trade Agreements (PTAs) signed by India are:

- (i) Asia Pacific Trade Agreement (APTA)
- (ii) Global System of Trade Preferences (GSTP)
- (iii) India - Afghanistan PTA
- (iv) India - MERCOSUR PTA

- (v) India - Chile PTA
- (vi) SAARC Preferential Trading Arrangement (SAPTA)

- (c) The list of these agreements with the participating countries as well as their entry into force is given in Appendix 2A.
- (d) Fees chargeable for issuance of preferential Certificate of Origin is as detailed in Appendix – 2K. The same would also be applicable as verification fee for Rules of Origin Certificate issued under any Free Trade Agreements, in case of verification as detailed in Appendix – 2K. However, the provision of Tatkal certificate of origin as being provided by some of the agencies would be discontinued. The Certificate of origin will be delivered within 24 hours/1(one) working day of the application made.

## **2.89 Unilateral Tariff Preferences**

Under these schemes, both developed and developing countries grant unilateral tariff preferences to exports from developing countries including Least Developed Countries (LDCs). Some of these schemes are:

### **(A) Generalised System of Preferences (GSP):**

- (a) GSP is a non-contractual instrument by which industrialized (developed) countries unilaterally and based on non-reciprocity extend tariff concessions to developing countries. Following countries extend tariff preferences under their GSP Scheme: (i) United States of America (ii) New Zealand (iii) Belarus (iv) European Union (v) Japan (vi) Russia (vii) Canada(viii) Norway (ix) Australia (only to LDCs) and (x) Switzerland
- (b) GSP schemes of these countries detail sectors / products and tariff lines under which benefits are available, including conditions and procedures governing benefits. These schemes are renewed and modified from time to time. Normally Customs of GSP offering countries require information in Form 'A' (prescribed for GSP Rules of Origin) duly filled by exporters of beneficiary countries and certified by authorised agencies. List of agencies authorised to issue GSP CoO is given in Appendix-2C.
- (c) (i) The European Union (EU) has introduced a self-certification scheme for certifying the rules of origin under GSP from 1.1.2017 onwards. Under the Registered Exporter System (REX), exporters with a REX number are able to self-certify the Statement on Origin of their goods being exported to EU under

the GSP Scheme. The registration on REX is without any fee or charges. The details of the scheme are at Annexure-1 to Appendix-2C.

(ii) The competent Local Authorities would undertake post verification of self-certified Certificate of Origin based on the request of the importers/customs agencies of the importing country and the fee to be charged is detailed in Appendix 2K. Agencies may charge TA and DA, as per government rates, separately from the unit.

(iii) Further, as per the conditions required to avail GSP benefit under self-certification system, the beneficiary country needs to have a verification system of such self-certified certificates of origin. The standard operating procedure for verification of the self-certified e-CoOs, to be followed by all Authorized agencies/Local Administrators is detailed in Annexure-II to Appendix-2C.

**(B) Duty Free Tariff Preference (DFTP) Scheme for LDCs:**

(a) The mandate for Duty Free Quota Free (DFQF) access to Least Developed Countries (LDCs) came from Paragraph 47 of the Hong Kong Ministerial Declaration of December 2005. India became the first developing country to extend this facility to LDCs through its Duty Free Tariff Preference (DFTP) Scheme for LDCs which came into effect in August, 2008 with tariff reductions spread over five years. The Scheme provided preferential market access on tariff lines that comprise 92.5% of global exports of all LDCs.

(b) Subsequently in 2014, the Scheme was modified both with reference to increase in coverage as well as its simplification. This was in response to requests from several LDCs for additional product coverage on lines of their export interest and simplification of the Rules of Origin procedures. Under the new expanded DFTP Scheme, India is granting duty free access on 96.4% of the total tariff lines, thereby retaining only about 3.6% of lines in the Exclusion and Positive Lists. For details Department of Commerce Website. and Customs' Notification No.8/2014 dated 1<sup>st</sup> April, 2014 may also be referred to in this regard.

**2.90 Certificates of Origin (CoO)**

(a) Certificate of Origin (CoO) is an instrument to establish evidence on origin of goods imported into any country.

- (b) There are two categories of CoO viz.
- (i) Preferential and
  - (ii) Non preferential

### **2.91 Rules of Origin (Preferential)**

- (a) The rules of origin are the rules that determine the origin of a good for the purpose of exports to a trading partner. Under an FTA, PTA or a unilateral tariff concession, the tariff concessions are granted by an importing country only when these prescribed rules of origin are adhered to. Rules of origin also facilitate in computation of trade statistics and for determination and imposition of trade remedial measures.
- (b) Some of the key criteria used in the determination of the rules of origin are:
- (i) Wholly obtained
  - (ii) Change in tariff classification
  - (iii) Value addition
  - (iv) Non minimal operations
- (c) For exports under India's FTAs, PTAs and GSP, specified agencies are authorised to issue the certificates of origin, they shall also provide services relating to issue of CoO, including details regarding rules of origin, list of items covered by an agreement, extent of tariff preference, verification and certification of eligibility. The list of these agencies authorised under the various FTAs/ PTAs is given in Appendix 2B
- (d) <>deleted>>
- (e) In case of India- EFTA TEPA, Certificates of Origin may also be obtained on the basis of self-declaration by the exporter concerned, in addition to issuance of Certificate of Origin by an authorised agency".

### **2.92 TRQ under FTA/CECA**

Government, from time to time, undertakes commitments for import under Tariff Rate Quota (TRQ) in various FTA/CECA. Accordingly, DGFT notifies the procedure for administration of TRQ from time to time. The Tariff Rate Quotas as existing is as under:

<b>Description</b>	<b>HS No.</b>	<b>In/out of quota rate (%) as per WTO</b>	<b>In/out of quota rate (%) As per Indian Tariff</b>	<b>Notification</b>	<b>TRQ</b>
Crude soya oil from Paraguay under India- Mercosur Trade Agreement	1507 10 00	-	10%	57/2009 dated 30/05/2009	30,000 MT
Vanaspati, bakery shortening and margarine from Sri Lanka	1516, 1517 or 1518 (other than 15161000, 15171010, 15179030 and 15180040 which are prohibited for import)	-	-	No.2/2007Customs dated 5 <sup>th</sup> January 2007	*2,50,000 MT
Pepper from Sri Lanka	0904	-	-	No.2/2007Customs dated 5 <sup>th</sup> January 2007	*2500 MT
Desiccated Coconut from Sri Lanka	08011100	-	-	No.2/2007Customs dated 5 <sup>th</sup> January 2007	*500 MT
Articles of apparel and clothing accessories imported from Sri Lanka	61, 62	-	5%/10 %	26/2000-Cus List 3	8 million pieces
Tea and prepara phtions thereof imported from Sri Lanka	2101	-	15%/30 %	26/2000-Cus List 4	15 million kgs.
Vegetable fats (Vanaspati) from Nepal				22/2007-Cus 5 <sup>th</sup> June 2007	1 Lakh MT
Acrylic Yarn from Nepal				-do-	10,000 MT
Copper products from Nepal	Chapter 74 of ITC(HS) and 8544			-do-	10,000 MT

Zinc Oxide from Nepal				-do-	2500MT
The following items are permitted under the TRQ under India-Mauritius CECPA#					
Fresh : -- Other	06031900	-	30%	No. 25/2021-Customs dated 31 <sup>st</sup> March, 2021	15 tons
Pineapples	08043000	-	10%		1000 tons
Lichi	08109060	-	10%		250 tons
Vanilla : Neither crushed nor ground	09051000	-	10%		15 tons
Vanilla : Crushed or ground	09052000	-	10%		1 ton
Tunas	16041410	-	0%		7000 tons
Other	16041490	-	0%		7000 tons
Other prepared or preserved fish	16042000	-	0%		7000 tons
Other (Specialty Sugar)	17011490	-	10%		15000 tons
Beer made from malt.	22030000	-	25%		2,000,000 litres
Fruit Wine: Other fermented beverages (for example, cider, perry, mead, sake);mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included.	22060000	-	0%		5000 litres
In containers holding 2 l or less: --- Rum	22084011	-	0%	No. 25/2021-Customs dated 31 <sup>st</sup> March, 2021	1.50 million litres
In containers holding 2 l or less: ---Other	22084012	-	0%		1.50 million litres
Other: ---- Rum	22084091	-	0%		1.50 million litres

Other ---- other	22084092	-	0%		1.50 million litres
Articles of Apparel and Clothing Accessories.	6102; 6103; 6104; 6105; 6106; 6109;6110; 6111; 6112 6203; 6304;	-	-	Details of the HS Codes as in Table 3 of the above Notification	7.5 million pieces\$

The following items are permitted under the TRQ under India-UAE CEPA#

HS Co de	Descript ion	Effect ive Rate (%)	Tariff Modality Offered	Schedule of Tariff Rate Concessions (%)											
				TR of 50% in 5 years with specified year- wise TRQs	7.0 (TRQ 45,00 0 MT)	6.5 (TRQ 50,50 0 MT)	6.0 (TRQ 56,00 0 MT)	5.0 (TRQ 61,50 0 MT)	3.75 (TRQ 67,50 0 MT)	3.75 (TRQ 86,30 0 MT)	3.75 (TRQ 105,0 0 MT)	3.75 (TRQ 105,0 0 MT)	3.75 (TRQ 105,0 0 MT)	3.75 (TRQ 105,0 0 MT)	3.75 (TRQ 105,0 0 MT)
39 01 10 10	Linear low- density polyethy- lene (LLDPE), in which ethylene monome- r unit contributes 95% or more by weight of the total polymer content	7.5													
39 01 10 20	Low density polyethy- lene (LDPE)	7.5													
39 1 10 10	Other Polyethy- lene	7.5													

90	having a specific gravity of less than 0.94											
39	Polyethylene	TR of 50% in 5 years with specified year-wise TRQs	7.0 (TRQ - 150,000 MT)	6.5 (TRQ - 168,000 MT)	6.0 (TRQ - 186,000 MT)	5.0 (TRQ - 204,000 MT)	3.75 (TRQ - 222,000 MT)	3.75 (TRQ - 252,000 MT)	3.75 (TRQ - 285,000 MT)			
01	having a specific gravity of 0.94 or more	7.5										
20	Linear low-density polyethylene (LLDPE), in which ethylene monomer unit contributes less than 95 % by weight of the total polymer content	7.5	TR of 50% in 5 years with specified year-wise TRQs	7.0 (TRQ - 45,000 MT)	6.5 (TRQ - 50,500 MT)	6.0 (TRQ - 56,000 MT)	5.0 (TRQ - 61,500 MT)	3.75 (TRQ - 67,500 MT)	3.75 (TRQ - 86,300 MT)	3.75 (TRQ - 105,000 MT)	3.75 (TRQ - 105,000 MT)	3.75 (TRQ - 105,000 MT)
00	Other Ethylene-alpha-olefin copolymers, having a specific gravity of less than 0.94	7.5										

39	Other polymer		7.0	6.5	6.0	5.0	3.75	3.75	3.75	3.75	3.75	3.75
01	s of ethylene	7.5	(TRQ - 11,000 0 MT)	(TRQ - 12,000 0 MT)	(TRQ - 13,000 0 MT)	(TRQ - 14,000 0 MT)	(TRQ - 16,000 0 MT)	(TRQ - 20,600 0 MT)	(TRQ - 25,000 0 MT)			
90	, in primary											
00	sources											
39	Polypropylene	7.5	7.0 (TRQ - 70,000 0 MT)	6.5 (T RQ - 77,500 0 MT)	6.0 (TRQ - 85,000 0 MT)	5.0 (TRQ - 92,500 0 MT)	3.75 (TRQ - 100,000 0 MT)	3.75 (TRQ - 129,200 0 MT)	3.75 (TRQ - 158,500 0 MT)			
02												
10	Propylene copolymers	7.5	7.0 (TRQ - 50,000 0 MT)	6.5 (TRQ - 55,000 0 MT)	6.0 (TRQ - 60,000 0 MT)	5.0 (TRQ - 65,000 0 MT)	3.75 (TRQ - 70,000 0 MT)	3.75 (TRQ - 90,900 0 MT)	3.75 (TRQ - 112,000 0 MT)	3.75 (TRQ - 112,000 0 MT)	3.75 (TRQ - 112,000 0 MT)	3.75 (TRQ - 112,000 0 MT)
02												
39	Other polymers of propylene or of other olefins, in primary forms	7.5	7.0 (TRQ - 4,000 MT)	6.5 (TRQ - 4,500 MT)	6.0 (TRQ - 5,000 MT)	5.0 (TRQ - 5,500 MT)	3.75 (TRQ - 6,000 MT)	3.75 (TRQ - 7,700 MT)	3.75 (TRQ - 9,500 MT)			
Emulsion grade												
39	PVC resin /	10	9	8	7	6	5	5	5	5	5	5
10	Pasteresin / PVC dispersion resin											
39	Suspension grade PVC resin	10	9	8	7	6	5	5	5	5	5	5
39	Other Poly	10										

10 90	(vinyl chloride), not mixed with any other substances		9	8	7	6	5	5	5	5	5
39 04 21 00	Non-plasticized poly(vinyl chloride), mixed with other substances	10	9	8	7	6	5	5	5	5	5
39 04 30 10	Poly(vinyl derivatives)	10	9	8	7	6	5	5	5	5	5
39 04 30 90	Other Vinyl chloride-vinyl acetate copolymers	10	9	8	7	6	5	5	5	5	5
39 04 69 10	Poly(vinyl fluoride), in one of the forms mentioned in Note 6(b) to this Chapter	7.5	7	6.5	6	5	3.75	3.75	3.75	3.75	3.75
39 04 90 10	Chlorinated polyvinyl chloride (CPVC)	10	9	8	7	6	5	5	5	5	5

	resin												
39	Other Polymers of vinyl chloride or of other halogen ated olefins, in primary forms	7.5		7	6.5	6	5	3.75	3.75	3.75	3.75	3.75	3.75
71	Non- monetar y gold powder	10											
71	Other unwrou ght forms of non- monetar y gold	10	TR (Tariff concessi on/relief of 1% in absolute percenta ge terms, TRQ of 200 tons phased in 5 years)	1% absol ute duty reduc tion over the appli ed rate	1% absol ute duty reduc tion over the appli ed rate	1% absol ute duty reduc tion over the appli ed rate	1% absol ute duty reduc tion over the appli ed rate	1% absol ute duty reduc tion over the appli ed rate	1% absol ute duty reduc tion over the appli ed rate	1% absol ute duty reduc tion over the appli ed rate(T RQ of 200 tonne s)	1% absol ute duty reduc tion over the appli ed rate(T RQ of 200 tonne s)	1% absol ute duty reduc tion over the appli ed rate(T RQ of 200 tonne s)	1% absol ute duty reduc tion over the appli ed rate(T RQ of 200 tonne s)
71	Other semi- manufac tured forms of non- monetar y gold	10		(TRQ of 120 tonne s)	(TRQ of 140 tonn es)	(TRQ of 160 tonne s)	(TRQ of 180 tonne s)	(TRQ of 200 tonne s)	(TRQ of 200 tonne s)	(TRQ of 200 tonne s)			
71	Articles of jeweller y of gold, unstudd ed	20	TR (TRQ of 2.5 Tonnes)	19 (TRQ of 2100 kg)	18 (TRQ of 2200 kg)	17 (TRQ of 2300 kg)	16 (TRQ of 2400 kg)	15 (TRQ of 2500 kg)	15 (TRQ of 2500 kg)	15 (TRQ of 2500 kg)	15 (TRQ of 2500 kg)	15 (TRQ of 2500 kg)	15 (TRQ of 2500 kg)
71	Articles of jeweller y of gold, set	20											

	with pearls											
71 13 19 30	Articles of jeweller y of gold set with diamonds	20										
71 13 19 40	Articles of jewllery of gold, set with other precious and semi-precious stones	20										
74 08 11 10	Copper weld wire, cross sectional dimension > 6mm	5										0.0
74 08 11 90	Other wire of refined copper, which the maximum cross-sectional dimension exceeds 6 mm	5	TEP over 5 years (TRQ of 150% of 3 years moving average volume)	4.0 (TRQ - 85,00 MT)	3.0 (TRQ - 95,00 MT)	2.0 (TRQ - 0 MT)	1.0 (TRQ - 105,00 MT)	0.0 (TRQ - 115,00 MT)	0.0 (TRQ - 125,00 MT)	0.0 (TRQ - Moving Average of Years 2 to 4 in MT)	0.0 (TRQ - Moving Average of Years 3 to 5 in MT)	(TRQ - Moving Average of Years 4 to 6 in MT)
74 08 19 10	Copper weld wire, cross sectional dimension	5	TEP over 5 years (TRQ of 150% of 3 years moving)	4.0 (TRQ - 270 MT)	3.0 (TRQ - 302.5 MT)	2.0 (TRQ - 335 MT)	1.0 (TRQ - 367.5 MT)	0.0 (TRQ - 400 MT)	0.0 (TRQ - Moving Average)	0.0 (TRQ - Moving Average)	0.0 (TRQ - Moving Average)	(TRQ - Moving Average)

	on < 6mm	average volume)	MT)	MT)	MT)	ng Years	Aver age of Years 3 to 5 in MT)	Aver age of Years 4 to 6 in MT)	ge of Years 5 to 7 in MT)	ge of Years 6 to 8 in MT)
74081920	Welding wire of copper, cross sectional dimension < 6mm	5				2 to 4 in MT)				
74081990	Other wire of refined copper, cross sectional dimension < 6mm	5								

Imports of Items under the TRQ of the India- Aus ECTA

HS code	Item Description	In Quota rate (%)	TRQ Quantity for Calendar year 2022	TRQ Quantity Calendar Year 2023 onwards
07134000	Lentils	50% of the applied rate of duty	1,233 MTs	1,50,000 MTs
08021100	In shell almonds			
08021200	Shelled almonds	50% of the applied rate of duty	279 MTs	34,000 MTs
08051000	Oranges			
08052100	Mandarins (including tangerines & satsumas)	50% of the applied rate of duty	113 MTs	13,700 MTs
08083000	Pears	50% of the applied rate of duty	30 MTs	3,700 MTs
52010020	Extra Long Staple Cotton of minimum 28 mm staple length	0% duty	419 MTs	51,000 MTs

# Imports will be permitted subject to the arrangements / Procedure as laid down in Annexure-I, II & III, IV & V of Appendix-2A.

## **2.93 Rules of Origin (Non-Preferential)**

- (a) Rules of Origin (Non-Preferential) criteria are as under:
- (i) Goods are to be manufactured by the exporting entity as per the definition of "Manufacture" in Paragraph 11.31 of FTP; and
  - (ii) If imported inputs (Duty Paid or Duty Free) have been used for the production of export product, the export product can be considered to be originating in India (Non-Preferential) only if the imported inputs undergo the processing/ operations that exceed the following:
    - (i) simple operations consisting of removal of dust, sifting or screening, sorting, classifying, matching (including the making-up of sets of articles), washing, painting, cutting;
    - (ii) changes of packing and breaking up and assembly of consignments;
    - (iii) simple cutting, slicing and repacking or placing in bottles, flasks, bags, boxes, fixing on cards or boards, and all other simple packing operations;
    - (iv) operations to ensure the preservation of products in good condition during transport and storage (such as drying, freezing, keeping in brine, ventilation, spreading out, chilling, placing in salt, sulphur dioxide or other aqueous solutions, removal of damaged parts, and like operations);
    - (v) affixing of marks, labels or other like distinguishing signs on products or their packaging;
    - (vi) simple mixing of products;
    - (vii) simple assembly of parts of products to constitute a complete product;
    - (viii) disassembly;
    - (ix) slaughter which means the mere killing of animals; and

- (x) mere dilution with water or another substance that does not materially alter the characteristics of the products.
- (b) Government has also nominated certain agencies to issue Non-Preferential Certificate of Origin (CoO). These CoOs evidence origin of goods and do not bestow any right to preferential tariffs. List of notified agencies is provided in Appendix-2E. In addition, agencies authorised to issue Preferential CoO are also authorised to issue Non-Preferential CoO.
- (c) Exporters required to obtain a Non-Preferential Certificate of Origin (CoO) must submit their applications online via <https://www.trade.gov.in> to any of the agencies listed in Appendix 2E.
- (i) Copy of Invoice and packing list is required to be uploaded along with the online application.
  - (ii) Fee of Rs.200/- is applicable for each Certificate of Origin including attestation of any additional documents.
- (d)
- (i) The issuing agency would ensure that goods are of Indian origin as per criteria defined at para (a) above before granting an eCoO (Non-Preferential). Certificate shall be issued as per format specified at Annexure-II of Appendix 2E.
  - (ii) **Any correction in an existing eCoO may be requested online as an in-lieu CoO application to the issuing agency.**
  - (iii) Any agency desirous of enlistment under Appendix-2E may submit their application as per Annexure-I to Appendix 2E to DGFT.
- (e) Non-preferential - Self Certification: Manufacturer exporters who are also Status Holders shall be eligible to self-certify their goods as originating from India, if goods qualify the criteria, as laid down in (a) above, as per Annexure - III to Appendix 2E.
- (f) **Agencies may issue Back-to-Back Certificates of Origin (Non-Preferential) for goods not of Indian origin for re-export, trans-shipment, merchanting trade purposes. These certificates shall be issued based on documentary evidence confirming the goods' origin based on the foreign country of origin. The details of the supporting documentary evidence and the Country of Origin must be explicitly mentioned on the back-to-back CoO (NP) issued.**

## **2.94 Approved Exporter Scheme (AES) for self-certification**

Details of the Scheme are provided in Appendix 2F of ANF.

## **POLICY INTERPRETATION AND RELAXATIONS**

### **2.95 Application to PIC**

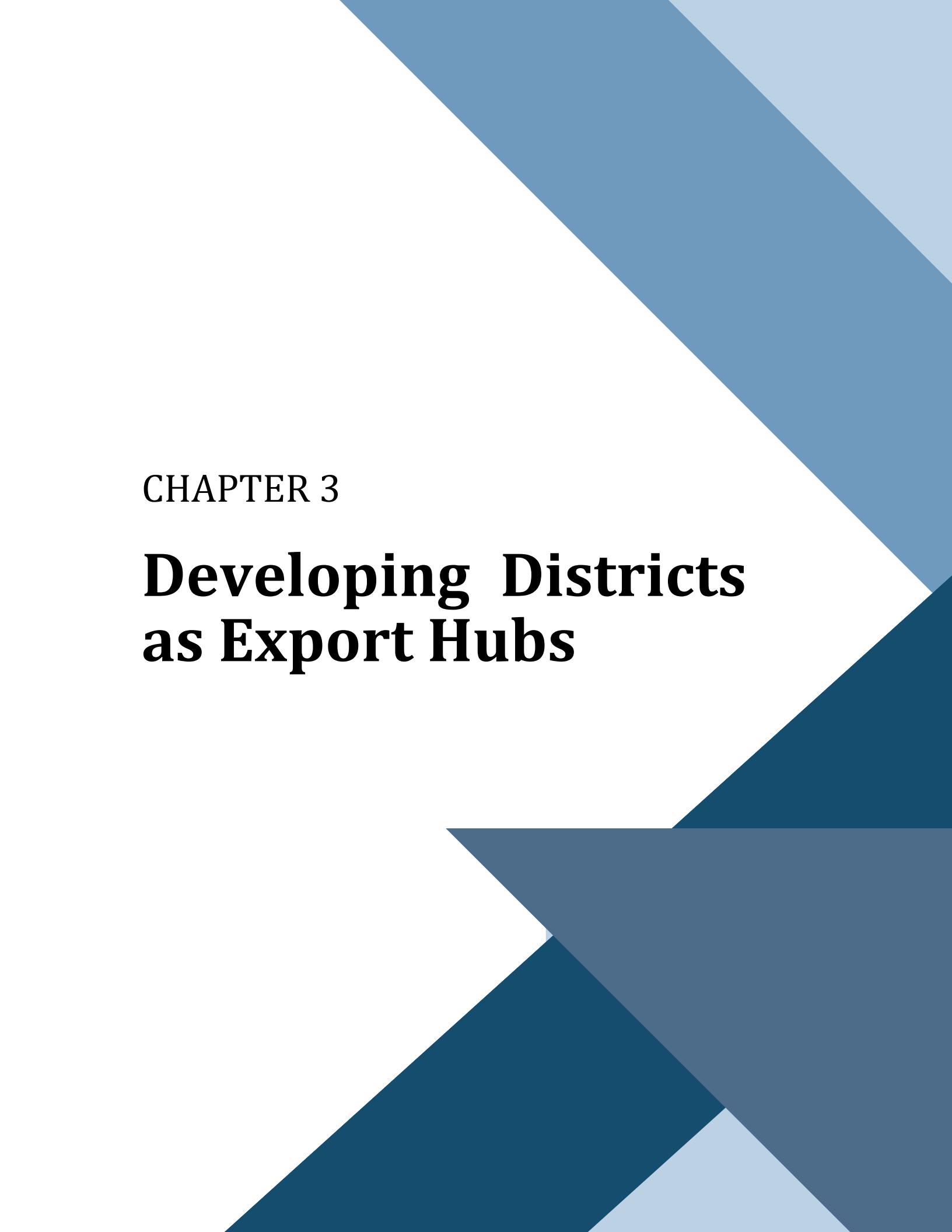
Application for seeking interpretation of any policy provision shall be made in **ANF-2F** to Policy Interpretation Committee (in the Hqrs.) under Para 2.58(b) of FTP.

### **2.96 Application to PRC**

- (a) Application to the Policy Relaxation Committee (PRC) under Para 2.59 FTP is to be made online in ANF-2D with the prescribed fee and documents. Similarly, under Para 2.60 of FTP, application for review of decision of any committee or a decision/order by any subordinate Authority in the Directorate General of Foreign Trade is required to be submitted online in ANF-2E.
- (b) Director General of Foreign Trade shall be the Chairman of PRC with all Additional DGFTs, all Joint DGFTs in charge of Policy Divisions in Hqrs as members. The Additional/Joint DGFT (PRC) shall act as Member Secretary; and the Committee can Co-opt member/s with specific expertise/experience as and when required.

### **2.97 Application to EPCG Committee**

- (a) Application to the Export Promotion Capital Goods (EPCG) Committee under Para 2.59 of FTP is to be made online in ANF-2D with the prescribed fee in terms of Appendix-2K with required documents.
- (b) Additional DGFT in-charge of EPCG shall be the Chairman of the EPCG Committee, with Joint DGFT (EPCG) as Member Secretary and official from Department of Revenue as member. Representative(s) from concerned line Ministry / Department may be co-opted as member, as and when required.



CHAPTER 3

# **Developing Districts as Export Hubs**

# Chapter-3

## Developing Districts as Export Hubs

### **3.01 Policy**

Policy for Developing Districts as Export hubs is given in Chapter 3 of FTP.

### **3.02 Objective of policy**

To convert each District of the country into an Export Hub by identifying products with export potential in the District, addressing bottlenecks for exporting these products, supporting local exporters/manufacturers to scale and find potential buyers outside India with the aim of promoting exports, manufacturing and services industry in the District. To enable a conducive foreign trade environment, any policy strategy to boost exports formulated by the Central Government can only be effectively implemented with the collaboration of State Governments and the District Administration. Earlier, export promotion was a subject, primarily dealt by only the Central government, without any active mechanism involving the State or District level stakeholders into the decision making to promote goods and services produced at the grassroots level. The export promotion activity needs to be decentralized, for both formulation and implementation purposes, with an objective to boost local production and make Districts active stakeholders in driving export of local products/services.

### **3.03 District Export Promotion Committees -Institutional Mechanism at District Level**

Each District has a District Export Promotion Committee (DEPC) which is mostly chaired by Collector/DM/DC of the District and co-chaired by designated DGFT Regional Authority with various other stakeholders as its members.

The likely composition of the DEPC is as under:

<b>Serial No.</b>	<b>Official/Department</b>	<b>Role</b>
<b>1</b>	Collector/DM/DC	Chairperson
<b>2</b>	Designated DGFT Regional Authority	Co-Chair
<b>3</b>	GM – District Industries Center (DIC)	Convener

<b>4</b>	Nominated member from the State Government( Commerce& Industries Department)	Member
<b>5</b>	Lead Bank Manager	Member
<b>6</b>	Representative - Department of MSME, Govt. of India	Member
<b>7</b>	Representative – Sector Specific Export promotion Council	Member
<b>8</b>	Representative – Quality & Standards Implementation body	Member
<b>9</b>	Representative from District Trade/Commerce Associations	Member
<b>10</b>	Sector Specific Ministry in Government of India (Agriculture, Fisheries, plantation boards etc.)	Member
<b>11</b>	Sector Specific Ministry of the State Government	Member
<b>12</b>	Sectoral Agencies specific to Product identified in each District (NABARD etc.)	Member
<b>13</b>	Other State Government Representative (As per requirement)	Member

### **3.04 District Export Promotion Committees –Functions**

The primary function of the DEPC will be to prepare and implement District specific Export Action Plans in collaboration with all the relevant stakeholders from the Center, State and the District level.

The preliminary exercise may include an assessment of a district to identify the current export profile, its further potential in the district, quantifiable targets to increase export performance from the District. This involves identifying and promoting products, which are currently being exported from there, and also identifying and promoting new products in the district with untapped export potential. These efforts are to be taken forward through an institutional mechanism to undertake a baseline study across goods and services, to map current export activities and the future potential along with the infrastructure and other constraints and bottlenecks that would need to be addressed to achieve this potential.

The suggestive functions of the District Export Promotion Committee may include:

<b>S.No</b>	<b>Functions</b>
<b>1.</b>	Prepare a time-bound, detailed District Export Action strategy / plan for the district to develop as an export hub.
<b>2.</b>	Benchmarking baseline export performance of the district, including

identification of products and services currently exported with export volumes, destinations etc. and additional products/services with good promise of targeting export markets.

3. Comprehensive analysis of the strength of each district and the gaps in product quality/design, production efficiency/competitiveness, infrastructure, logistics, utilities, enforcement of standards etc. with a view to identifying interventions to enhance export of existing goods and services being exported and achieving the potential available for export of new goods and services.
4. Goods and services being manufactured/produced in the district, identify the export potential of items available in such districts (including GI products).
5. Map the existing trade infrastructure available for thrust sector in the districts.
6. Identify major bottlenecks and challenges hindering export of thrust sector in the districts. Identify thrust Items/GI Products/Agricultural items from export perspective for further in-depth analysis.
7. Identifying training and development needs of District industries and coordination for training with other departments.
8. Dissemination of information through trainings, seminars, guest lectures, practical training, and exchange visits with other Districts of excellence.
9. Act as one point facilitator for export promotion at District level.
10. Entry of all district level data/ information/progress into the portal being developed by DGFT and through the portal activate a virtual engagement/interaction forum for involving and reaching out to all stakeholders in the district, by enabling/facilitating them to come on board.
11. Act as a grievance redressal forum for exporters and follow up with the concerned Central and State agency.
12. Facilitate in organising buyer-seller meets, exhibitions, trade fairs etc. in the District to encourage the industries to showcase their products to the world.
13. Implementing the District Export Action Plan in a phased manner to ensure the District achieves the targeted export growth.

DGFT Regional Authorities will be engaging with State and Central government agencies to take forward this initiative in each District.

### **3.05 District Export Action Plans for Each District**

The District Export Action Plan may be prepared for each District. It may include the support required by the local industry and trade in boosting their manufacturing activity and exports with impetus on supporting the industry from the production stage to the exporting stage. Informative material on various incentives provided by the Government of India and the respective State Government of exporters may be disseminated to the industry and other potential exporters. The Plan may also include strategy to enhance logistics and infrastructure at the District level and better utilization of the Market Access Initiative (MAI) Scheme of the Department of Commerce for inviting foreign buyers under reverse buyer-seller meets at the District level and suitably gathering District level exports data.

District Export Action Plan may include the following:

S.No.	Indicative Content
1.	District Profile
2.	Industry Profile
3.	Comprehensive analysis of the major products (Goods and Services) with export potential from District.
4.	Identifying the bottlenecks faced by the Industry.
5.	Identifying institutional responsibilities, specifics of policy, regulatory and operational reforms.
6.	Identifying infrastructure/utilities/logistics/Policy interventions required.
7.	Action Plan must identify quantifiable targets with specific timelines for their implementation.
8.	Clear identification of incentives/Support provided by the State and Central Government.
9.	Training and development needs for identified export products/services.

- 
- 10.** Analysis of the export data of the District and ways and means to effectively capture it.
  - 11.** Mid-term and long-term export strategy/suggestions to promote exports of identified products/services from the district.

### **3.06 State/UT Export Promotion Committees**

To synergise the efforts of the Department of Commerce/DGFT and the State/UT governments in promotion of exports from the State, each State shall constitute a State Export Promotion Committee(SEPC) headed by Chief Secretary of the State. The designated RA of DGFT shall be the co-convener of the committee.

The primary function of the SEPC may be to prepare/monitor State specific Export Promotion Policy/Strategy, facilitating engagement of exporters with the State government, address all export promotion issues at the State level and monitor the progress of DEPCs in each District of the State. The designated RA of DGFT shall function as a local support to the State government on all matters related to trade and commerce.

### **3.07 Nodal DGFT Regional Authority**

Districts of the States/UTs have been assigned to the Jurisdictional DGFT Regional Authority and the nodal RA shall be responsible for the Districts under their jurisdiction for all activities related to Districts as Export Hubs initiative in those Districts. Appendix 1A has the list of DGFT Regional Authorities with their District and State wise Jurisdiction.

### **3.08 Online Monitoring of District Export Action Plans**

DGFT would develop an online monitoring portal that maybe accessed on the DGFT website to enable the States/ DGFT RAs to upload all information related to the products/services with export potential of every District. The portal may also help in monitoring the progress of District Export Action Plan in all the Districts. Each DGFT Jurisdictional RA will be primarily responsible for updating the information/progress made in implementing Export Action Plan for each District under their Jurisdiction. The information will also be available in public domain for the benefit of the trade.

### **3.09 District Outreach Programs**

Each Jurisdictional DGFT RA in collaboration with the State and District administration and concerned agencies/EPCs of Central and State Government shall prepare a calendar of activities in each District to conduct awareness and training programs to promote exports from the District. Wide publicity shall be given to these outreach events to reach every potential exporter in the District.

CHAPTER 4

# **Duty Exemption / Remission Schemes**

# Chapter-4

## Duty Exemption / Remission Schemes

### **4.01 Policy**

Policy relating to Duty Exemption / Remission Schemes is prescribed in Chapter 4 of Foreign Trade Policy.

### **4.02 General Provision**

- (i) Application for grant of Advance Authorisation / Special Advance Authorisation for export of Articles of Apparel and Clothing Accessories / Advance Authorisation for Annual Requirement / Duty Free Import Authorisation (DFIA) shall be filed online (digitally signed) by IEC holder to the concerned jurisdictional Regional Authority as per Appendix 1A. Applicant could be either Registered office or Head office or a branch office or a manufacturing unit of the IEC holder.
- (ii) Applicant shall upload documents as prescribed in ANF 4A, if any, at the time of online filing of application. No physical copy of application is required to be submitted to Regional Authority.

### **4.03 Applicant details**

Where applicant is a branch office or a manufacturing unit, name of branch office or manufacturing unit should appear in electronic RCMC and in IEC of the applicant.

### **4.04 Advance Authorisation**

Applicant shall file application online in ANF 4A. Same form is applicable where Standard Input Output Norms (SION) have been notified or on the basis of adhoc norms or on self-declaration basis as per paragraph 4.07 of Handbook of Procedures.

### **4.05 Advance Authorisation for items which are otherwise prohibited for export**

- (i) Items covered under Chapter 7 and Chapter 15 of ITC (HS) Schedule 2, which are prohibited for export, may be allowed to be exported under the Advance Authorisation scheme, unless specifically disallowed. Export shall be allowed subject to pre-import condition under notified SION/prior fixation of norms by Norms Committee in terms of paragraph 4.06 of Hand Book of Procedures.

Import and Export would be permitted only through EDI enabled ports.

- (ii) The Export Obligation Period (EOP) of Advance Authorisations issued for such items shall be 90 days from the date of clearance of import consignment and no extension in EOP shall be allowed. Such import shall be subject to actual user condition and no transfer of imported raw material, for any purpose, including job work, shall be permitted. In case of non-fulfilment of EO/ non-achievement of stipulated value addition, a penalty equal to five times of the CIF value of the imported material, corresponding to the shortfall in EO, shall be imposed in addition to the applicable duty and interest. Provisions of Paragraph 4.49 of Handbook of Procedures shall not be applicable in this case.
- (iii) "Wheat Flour (Atta)" is permitted to be exported under the Advance Authorisation Scheme, subject to pre-import condition of wheat under the notified SION only. No domestic/ indigenous sourcing of wheat is permitted and the invalidation letter/ARO facility is not available. Third party exports are also not allowed in this case. Import and Export would be permitted only through EDI enabled ports. The Export Obligation Period (EOP) of Advance Authorisation for wheat shall be 180 days from the date of clearance of each import consignment and no extension in EOP shall be allowed. Such import shall be subject to actual user condition and no transfer of imported wheat for any purpose, including job work, shall be permitted. In case of non-fulfilment of EO/ non-achievement of stipulated value addition, a penalty equal to five times of the CIF value of the imported material, corresponding to the shortfall in EO, shall be imposed in addition to the payment of applicable duty and interest. Provisions of Paragraph 4.49 of Handbook of Procedures shall not be applicable in this case.

#### **4.06 Fixation of Norms**

- (i) In case where norms have not been notified or where applicant wants to get the ad-hoc norms fixed before making an application for Advance Authorisation, application in ANF 4B, along with prescribed documents, shall be uploaded online to concerned Norms Committee (NC) in DGFT headquarters for fixation of SION/Adhoc norm. Details of Norms Committees along with products groups dealt by each Norms Committee and respective email addresses for correspondence relating to norms fixation is as follows:

<b>Norms Committees (NC) in DGFT headquarters</b>	<b>For Fixation / Revision / Amendment of norms of Export Products under following ITC HS Chapters</b>	<b>Email addresses for communication with respective Norms Committee</b>
NC-1	81 to 84, 86 to 93	nc1.dgft@nic.in
NC-2	72 to 76, 78 to 80, 85	nc2.dgft@nic.in
NC-3	29, 30	nc3.dgft@nic.in
NC-4	27, 28, 31 to 38, 44 to 49, 68 to 71	nc4.dgft@nic.in
NC-5	41 to 43, 50 to 67	nc5.dgft@nic.in
NC-6	1 to 26, 94 to 98	nc6.dgft@nic.in
NC-7	39, 40	nc7.dgft@nic.in

(ii) The decisions of Norms Committees shall be available on the website of DGFT (<http://dgft.gov.in>) periodically and the applicants shall update themselves the status of norms fixation in respect of Authorisation obtained by them.

(iii) Exporters / EPC shall provide data to the Norms Committee concerned for the fixation of SION/Adhoc Norms for an export product. Norms Committee shall endeavour to fix SION or adhoc norms on receipt of complete data. Any adhoc norm fixed under this para, on the basis of an application made by an exporter shall be valid for one authorisation for which such application is made and no repeat authorisations shall be issued. However, Norms Committee can specify extended validity period, not more than two years from the date of fixation of such adhoc norms, for grant of further authorisations under such norm.

(iv) Norms Committees shall also function as recommendatory authority for notification of SION and DGFT may notify such norms from time to time.

(v) It is mandatory for industry / manufacturers/ EPCs to provide production and consumption data etc. for the past three years, as may be required by DGFT for fixation of SION. Otherwise, applicants shall not be allowed to take benefit of Advance Authorisation scheme for taking repeat Advance Authorisations on self-

declared basis. Norms Committee may also seek data from DoR (CBIC).

(vi) Experts may be invited from Scientific and Technological institutions as members of Norms Committee for fixation of Norms.

(vii) In cases where ad-hoc norms have already been arrived at by Norms Committee, the Norms Committee may recommend Notification of SION on a case to case basis.<sup>v</sup>

#### **4.07 Self-Declared Authorisations where SION does not exist**

- (i) Regional Authority may also issue Advance Authorisation where there is no SION/valid Ad hoc Norms for an export product or where SION / Ad hoc norms have been notified / published but exporter intends to use additional inputs in the manufacturing process, based on self-declaration by applicant. Wastage so claimed shall be subject to wastage norms as decided by Norms Committee. The applicant shall submit an undertaking to abide by decision of Norms Committee. The provisions in this regard are given in paragraph 4.03 and 4.11 of FTP.
- (ii) In case of revision / rejection, applicant shall pay duty and interest as notified by DoR within thirty days from the date of hosting of Norms Committee decision on DGFT website.
- (iii) No Authorisation under this paragraph will be issued by Regional Authority for items listed in paragraph 4.11 of FTP.

#### **4.07A Self – Ratification Scheme**

- (i) Policy related to Self-Ratification Scheme is provided at Para 4.06 of FTP. Applications shall be filed online along with complete details as per Appendix-4E along with a certificate from Chartered Engineer in Appendix-4K. For issuance of such a certificate, the Chartered Engineer shall act only in the domain of his/ her competence.
- (ii) General Notes given in the book titled Standard Input Output Norms including policy for packing material and fuel shall also be applicable to this scheme in so far as they are not inconsistent with this scheme.
- (iii) The applicant shall apply for inputs with specific descriptions along with 8 digit ITC (HS) Classification. Wherever the export product and/or inputs are given in brand names, the correct chemical /technical name shall also be given in the application.
- (iv) RA may issue Advance Authorisation as applied for subject to the conditions specified in FTP and HBP. Input Output Norms as applied and wastage claimed by the applicant shall be treated as final. Ratification of the same by NC is not required.

- (v) Applicant or his supporting manufacturer/co-licensee shall maintain a proper account of consumption and utilization of duty free imported/domestically procured inputs against each authorisation, as prescribed in Appendix-4H. Application for EODC shall be submitted in prescribed format along with Appendix-4H to the Regional Authority concerned. Regional Authority shall compare the details of Appendix-4H, with that of the inputs allowed in the Authorisation. Such records shall be preserved by the authorisation holder/manufacturer for a period of three years from the date of Export Obligation Discharge Certificate.
- (vi) Production and consumption records of the export item under this scheme shall be audited by concerned Norms Committee. Such audit may be conducted within three years from the date of issue of Authorisation based on Risk Based Management System (RBMS). Exporters shall be required to provide necessary facility to verify Books of Accounts or other documents and assistance as may be required for timely completion of the audit. Concerned Norms Committee shall constitute the audit teams and specify the manner of audit from time to time through administrative orders.
- (vii) Non submission of prescribed documents/information to the Audit team by the applicant shall make him liable for penal action under the provisions of FT(D&R) Act, 1992, as amended and Rules and order made there under. In case items imported/procured duty-free are found to be in excess or not consumed fully, the applicant shall suo moto pay immediately duty with applicable interest to the Customs Authority. However, if Audit team found that duty-free items were imported in excess and not consumed fully in the resultant products and duty and interest have not been paid suo moto, the applicant shall be placed under Denied Entity List (DEL) under Rule 7 of FT(Regulation) Rules, 1993, as amended, in addition to other penal action under FT(DR) Act/Customs Act. The Chartered Engineer shall also be liable for penal action for abetment under the provisions of Section 11(2) of the FT(DR)Act.
- (viii) All the provisions of Advance Authorisation scheme shall also be applicable to this scheme in so far they are not inconsistent with the specific provisions of this scheme.

#### **4.08 Cases involving Acetic Anhydride, Ephedrine and Pseudo- ephedrine as inputs.**

- (i) Where Acetic Anhydride, Ephedrine and Pseudo- ephedrine is required as an input for import, applications shall be filed with Regional Authority concerned. After filing application online, printed copy of such application shall also be simultaneously endorsed by applicant to (a) Drug Controller of India, Nirman Bhawan, New Delhi, (b) Narcotics Commissioner, Central Bureau of Narcotics, Gwalior (c) respective Zonal Director of Narcotics

Control Bureau. The applicant should declare that they would maintain prescribed records / documents and also submit prescribed returns to the relevant authorities, within time as prescribed by law from time to time.

- (ii) Regional Authority shall endorse a copy of such Advance Authorisation to the above three agencies. Regional Authority shall also endorse a condition that before effecting imports, 'No Objection Certificate' shall be obtained from Drug Controller and Narcotics Commissioner of India.

#### **4.09 Cases requiring Sanitary Import Permit.**

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

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

- (i) Transfer of any duty free material imported or procured against Advance Authorisation from one unit of a company to another unit for manufacturing purpose shall be done with prior intimation to jurisdictional Customs Authority. In case of transfer of duty free imported or indigenously procured materials, on which GST has been paid, between the units located in same or different States, the availment of Input Tax Credit shall be governed as per the provisions of the GST law & the rules made thereunder.<sup>iii</sup>
- (ii) Imported duty free inputs can be taken from the port / domestic supplier's premises to the factory or the premises of the authorisation / co-authorisation holder or the factory of the supporting manufacturer(whose name is endorsed in the authorisation or allowed by the Jurisdictional Customs authority). However, such duty free material imported or procured against Advance Authorisation can also be taken from the port directly to the project site of the project authority, subject to furnishing a bond to the customs authority at the port of import complying with the other provisions as per Department of Revenue guidelines, if any.

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

Authorisations granted in terms of paragraph 4.19 of FTP, a specific endorsement by Regional Authority shall be made in the condition sheet of Advance Authorisation, disallowing remittances for material being supplied free of cost. All imported inputs excluding wastage shall be utilised in manufacturing of export product.

## **4.12 Entitlement**

Maximum CIF value of one or more authorisations to be issued under paragraph 4.07 of Handbook of Procedures shall be as under:

- (i) For Status Holders – up to 300% of FOB and / or FOR value of preceding year's exports and/or supplies.
- (ii) Other than Status Holders – upto 300% of FOB or Rs. 10 crore and / or FOR value of preceding year's exports and/or supplies, whichever is higher.
- (iii) Once adhoc norms are fixed by Norms Committee, value limits mentioned in sub paragraph (i) and (ii) above, would not be applicable to Advance Authorisations issued under paragraph 4.07 of Handbook of Procedures. Value of such authorisations, subsequent to fixation of norms by Norms Committee, may be enhanced, if the Advance Authorisation was issued restricting the CIF value to maximum of value in sub-paragraph (i) & (ii) above.
- (iv) In such cases Authorisations shall be issued by Regional Authority concerned under "Adhoc Norms Fixed" category and application copies need not be forwarded to NC for fixation / ratification of norms. Where the application has already been forwarded before the ratification of Norms, the Regional Authority shall finalise the case as per the norms subsequently ratified by NC in a similar case of the party.
- (v) Authorisation holder in such cases shall be entitled for further authorisation (s) as per norms ratified by Norms Committee without need for subsequent ratification by Norms Committee. In such cases the applicant would file application under "Adhoc Norms Fixed" category to the Regional Authority concerned.
- (vi) Norms ratified by any Norms Committee (NC) in the O/o DGFT on or after 01.04.2023 in respect of any Advance Authorisation obtained under paragraph 4.07 shall be valid for a period of three years from the date of ratification. However, the Norms ratified by any Norms Committee (NC) on or after 01.04.2015 in respect of any Advance Authorisation obtained under paragraph 4.07 of HBP, 2015-2020 shall also be valid further upto 31.03.2026.<sup>i</sup> Since all decisions of the Norms Committees are available in the form of minutes on the DGFT website, all other applicants of Advance Authorisation are also eligible to apply and get their authorisations based on such ratified norms on repeat basis during validity of these norms. This

para is not applicable for authorisations applied for items listed under Appendix 4P.

- (vii) Wherever an applicant has applied for components on “net-to-net basis with accountability clause” and such cases fall under paragraph 6 of General Note for all Export Products, the same need not be referred to Norms Committee for fixation of norms. However, exporters shall indicate clearly details of such components imported on “net-to-net basis with accountability clause” in the export/supply documents namely Shipping Bills, Bill of Exports, Tax invoice for export/supplies prescribed under the CGST/SGST/UT GST rules evidencing that these imported inputs have been exported.

#### **4.13 Authorisation in Excess of Entitlement**

An applicant shall be entitled for authorisation in excess of entitlement of CIF mentioned in paragraph 4.12 above subject to furnishing of 100% Bank Guarantee to Customs authority to cover exemption from customs duties. Regional Authority shall make a specific endorsement to this effect on authorisation. This provision shall also apply to Status Holders.

#### **4.14 Application and On-line Inter-Ministerial Consultations for fixation of norms/adhoc norms**

- (i) Application filed online by the applicant shall be forwarded electronically to the concerned Technical / Administrative Ministry / Department / Scientific and Technological institutions or any other agency by the respective Norms Committee in the DGFT headquarters within three days.
- (ii) The concerned Technical / Administrative Ministry / Department / Scientific and Technological institutions or any other agency as the case may be, may communicate its views / comments / recommendations within 45 days electronically/online. In case no comments are received within 90 days, Norms Committee may take a view based on the facts available on record.
- (iii) Ad-hoc Input Output Norms may also be decided in a rule based IT environment without reference to Norms Committee. However, a certain percentage of cases as flagged by the RMS may be referred to Norms Committee for validation / review.<sup>vi</sup>

#### **4.15 Undertaking**

Applicant shall give an undertaking that he shall abide by norms fixed by Norms Committee and accordingly take following actions without any demur:

- (i) Pay customs duty saved, together with interest as notified by DoR, on excess

inputs as per norms fixed by NC. However, in case Norms Committee allows lower norms for one, more, or all inputs, authorisation holder will have option to undertake additional EO in proportion to excess inputs.

- (ii) In case application is rejected by Norms Committee, authorisation holder shall pay duty saved amount along with interest on inputs, as applicable as notified by DoR. In cases of domestically procured inputs, the amount to be paid shall be based on exemptions/refund availed on customs duty/taxes/cess by the domestic supplier.
- (iii) Applicant shall deposit amount as per paragraph 4.49(a)(ii) of HBP in case the inputs were not freely importable. This amount is in addition to the amounts in sub-paragraph (i) above.

#### **4.16 Fixation of norms by Norms Committees**

- (i) All Norms Committees would endeavour for earliest fixation of norms.
- (ii) In case application for fixation of adhoc norms / SION is rejected on ground of non-furnishing of required documents/ information to Norms Committee or technical authority represented in Norms Committee, authorisation holder shall be liable to pay customs duty with interest as notified by DoR and amount as per paragraph 4.49(a)(ii) of HBP. In case SION for the said product is notified, SION would be made applicable for deciding wastage norms and Export Obligation.
- (iii) In cases where entitlement of the applicant for grant of Advance Authorisation as per paragraph 4.12 of HBP was lower than the quantity of input applied by the applicant under Advance Authorisation and export obligation is completed while fixation of norms by Norms Committee is pending, entitlement for authorisation as given in paragraph 4.12 of HBP may be re-credited upon production of documentary evidence (copies of Shipping bill / bill of export/ Tax invoice for supply prescribed under CGST/SGST/UT GST rules) showing fulfilment of export obligation in respect of previous authorisations. However, bond waiver / redemption shall not be allowed pending fixation of norms in such cases.

#### **4.17 Time limit for Representation**

Applicant may file representation against the decision of the Norms Committee with regard to the fixation of norms within a period of 90 days from the date of uploading of decision on DGFT website. Representation beyond 90 days shall be subject to payment of composition fee of Rs. 5000/- . However, no representation against the decision of Norms Committee after the period of 12 months from the date of uploading of the decision on DGFT website will be entertained.

## **4.18 Provision for Pharmaceutical Products**

Regional Authority may issue Advance Authorisation for pharmaceutical products manufactured through Non-Infringing (NI) process. A manufacturer exporter can avail the benefit of this provision whether the SION or the adhoc norms (under self-declared basis in terms of paragraph 4.07 of the Handbook of Procedures) for the said product is available or not. "Input combination permitted under NI process, as approved by the concerned agency of the regulated markets", shall be exporter-specific and country-specific and shall be available only when the exports are destined for the same country.

## **4.19 Processing of Application for Pharmaceutical Products.**

- (i) An application for grant of an Advance Authorisation under paragraph 4.18 shall be filed online in ANF 4E to concerned Regional Authority along with the documents uploaded therein.
- (ii) Input combination permitted under NI process for manufacturing the product shall be certified by the Chartered Engineer (Chemical) after due verification of the details of each input and its quantity as given in Abbreviated New Drug Application (ANDA) / Drug Master File (DMF) of the applicant. The Chartered Engineer (Chemical) will certify the details as per Appendix 4L prescribed in Handbook of Procedures. Regional Authority shall cross-verify the requirement of inputs as per the details given in the application along-with Chartered Engineer Certificate accompanying the application and issue the authorisation. Regional Authority shall not forward such application to Norms Committee and the inputs and export product so allowed by Regional Authority shall be treated as input combinations permitted under NI Process.

## **4.20 Redemption of Authorisation issued under paragraph 4.18 of HBP**

Provisions contained in paragraph 4.49 of HBP, except sub-paragraph (f), shall be applicable. Regional Authority shall compare the details of Appendix 4-I, duly verified and certified by the jurisdictional Customs Authority, or by the Chartered Engineer (Chemical) along with cross attestation by the Chartered Accountant who shall both independently verify the inputs consumed in the process, with that of the inputs made/allowed in the authorisation, before allowing redemption or Bond-waiver against individual Advance Authorisation issued for pharmaceutical product(s) manufactured through NI process. As a result of the verification process, in case, it is found that the authorisation holder has consumed lesser quantity of inputs than imported, authorisation holder shall be liable to pay customs duty on unutilized imported material, along with interest thereon as notified by DoR, or effect additional export within the EO period to account for the export of the material

remaining unutilized. However, for the Customs duty component, the authorisation holder has also the option to furnish valid duty credit scrip issued under Chapter 3 of FTP (2015-20).

#### **4.21 Maintenance of Proper Accounts for Authorisations issued under Para 4.18 of HBP**

Every Advance Authorisation holder shall maintain a true and proper account of consumption and utilization of duty free imported / domestically procured inputs against each authorisation as prescribed in Appendix 4-I. This record in Appendix 4-I format, duly verified and certified by the jurisdictional Customs Authority, or by the Chartered Engineer (Chemical) along with cross attestation by the Chartered Accountant who shall both independently verify the inputs consumed in the process, shall be submitted to the concerned Regional Authority at the time offiling application for redemption / bond waiver. Regional Authority shall compare the details of Appendix 4-I, with that of the inputs allowed in the authorisation, before allowing redemption or bond waiver against individual authorisation. Such records shall be preserved for a period of at least three years from the date of Export Obligation Discharge Certificate.

#### **4.22 Standardisation of Adhoc Norms**

- (a) For standardization of norms, an application in ANF 4B shall be filed online along with complete data. Such applications shall be made to concerned Norms Committee in DGFT headquarters.
- (b) Import of fuel may also be allowed with actual user condition under SION by Norms Committee subject to following:
  - (i) Facility of import of fuel shall be allowed only to manufacturer having captive powerplant.
  - (ii) In cases where SION specifically allows fuel, same shall be permitted under Advance Authorisation. However, if fuel is not covered specifically under SION, it may be allowed as per general fuel Policy for products covered under SION or under paragraph 4.07 above.
  - (iii) Applications for fixation of fuel entitlement for new sectors and modification of the existing entitlement as per General Note for Fuel in Handbook of Procedures shall be filed online to the Norms Committee along-with requisite data in ANF 4B.

#### **4.23 Modification of SION**

An application for modification of existing SION shall be filed online in ANF 4B to the concerned Norms Committee in DGFT headquarters.

#### **4.24 Amendment of Export item and inputs**

- (i) An application for amendment of an export item or input or quantity of input under SION or under ad-hoc Norms shall be filed online in ANF 4B.
- (ii) Applicant would give justification for seeking amendment and Regional Authority would consider it with specific approval of Head of Office. In case of any major change in input or request for more wastage to that allowed under SION or ad-hoc norm, same should be referred to Norms Committee for ratification.

#### **4.25 Revision of SION by NC**

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

#### **4.26 Description of an Advance Authorisation**

An Advance Authorisation shall, inter-alia, specify:

- (a) Names and description of items including specifications, where applicable, to be imported and exported/supplied;
- (b) Quantity of each item to be imported or wherever quantity cannot be indicated, value of item shall be indicated. Wherever, quantity and value of individual inputs is a limiting factor in SION, same shall be applicable;
- (c) Aggregate CIF value of imports;
- (d) FOB/FOR value and quantity of exports/supplies; and
- (e) Validity period of import and Export Obligation Period.

#### **4.27 Exports/Deemed Export supplies in anticipation or subsequent to issue of an Authorisation.**

- (a) Exports / Deemed Export supplies made from the date of EDI generated file number for an Advance Authorisation, may be accepted towards discharge of EO. Shipping Bills / Tax Invoices should be endorsed with File Number or Authorisation Number to establish co-relation of exports / Deemed Export supplies with Authorisation issued. Export/Deemed Export supply

document(s) should also contain details of exempted materials/inputs consumed and technical characteristics of export and import items, as the case may be.

- (b) If application is approved, authorisation shall be issued based on input/output norms in force on the date of receipt of application by Regional Authority. If in the intervening period (i.e. from date of filing of application and date of issue of authorisation) the norms get changed, the authorisation will be issued in proportion to provisional exports / Deemed Export supplies already made till any amendment in norms is notified. For remaining exports, Policy / Procedures in force on date of issue of authorisation shall be applicable.
- (c) The export of SCOMET items shall not be permitted against an Authorisation until and unless the requisite SCOMET Authorisation is obtained by the applicant.
- (d) Inputs with pre-import condition shall not be considered for replenishment against Exports/Deemed Export supplies made before import of such inputs.

#### **4.28 Exporters Risk**

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

#### **4.29 Admissibility of drawback in case of rejection of application**

Customs authorities in terms of DoR rules against shipping bills filed and processed under an Advance Authorisation, in case application for an Advance Authorisation is rejected or modified by Regional Authority, may permit drawback.

#### **4.30 Advance Authorisation or DFIA for Intermediate Supplies**

- (a) Application for grant of Advance Authorisation or DFIA for Intermediate supply may be made on the basis of a tie-up arrangement with an ultimate exporter (physical/deemed) holding an Advance Authorisation or DFIA. Regional Authority concerned shall consider such requests.
- (b) Advance Authorisation or DFIA for Intermediate supply shall be issued after making Authorisation of ultimate exporter invalid for direct import of item, to be supplied by intermediate manufacturer. In such case, a copy of the invalidation letter will be given to ultimate exporter holding Authorisation and copy thereof will be sent to intermediate supplier as well as Regional Authority of intermediate supplier. Intermediate Authorisation holder in such case has an option either to supply intermediate product to the holder of Advance

Authorisation (i.e. ultimate exporter) or DFIA or to export (physical / deemed) directly. Intermediate supplier can also supply the product(s) directly to the port for export by the ultimate exporter (holder of Advance Authorisation or DFIA). In such cases, shipping bill shall be in the name of the ultimate exporter with the name of intermediate supplier endorsed on it.

- (c) A suitable documentary evidence indicating the available quantity under Advance Authorisation shall be submitted along-with the application for invalidation. The above stated evidence is not required if invalidation is applied along with the application of Advance Authorisation.
- (d) Facility of Advance Authorisation shall be available even in cases where intermediate supplier has supplied or intend to supply material subsequent to fulfilment of EO by exporter holding Advance Authorisation / DFIA from where invalidation letter was issued.
- (e) The invalidation letter shall specify the following:
  - (i) Name, Address and GSTIN of supplier;
  - (ii) GSTIN & Address of recipient unit of Advance Authorisation/DFIA holder where inputs would be processed;
  - (iii) Name, description including specifications, where applicable, and quantity of items; and
  - (iv) Individual value of items to be procured.

#### **4.31 Advance Release Order (ARO)**

Application shall be filed online in ANF 4A to Regional Authority concerned for grant of ARO to procure inputs from indigenous sources / STEs. A suitable documentary evidence as outlined in Para 4.30 (c) of HBP shall be submitted, if applicable.

#### **4.32 Application of ARO**

- (a) Application for ARO and ARO shall specify:
  - (i) Name, Address and GSTIN of supplier;
  - (ii) GSTIN & Address of recipient unit of Advance Authorisation/DFIA holder where inputs would be processed;
  - (iii) Name, description including specifications, where applicable, and quantity of items and
  - (iv) Individual value of items to be procured.

- (v) For domestic procurement of steel at export parity price by MSME exporters of EEPC, (as per Ministry of Steel O.M. No. S- 21016/3/2020-TRADE-TAX-Part (1) dated 27.05.2020 read with OM dated 24.06.2020 as amended from time to time), the details of Service Centre/Distributor/Dealer/Stockyard of the domestic steel producer from where the steel is being procured, duly countersigned by EEPC, shall also be provided and the same shall be endorsed on the ARO by the Regional Authority at the time of issue.
- (b) An ARO may be issued along with Advance Authorisation / DFIA or subsequently, and its validity shall be co-terminus with validity of Advance Authorisation /DFIA.

#### **4.33 Facility of Supporting Manufacturer/Jobber/co-licensee**

- (a) Imported material may be used in any unit of holder of Advance Authorisation subject to condition of paragraph 4.10 of this Handbook or jobber / supporting manufacturer, provided same is endorsed on authorisation by Regional Authority. If applicant desires to have name of any manufacturer or jobber added to authorisation, he may apply. Such endorsement shall be mandatory where prior import before export is a condition for availing Advance Authorisation scheme and authorisation holder desires to have material processed through any other manufacturer or jobber.
- (b) Upon such endorsement made by Regional Authority, authorisation holder and co-authorisation holder shall jointly and severally be liable for completion of EO. Any one of co-authorisation holders may import goods in his name or in joint names. BG/LUT shall also be furnished in their joint names.
- (c) If authorisation holder is registered under GST Act, he has an option of getting names of jobber endorsed by jurisdictional Customs authority as per CGST/SGST/UT GST Rules in lieu of Regional Authority's endorsement. In case manufacturer exporter holding authorisation is not registered / not required to be registered under GST Act, job work may be allowed after endorsement of supporting manufacturer's name in the authorisation from Regional Authority concerned. However, authorisation holder shall be solely responsible for imported items and fulfilment of Export Obligation.

#### **4.34 Execution of BG/LUT**

- (a) Authorisation holder shall execute Bank Guarantee / Legal Undertaking, as the case maybe, in terms of paragraph 2.29 of Handbook of Procedures.
- (b) In case BG / LUT has been redeemed, Advance Authorisation holder can get duty free inputs processed from any manufacturer under Actual User

condition as per job work regulations prescribed in terms of provisions of GST Acts under intimation to the Customs authority. However, such restriction shall not be applicable in case of transferable DFIA holder.

#### **4.35 Port of Registration**

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

##### **Sea Ports:**

Bedi (including Rozi-Jamnagar), Chennai, Dahej, Dharamtar, Dhamra, Dighi, Ennore (Tamil Nadu), Gopalpur, Haldia, Hazira(Surat), Jamnagar, Kakinada, Kandla, Kattupalli Sea Port (Tamil Nadu), Kochi, Kolkata, Krishnapatnam, Mangalore, Marmagoa, Muldwarka, Mumbai, Mundhra, Nagapattinam, NhavaSheva, Okha, Paradeep, Pipavav, Porbander, Sikka, Surat (Magdalla), Tuticorin, Vadinar, Vishakhapatnam.

##### **Air-ports:**

Ahmedabad, Bangalore, Bhubaneshwar, Calicut Airport (Kerala), Chennai, Coimbatore Air Cargo Complex, Dabolim (Goa), Delhi, Hyderabad, Indore, Jaipur, Kochi, Kolkata, Lucknow (Amausi), Mumbai, Nagpur, Rajasansi (Amritsar), Srinagar, Trivandrum, Varanasi, Vishakhapatnam.

##### **ICDs:**

Agra, Ahmedabad, Anaparthy, Arakkonam (Tamil Nadu), Bangalore, Babarpur, Bhadohi, Bhatinda, Bhilwara, Bhiwadi, Bhusawal, Chettipalayam (Tamil Nadu), Chheharata (Amritsar), Coimbatore, Dadri, Delhi, Dighi(Pune), Dappar, Dera Bassi, Dhannad Rau(District Indore), Daulatabad, (Wanjarwadi and Maliwada), Durgapur (Export Promotion Industrial Park), Faridabad, Garhi Harsaru, Guntur, Guwahati (Amingaon), Hyderabad, Irugur Village (Tamil Nadu), Jaipur, Jallandhar, Jamshedpur, Jodhpur, Kalinganagar and Tumb Village (Taluka Umbergaon, District Valsad) Kanpur,Karur, Kheda (Pithampur, District Dhar), Kota, Kundli, Loni (District Ghaziabad), Ludhiana, Madurai, Mallanpur, Mandideep (District Raisen), Merripalem, Guntur District (AP), Miraj, Moradabad, Nagpur, Nasik, Pimpri (Pune), Pitampur (Indore), Patli (Gurgaon), Pondicherry, Raipur, Rewari, Rudrapur (Nainital), Salem, Singanallur, Surajpur, Surat, Talegoan (District Pune),

Thudiyalur (Tamil Nadu), Tirupur, Todiarpet (TNPM), Tuticorin, Udaipur, Vadodara, Varanasi, Veerapandi (Tamil Nadu), Waluj (Aurangabad), Hosur (Tamil Nadu) and Nattakkam (Kottayam Taluk and District)

**LCS:**

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

**SEZ:**

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

- (b) Commissioner of Customs may permit imports and exports from any other seaport/airport/ICD or LCS.
- (c) For imports from Airport / Seaport / ICD / LCS other than port of registration, a TRA shall be issued by the customs authority at the port of registration to customs authority at port of import. However, this requirement of TRA shall not be required if the port of registration and port(s) of imports are EDI enabled and the authorisation holder has registered its authorisation.
- (d) For procurement from SEZs, where no TRA is issued by customs, RA may issue a "Certificate of supplies from SEZ", containing details as given in Para 4.30 (e) for the requested item, after making the import item "Invalid for direct imports". The "Certificate of supplies from SEZ" shall be marked in quadruplicate with a copy each to the authorisation holder, SEZ supplier unit, designated officer at SEZ, and the relevant port customs authorities. The above certificate shall be issued as an online amendment to the authorisation and has to be transmitted after verifying usage of issued authorisation in case it is already registered with customs at the time of application for the certificate. The application is to be made to the concerned RA from where authorisation is issued in the manner as prescribed under Para 4.30(c) and Para 4.34 of this Handbook.

#### **4.36 Facility of Clubbing of Authorisations**

- (i) No clubbing of Authorisations issued on or before 31st March, 2009 shall be allowed.
- (ii) Request for clubbing shall be made in ANF-4C to the concerned RA who has issued the Authorisations.
- (iii) Facility of clubbing of Advance Authorisations shall be available only for

redemption / regularisation of such Authorisations and no further import or export shall be allowed.

- (iv) Facility of clubbing shall also be available for Advance Authorisations for Annual Requirement issued during Foreign Trade Policy period 2009-14, 2015-20, and 2023 wherever exports and imports have taken place as per Standard Input Output Norms (SION) notified.
- (v) Authorisations under which similar duty exemption has been availed shall only be allowed to be clubbed. Such Authorisations may pertain to different financial years.
- (vi) Only such authorisations shall be clubbed which have been issued within 24 months from the date of issue of earliest authorisation that is sought to be clubbed, whether such authorisations are valid or not. This is further subject to condition that upon clubbing only imports made within 30 months from the date of issue of earliest authorisation shall be considered. Any imports made beyond 30 months of earliest authorisation shall be regularized under Para 4.49 of the HBP. This is further subject to condition that upon clubbing only exports made within 48 months from the date of issue of earliest authorisation shall be considered. Any exports made beyond 48 months of earliest authorisation shall not be acceptable for clubbing.<sup>iv</sup>
- (vii) Exports made during initial or extended EO period of individual authorisations (after payment of composition fee as per provisions of Para 4.40 of HBP) shall be clubbed.
- (viii) Upon clubbing, if shortfall in value or quantity is noticed, the same shall be regularized under the provisions of Para 4.49 of HBP.
- (ix) Clubbing of Authorisations issued with different EO periods shall also be allowed.
- (x) Inputs which are common in all Authorisations shall be clubbed and duty free inputs shall be accounted for as per SION/Ad-Hoc Norms fixed by NC. In other words all inputs covered in all Authorisations need not be same.
- (xi) Minimum value addition as prescribed in FTP and Procedures for the export product will be required to be maintained on clubbing.
- (xii) After clubbing, Authorisations shall for all purposes, be deemed to be one Authorisation. The value addition would be calculated on the basis of total CIF and total FOB arrived at after clubbing the Authorisations.
- (xiii) All cases clubbed, as per earlier provisions would not be reopened.
- (xiv) No clubbing shall be permitted in respect of Authorisations where misrepresentation / fraud have come to the notice of RA. Further, no clubbing of Authorisations, where EODC/redemption letter has already been issued or

adjudication orders have already been passed by RA/Customs Authority, shall be permitted.

- (xv) Additional provisions for clubbing of Authorisations covered under Appendix-30A (issued under FTP 2009-14) / Appendix-4J (issued under FTP 2015-20 and FTP 2023) and Authorisations issued with Export Obligation Period less than 18 months:
- (a) Export obligation period of clubbed Authorisations shall be reckoned from the date of earliest import in any of the Authorisations proposed to be clubbed.
  - (b) Clubbing of such Authorisations shall be allowed provided all exports are completed within initial/extended Export Obligation period reckoned from date of earliest import in any of the Authorisations proposed to be clubbed.

#### **4.37 Enhancement/Reduction in the value of Advance Authorisation**

- (a) In respect of an Advance Authorisation, Regional Authority concerned (as per their financial powers) may consider a request:
  - (i) for enhancement / reduction in CIF value of Advance Authorisation;
  - (ii) Enhancement/ reduction in CIF value, quantity of inputs, FOB value and quantity of exports of an Advance Authorisation. However, Value Addition after such enhancement does not fall below minimum Value Addition stipulated (for the export product) in FTP and Handbook of Procedures laid there under and there is no change in input-output norms and FTP under which Advance Authorisation was issued.
- (b) 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 SION prior to export of said product, pro-rata enhancement shall be given after calculating entitlement on revised SION.
- (c) Application for the enhancement in CIF or FOB value of Authorisation /reduction in the value of Authorisation / EOP Extension / Revalidation of Authorisation shall be filed online in ANF 4D to concerned Regional Authority.

#### **4.38 Application fee for enhancement**

Application fee payable for enhancement would be on the difference in CIF values of original and final Authorisation. However, no application fee would be charged if value of Authorisation is being reduced or applicant has already paid maximum fee of

Rs 1,00,000 for Advance Authorisation / DFIA.

#### **4.39 Validity period for import and Revalidation of Authorisation**

- (a) Validity period for import of Advance Authorisation shall be 12 months from the date of issue of Authorisation.
- (b) Validity of Advance Authorisation for supplies under Chapter-7 of FTP shall be co-terminus with contracted duration of project execution or 12months from the date of issue of Authorisation, whichever is later.
- (c) For Advance Authorisations not covered under Para 4.39(b) above, only one revalidation for twelve months from expiry date shall be allowed. No further revalidation would be allowed for such authorisations. Applications for any such revalidation may be submitted online to the concerned Regional Authority.

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

- (a) Period for fulfilment of export obligation under Advance Authorisation shall be 18 months from the date of issue of Authorisation. Period of EOfulfilment under an Advance Authorisation shall commence from date of issue of Authorisation, unless otherwise specified.
- (b) In cases of supplies to projects in India under Chapter-7 of FTP or projects abroad, the Export Obligation period shall be co- terminuswith contracted duration of the project execution or 18 months whichever is more.
- (c) Export Obligation for items falling in categories of defence, military store, aerospace and nuclear energy shall be 24 months from the dateof issue of authorisation or co-terminus with contracted duration of theexport order whichever is more.
- (d) Extension in export obligation period for Authorisations issued under Appendix-4J shall be allowed for a period not more than the half of the stipulated export obligation period. In such cases, composition fee shallbe levied in such a manner as prescribed hereunder:

<b>CIF VALUE OF ADVANCE (In AUTHORISATION (AA) LICENSES ISSUED</b>	<b>COMPOSITION FEE TO BE LEVIED Rupees)</b>
<b>Up to ₹2Crores</b>	<b>5,000</b>
<b>More than ₹2 Crores to 10 Crores</b>	<b>10,000</b>
<b>Above ₹10Crores</b>	<b>15,000</b>

- (e) Regional Authority may consider a request of Advance Authorisation holder for one extension of EO period upto six months from the date of expiry of EO period subject to the payment of composition fee as prescribed hereunder:

<b>CIF VALUE OF ADVANCE LEVIED AUTHORISATION (AA) LICENSES ISSUED</b>	<b>COMPOSITION FEE TO BE (In Rupees)</b>
<b>Up to ₹2Crores</b>	<b>5,000</b>
<b>More than ₹2 Crores to 10 Crores</b>	<b>10,000</b>
<b>Above ₹10Crores</b>	<b>15,000</b>

Authorisation holder will have to submit a self - declaration to RA stating that unutilised imported/domestically procured inputs are available with the applicant.

- (f) Request for further extension of six months after first extension as in (e) above can be considered by Regional Authority, subject to the payment of composition fee as prescribed hereunder:

<b>CIF VALUE OF ADVANCE LEVIED AUTHORISATION (AA) LICENSES ISSUED</b>	<b>COMPOSITION FEE TO BE (In Rupees)</b>
<b>Up to ₹2Crores</b>	<b>10,000</b>
<b>More than ₹2 Crores to 10 Crores</b>	<b>20,000</b>
<b>Above ₹10Crores</b>	<b>30,000</b>

No further extension shall be allowed by Regional Authority. However, only two extensions of six months each as mentioned above can be allowed subject to payment of composition fee and under no circumstance Regional Authority shall allow any extension beyond 12 months from date of expiry of EO period. At the time of filing application for second EO extension, the Authorisation holder will have to submit a self - declaration to RA stating that unutilised imported/domestically procured inputs are available with the applicant.

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

- (h) The revised composition fee for EOP extension under para 4.40 of HBP (2023) will only be applicable for the requests made on or after 01.01.2023.

However, existing/pending applications shall be governed by the earlier provision of HBP (2015-20).

- (i) For all Advance Authorisations where the Export Obligation Period is expiring between 01.02.2020 and 31.07.2020, the Export Obligation Period stands automatically extended by six months from the date of expiry. No separate application with composition fee, amendment/endorsement is required for this purpose. The option to avail further validity extensions under this para beyond this period would remain available for these authorisations as per eligibility.
- (j) (a) For Advance Authorisations, where original or extended Export Obligation (EO) period is expiring during the period between 01.08.2020 and 31.07.2021, the Export Obligation period would be extended till 31.12.2021 without any composition fees. However, this extension is subject to 5% additional export obligation in value terms (in free Foreign Exchange) on the balance Export Obligation on the date of expiry of the original/extended export obligation period.  
(b) The option to avail EO extensions with payment of composition fees under this para (4.40(d), (e) (f)) would remain available for these authorisations as per eligibility.  
(c) In cases where Advance Authorisation Holder has already obtained EO extension upon the payment of composition fee, the refund of the composition fee will not be permitted.
- (k) For implementation of all PRC decisions involving levy of Composition Fee while allowing extension in EOP and/or regularisation of exports already made, the applicable Composition Fee shall be as prescribed hereunder:

<b>CIF VALUE OF ADVANCE LEVIED AUTHORISATION (AA) LICENSES ISSUED</b>	<b>COMPOSITION FEE TO BE (In Rupees)</b>
Up to ₹2Crores	25,000
More than ₹2 Crores to 10 Crores	50,000
Above ₹10Crores	100,000

No refund of earlier paid Composition Fee shall be admissible.

#### **4.41 Provisional clearance of export consignment**

Customs may allow provisional clearance of export consignment as and when Authorisation holder produces documentary evidence of having applied for Export Obligation extension to concerned Regional Authority.

## **4.42 Re-export of goods imported under Advance Authorisation Scheme**

Goods imported against Advance Authorisation Scheme, which are found defective or unfit for use, may be re-exported, as per Department of Revenue guidelines. The authorisation holder has to inform the Regional Authority who has issued the authorisation before re-export of such defective goods.

## **4.43 Monitoring of Export Obligation**

- (a) Regional Authority, with whom undertaking is executed by Advance Authorisation holder, shall maintain a proper record in a master register indicating starting and closing dates of obligation period and other particulars to monitor EO. In addition, this information may be generated from Computer System and maintained in a book form.
- (b) Within six months from the date of expiry of Export Obligation period, Authorisation holder shall file application online by linking details of shipping bills against the authorisation, failing which Regional Authority may initiate action as per FT (DR) Act by way of issuing Show-Cause Notice.
- (c) In case of online filing of EODC application, Exporters shall link all exports online on DGFT system by linking file number / authorisation number with the relevant shipping bill numbers / bill of exports / invoices in case of deemed exports/Tax invoices for supplies prescribed under CGST/SGST/UT GST rules.
- (d) In case of non EDI shipping bills and supplies under Chapter-7 of FTP, exporter shall file relevant details manually on the website of the DGFT within two months from the date of expiry of Export Obligation period. Copies of shipping bills shall be submitted to Regional Authority concerned for verification within two months from date of expiry of export obligation period. In case an applicant is not able to upload any prescribed document then such documents may be submitted in physical form to the concerned authority.
- (e) e-BRC/ export realisations from RBI's EDPMS wherever available in DGFT IT system shall be linked with these shipping bills within six months from the date of expiry of export obligation/realisation or as per the time period prescribed for realization of foreign exchange by RBI. Regional Authority shall not take action for non linking/ submission of e-BRC/ export realisations from RBI's EDPMS wherever available in DGFT IT system before expiry of said period, provided other documents substantiating fulfilment of Export Obligation have been furnished by the

exporter.

- (f) In case Authorisation holder fails to complete Export Obligation or fails to submit relevant information / documents, Regional Authority shall enforce condition of Authorisation and Undertaking and also initiate penal action as per law including refusal of further authorisation to the defaulting exporter.

#### **4.44 Advance Authorisation for Annual Requirement**

- (a) Exporters eligible for such Authorisations shall file online application in ANF 4A to Regional Authority concerned. All provisions applicable to Advance Authorisation given above would apply except the following:
- (i) Authorisation holder shall have flexibility to export any product falling under export product group using duty exempted material.
  - (ii) Within eligible entitlement, an exporter may apply for one or more than one authorisation in a licensing year, subject to the condition that against one Port of registration, not more than five authorisations can be issued for same product group. One time enhancement / reduction of the authorisation shall be available.
  - (iii) On completion of Export Obligation against one or more authorisations, all issued in same licensing year, entitlement of an exporter for that licensing year shall be deemed to be revived by an amount equivalent to Export Obligation completed against authorisation(s).
  - (iv) Authorisation for Annual Requirement shall be issued only where SIONs or valid Adhoc norms exists on the date of issue of Authorisation. However, no Authorisation for Annual Requirement shall be issued where input is listed in Appendix-4J.
- (b) At the time of clearance of the import consignment against the authorisation, exporter shall mention technical characteristics, quality and specifications which shall be endorsed in the Bill of Entry / invoice, duly attested by the Customs authority, in respect of following inputs:
- “Alloy steel including stainless steel, copper alloy, synthetic rubber, bearings, solvents, perfumes/ essential oils/aromatic chemicals, surfactants, relevant fabrics and marble.”

#### **4.45 Special Advance Authorisation for export of Articles of Apparel and Clothing Accessories covered under Chapter 61 and 62 of ITC(HS) Classification of Export and Import.**

- (i) Policy relating to Special Advance Authorisation for export of Articles of Apparel and Clothing Accessories covered under Chapter 61 and 62 of ITC(HS) Classification of Export and Import is prescribed in Para 4.04A of Foreign Trade Policy.
- (ii) Provisions of Para 4.05, 4.06, 4.07, 4.10, 4.11, 4.12(v)&(vi), 4.21, 4.24, 4.25, 4.26, 4.29, 4.33, 4.34, 4.35, 4.37, 4.38, 4.39, 4.40, 4.41, 4.42, 4.43, **4.46**, 4.47(b), 4.49, 4.50, 4.51 of Handbook of Procedures shall be applicable to this scheme in so far as they are not inconsistent with this scheme.

#### **4.46 Fulfilment of Export Obligation**

Authorisation holder shall file online application in ANF 4F to Regional Authority concerned and upload prescribed documents in support of fulfilment of Export Obligation.

#### **4.47 Redemption/No Bond Certificate**

##### **(a) Bond Waiver:**

In case Authorisation holder exports first (before effecting imports) by using imported inputs/indigenously procured inputs, in that case the Authorisation holder can seek waiver of Bond condition by submitting evidence of export made and payment realised to that extent. If exports made are less than the export obligation stipulated in the Authorisation, request for waiver of bond condition, on pro-rata basis, can also be considered.

- (i) For such a request, an applicant has to file online application attaching Shipping Bills and e-BRC/ export realisations from RBI's EDPMS wherever available in DGFT IT system. Scanned copy of other documents as prescribed in the ANF 4F shall also be uploaded. In case of deemed exports or export from non-EDI ports, the documents evidencing proof of export/supply shall be submitted at the counter of Regional Authority concerned giving reference of online application in physical form except e- BRC/ export realisations from RBI's EDPMS wherever available in DGFT IT system.
- (ii) In case Export Obligation has been fulfilled, Regional Authority shall issue Bond Waiver Certificate (BWC) and forward a copy to the Customs authority at the port of registration of Authorisation enclosing details of shipping bill number(s), date(s), FOB value in Indian Rupees as per shipping bill(s) and description of export products in respect of shipment taken into account for allowing

waiver of Bond condition. Such bond waiver shall not preclude the Customs Authority from taking bond in terms of the Customs notification.

- (iii) While allowing waiver of Bond for such exports, Regional Authority may revalidate the Authorisation in continuation for further six months for replenishment of inputs consumed in the production of exported product, from the date of endorsement provided applicant has made a specific request in ANF 4D and paid requisite fee for revalidation. It will be further subject to condition that the applicant had not obtained revalidation earlier in terms of Para 4.39 (c) of HBP. Maximum period of validity of the Authorisation including revalidation allowed under this para shall not exceed 24 months from the date of issue of Authorisation.
  - (iv) Copy of the Bond Waiver Certificate will also be endorsed by the Regional Authority to the Customs at the Port of Registration eventually through EDI mode.
- (b) Export Obligation Discharge Certificate (EODC):**
- (i) On completion of exports and imports, the Authorisation holder shall submit online application in ANF-4F as in (a) (i) above. In such cases, if Export Obligation has been fulfilled, the Regional Authority may issue EODC / Redemption Certificate to Authorisation holder and forward a copy to the Customs authority at the port of registration of Authorisation indicating the same details of proof of fulfilment of Export Obligation as stated in paragraph(a) above evidencing fulfilment of Export Obligation.
  - (ii) Copy of EODC will also be endorsed by Regional Authority to Customs at the Port of Registration eventually through EDI mode thereby obviating the need for further calling of documents and its examination by concerned Customs Authority.
- (c) Ordinarily, redemption of BG / LUT shall not preclude customs authority from conducting random checks and from taking action against Authorisation holder for any misrepresentation, mis- declaration and default detected subsequently as per the Customs Act.
- (d) Regional Authority shall take action against Authorisation holder in case of non-submission of Appendix 4H & 4-I duly filled in, as stipulated in paragraph 4.51 below or for any misrepresentation, mis- declaration and default detected subsequently in details declared and furnished in Appendix 4H & 4-I. An endorsement to this effect shall be made by Regional Authority in the redemption certificate.

#### **4.48 Transitional Arrangement for Authorisations issued upto 31.03.2023**

- (a) Advance Licences including Advance Licence for Annual Requirement issued up to 31.03.2023 shall be governed by respective provisions contained in Chapter-7 of HBP v1(RE-2001), Chapter 4 of HBP v1 (2002-2007) as Notified on 31.03.2002, Chapter 4 of HBP v1 (2004- 2009) as notified on 31.08.2004 , Chapter 4 of HBP v1 (2009-14) as notified on 27.08.2009 and Chapter 4 of HBP (2015-20) as notified on 01.04.2015 as amended from time to time, excepting provisions relating to clubbing and extension in Export Obligation period which shall be governed by provisions of paragraphs 4.36 and 4.40 respectively and any other provision, as notified by DGFT.
- (b) Wherever Customs duty is to be paid on unutilised material, same shall be paid along with interest there on as notified by DoR.

#### **4.49 Regularisation of Bonafide Default**

Cases of bonafide default in fulfilment of Export Obligation may be regularised by Regional Authority as under:

- (a) If Export Obligation is fulfilled in terms of value, but there is a shortfall in terms of quantity, the Authorisation holder shall, for regularisation, pay:
  - (i) To customs authorities, customs duty on unutilized value of imported / indigenously procured material along with interest as notified by DoR. Exporter shall pay Customs Duty along-with applicable interest online through ICEGATE Payment Gateway.
  - (ii) An amount equivalent to 10% of the CIF value of unutilised imported material, if the item of import is restricted, into "Head Account: 1453, Foreign Trade and Export Promotion and Minor Head 102". Provisions of this sub paragraph will not be applicable if unutilized material was freely importable on date of import/domestic procurement.
- (b) If the Export Obligation is fulfilled in quantity but there is shortfall in value, no penalty shall be imposed if Authorisation holder has achieved minimum Value Addition prescribed. However, if Value Addition falls below the minimum Value Addition prescribed, Authorisation holder shall be required to deposit an amount equal to 1% of shortfall in FOB value in Indian Rupee, online through DGFT website.<sup>viii</sup>
- (c) Value wise shortfall shall be calculated with reference to actual quantity of exports and FOB value of realisation with reference to pro- rata

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

- (d) If Export Obligation is not fulfilled both in terms of quantity and value, the Authorisation holder shall, for the regularisation, pay as per a), b) and c) above.
- (e) In case an exporter is unable to complete Export Obligation undertaken in full and he has not made any import under Authorisation, Authorisation holder will also have an option to get the Authorisation cancelled and apply for drawback after obtaining permission from Customs authorities for conversion of shipping bills to Drawback Shipping Bills.
- (f) Regional Authority shall compare relevant portion of Appendix 4H duly verified and certified by Chartered Accountant / Cost Accountants with that of norms allowed in Authorisation(s) and actual quantity imported against Authorisation(s) in the beginning of licensing year for all such Authorisations redeemed in preceding licensing year. In this verification process, in case it is found that Authorisation holder has consumed lesser quantity of inputs than imported, Authorisation holder shall be liable to pay customs duty on unutilized value of imported material, along with interest thereon as notified, or affect additional export within the Export Obligation period.
- (g) Regularization of Bona fide default in the cases where Authorisation was issued for import of drugs from unregistered sources with pre import condition.

Import of drugs from unregistered sources issued with pre import condition shall be regularised in the following manner:

- (i) The Authorisation holder shall submit documents showing consumption of full imported quantity as per norms. In case, there is shortfall in fulfilment of Export Obligation and unutilized imported quantity remains with the authorisation holder, the Authorisation holder shall submit a self-declaration along with the Chartered Accountant's certificate regarding destruction of the unutilized duty free imported material accompanied by an affidavit-cum-indemnity bond indemnifying the Government for any harm or loss occurring due to diversion of such imported material from unregistered sources into domestic market that may be detected in future by any authority, or proof of re-export of the same in terms of Para 4.42 of HBP.<sup>ix</sup>

(ii) Exports made under any shipping bills /under the same authorisation after expiry of Export Obligation period using unutilized quantity of drugs shall also be accepted in-lieu of submission of destruction certificate as stated in para (i) above, provided the exact description and technical characteristics of the drug exported matches with that of export item described in the Advance Authorisation. However, the Authorisation holder shall pay customs duty with applicable interest to the Custom Authority on unutilized quantity imported under Advance Authorisation. Such exports shall only be considered for waiver of destruction certificate and not for waiver of liability of applicable duties and interest.<sup>ix</sup>

#### **4.50 Payment of Customs Duty and Interest in case of bonafide default in Export Obligation**

- (a) Customs duty with interest as notified by DoR to be recovered from Authorisation holder on account of regularisation or enforcement of BG/LUT, shall be deposited by Authorisation holder in relevant Head of Account of Customs Revenue i.e., "Major Head 0037 - Customs and minor head 001-Import Duties" Online through ICEGATE Payment Gateway within 30 days of demand raised by Regional / Customs Authority and documentary evidence shall be produced to this effect to Regional Authority / Customs Authority immediately. Exporter can also make suo motu payment of customs duty and interest based on self/own calculation as per procedure laid down by DoR, which would be adjusted at the time of closure of the case.
- (b) Mode of payment: Online through ICEGATE Payment Gateway
- (c) Exporter shall produce documentary evidence of online payment to Regional Authority along-with duty calculation sheet at the time of regularization of their case.
- (d) Regional Authority shall verify the quantity of excess import before redeeming the case. Regional Authority may direct license holders to pay balance amount of customs duty after informing the reasons of the difference in the liability worked out by Authorisation holder and the calculations by Regional Authority. In such case, the balance amount of duty and interest, if any shall be paid by Authorisation holder within 30 days, for regularization of the matter.
- (e) The interest shall be paid Online through ICEGATE Payment Gateway at the rate applicable on the date of payment of delayed duty amount to the Customs Authority.
- (f) On receipt of said documentary evidence from Authorisation holder,

Regional Authority shall redeem the case, and endorse details of duty paid on the EODC/Redemption Letter and inform details of recovery/ deposits made to the Customs Authority at the port of registration or the Commissioner of Customs having jurisdiction over the factory of the Authorisation holder, as the case may be.

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

#### **4.51 Maintenance of Proper Accounts**

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 4H or 4I, as applicable. These records are required to be filed online at the beginning of each licensing year for all those authorisations, which have been redeemed in previous licensing year. The same may be submitted on the DGFT Websiteunder Dashboard----- Repository CA/CE Repository.

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

### **4.52 Policy**

Policy relating to the Duty-Free Import Authorisation (DFIA) Scheme is prescribed in Chapter 4 of FTP.

### **4.53 Application**

- (a) Application in ANF 4G along with documents therein, shall be filed online to concerned Regional Authority.
- (b) Provisions of paragraphs 4.26, 4.27, 4.28 & 4.49 (f) of this Handbook of Procedures shall also be applicable for DFIA Scheme.
- (c) After completion of exports and realization of proceeds, request for issuance of transferable Duty-Free Import Authorisation may be made to concerned Regional Authority within a period of twelve months from the date of export or six months (or additional time allowed by RBI for realization) from the date of realization of export proceeds, whichever is later.
- (d) Late cut provisions given in para 11.02 of Handbook of Procedures are also applicable for DFIA.

### **4.54 Facility for Split DFIA**

Split Authorisations of DFIA subject to a minimum of CIF value of Rs. 10 lakh each and multiples thereof may also be issued, on request at the time of seeking transferability. Split-up DFIAAs shall be permitted with the same port of registration as appearing on the original DFIA.

### **4.55 Re-export of goods imported under DFIA Scheme**

- (i) Goods imported against transferable DFIA, which are found defective or unfit for use, may be re-exported, as per Department of Revenue guidelines. In such cases, if the goods were not put to use after import, a certificate shall be generated by concerned Commissioner of Customs to the extent of 95% of CIF value debited against DFIA containing amount and description of exported goods and the details of original DFIA.
- (ii) Based on the certificate, a fresh DFIA shall be issued by Regional Authority concerned. Fresh DFIA, so issued, shall have same port of

registration and shall be valid for a period equivalent to balance period available on date of import of such defective/unfit goods.

#### **4.56 Maintenance of proper accounts of import and its utilisation**

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 4H. These records are required to be filed online to Regional Authority concerned along with request for transferability.

## **GEMS AND JEWELLERY SECTOR**

### **4.57 General Provision**

Policy relating to Gem Replenishment Authorisation and scheme for gold/silver/platinum jewellery is given in FTP. Application in respect of export promotion scheme for gems & jewellery sector shall be made to concerned Regional Authority as per Appendix 4A.

### **4.58 Application for Replenishment Authorisation**

- (a) Application for REP Authorisation shall be filed online in ANF-4H and upload the documents prescribed therein to concerned Regional Authority as per Appendix 4A.
- (b) Application shall be filed within six months following the month during which the export proceeds are realised. For export proceeds realised during a month, consolidated application for entire month shall be filed.
- (c) In case E.P Copy of Shipping Bill and Customs attested invoice is submitted to nominated agencies, exporter shall furnish a self-certified photocopy of same along with a certificate from nominated agencies certifying carat / value of studdings in case of studded jewellery.
- (d) In cases where payment is received in advance and exports take place subsequently, application for REP Authorisation shall be filed within six months following the month during which exports are made.
- (e) It is clarified that the month in which the export has been made in case of advance payment and the month in which export proceeds have been realised in part or full after making of exports, shall be excluded while calculating period of six months for filing of application for REP Authorisation.

### **4.59 Wastage Norms**

Maximum wastage or manufacturing loss on gold/ silver/ platinum jewellery and articles thereof<sup>xiii</sup>:

Sl No	Items of export	Percentage of wastage by weight with reference to Gold/ Platinum / Silver content in export item	
		Gold / platinum	Silver
a)	Plain Jewellery and Articles, and ornaments like Mangalsutra containing gold and black beads/imitation stones, cubic zirconia diamonds, precious, semi-precious stones.		
	a. Handcrafted	2.25 %	3.00%
	b. Mechanized	0.90%	0.90%
b)	Studded Jewellery and articles thereof.		
	a. Handcrafted	4.00%	4.00%
	b. Mechanized (jewellery manufactured and studded by machines)	2.80%	2.80%
c)	Mountings and findings manufactured indigenously		
	a. Handcrafted	2.0 %	2.50%
	b. Mechanized	0.40%	0.50%
d)	Any jewellery/ articles manufactured by a mechanised process and unstudded. (not applicable under Advance Authorisation)	0.90%	0.90%
e)	Mountings, whether imported or indigenously procured / manufactured, used in studded jewellery		
	a. Handcrafted	1.50%	1.50%
	b. Mechanized	0.30%	0.30%

Sl No	Items of export	Percentage of wastage by weight with reference to Gold/ Platinum / Silver content in export item	
		Gold / platinum	Silver
f)	Gold / silver / platinum medallions and coins (excluding coins of nature of legal tender) (not applicable under Advance Authorisation)	0.20%	0.20%
g)	Findings and mountings manufactured by mechanized process	0.90%	0.90%
h)	Gold religious' idols (only gods and goddess) of 8 carats and above (upto 24 carats)		
	i. Handcrafted/Studded idols	4.00%	4.00%
	ii. Plain idols	2.00%	2.00%

## 4.60 Value Addition

Under scheme for export of jewellery, value addition shall be calculated as per Paragraph 4.37 of FTP. Minimum Value Addition shall be:

Sl No	Items of export	Minimum Value Addition
a)	Plain gold / platinum / silver jewellery and Articles and ornaments like Mangalsutra containing gold and black beads / imitation stones, except in studded form of jewellery.	3.5%
b)	All types of Studded gold / platinum / silver Jewellery and articles thereof.	6.0% (for those studded with coloured Gemstones) and 7.0% (for those studded with diamonds).
c)	Any jewellery / articles manufactured by fully mechanized process (not applicable under Advance Authorisation)	2%
d)	Gold / silver / platinum medallions & coins (excluding coins of nature of legal tender) (not applicable under Advance Authorisation)	1.5%
e)	Gold / silver / platinum findings / mountings manufactured by mechanized process	2.5%
f)	Gold religious idols (only gods and goddess of 8 carats and above (upto 24 carats)	10% in case of plain gold religious idols (Non studded). 14% in case of plain gold religious idols studded with colour gem stones. 15% in case of gold religious idols studded with diamonds.

#### **4.61 Entitlement**

Entitlement of quantity of gold / silver / platinum against the export of Articles made out of these metals shall be quantity of gold / silver / platinum in item of export plus claimed wastage / manufacturing loss within admissible limits. In the case of Studded Jewellery, the calculation of the quantum of precious metal shall be done excluding the weight of studding.

#### **4.62 Loss of Gem and Jewellery in transit**

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

#### **4.63 Gem & Jewellery Replenishment Authorisations**

- (a) Gem REP Authorisations shall be valid for import of precious stones, semi-precious and synthetic stones and pearls used in export of Gems and Jewellery products. In addition, Authorisation shall also be valid for import of empty jewellery boxes up to 5% of value of Authorisation within its overall CIF value. Gem REP Authorisations issued against export of studded gold / silver / platinum jewellery articles, shall also be valid for import of cut and polished precious / semi- precious stones other than emerald up to 10% of CIF value of Authorisation within its overall CIF value.
- (b) Gem REP Authorisation will be as per the replenishment rate prescribed in Appendix 4F and the scale of replenishment on the remaining FOB value in the case of studded jewellery shall be as given in Appendix-4G.

#### **4.64 Agency Commission**

Exporter availing scheme of gold / silver / platinum jewellery are allowed to pay agency commission subject to the guidelines laid down by RBI. Value Addition shall be calculated after deducting agency commission.

#### **4.65 Endorsement on Shipping Bill and Invoice**

During export of jewellery, shipping bill and invoice presented to customs authorities shall contain description of item, its purity, weight of gold/ silver/ platinum content, wastage claimed thereon, total weight of gold/ silver/ platinum content plus wastage claimed and its equivalent quantity in terms of 0.995/0.999 fineness for gold / silver and in terms of 0.9999 fineness for platinum and its value, FOB value of exports and value addition achieved. If

purity of gold/silver/platinum used is same in respect of all or some of items made out from each of these metals for export, exporter may give total weight of gold/silver/platinum and other details of such similar items which are of same purity. In case of studded items, shipping bill shall also contain description, weight and value of precious / semi-precious stones / diamonds / pearls used in manufacture and weight / value of any other precious metal used for alloying gold/silver.

#### **4.66 Conditions of Exports**

Exports shall be allowed by customs authorities provided endorsement made on shipping bill and invoice are correct and value addition achieved is not below minimum prescribed in FTP.

#### **4.67 Proof of Exports**

- a) Exporter has to furnish the proof of exports, wherever required for export of gold / silver / platinum jewellery and articles thereof, by furnishing following documents:
  - (i) Self-attested copy of Exporter's copy of the Shipping Bill;
  - (ii) Tax invoice for export/supplies as prescribed under CGST/SGST/UT GST rules whose particulars are uploaded on LEO copy of Shipping Bill
  - (iii) Bank certificate/e-BRC of realisation in Appendix 2U/ export realisations from RBI's EDPMS wherever available in DGFT IT system.
- b) In case of personal carriage of jewellery by foreign buyer, following documents should be submitted by the exporter/seller as proof of exports for claiming export entitlements:
  - (i) Copy of shipping bill filed by Indian Seller;
  - (ii) Copy of Currency Declaration Form filed by Foreign Buyer with Customs at the time of his arrival; and
  - (iii) Foreign Exchange Encashment Certificate from Bank.
- c) In addition to this, Personal Carriage on Documents against Acceptance (DA)/Cash On Delivery (COD) basis is also allowed.  
Exporter will have to furnish following documents as proof of exports for claiming export entitlements:

- (i) Copy of Shipping Bill filed by Indian Seller; and
  - (ii) Bank Certificate/e-BRC of Export and Realisation/ export realisations from RBI's EDPMS wherever available in DGFT IT system.
- d) Instructions issued by Customs Department in this regard should be followed mutatis mutandis.

#### **4.68 Conversion of Purity/Fineness**

For conversion of quantity of gold/ silver/platinum in terms of equivalent quantity in terms of fineness, following formula shall be used:

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

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

Gold / silver / platinum shall be released to exporter of jewellery by nominated agencies/RBI authorised banks in multiples of 10 gms or in Ten Tola Bars in respect of gold. However, silver shall be released to exporters in multiples of 1 Kg only. Any balance of gold/ silver/ platinum shall be available to exporter along with his future entitlement. Gold/ silver shall be released by the nominated agencies in terms of 0.995 fineness or more and platinum in terms of 0.900 fineness or more.

#### **4.70 Terms of payment**

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 or replenishment of gold/silver/platinum content in exported jewellery / articles.

#### **4.71 Port of Export**

Exports under schemes of gold /silver/platinum jewellery and articles thereof shall be allowed by airfreight and Foreign Post Office through the Customs House at Mumbai, Kolkata, Chennai, Delhi, Jaipur, Bengaluru, Kochi, Coimbatore, Ahmedabad, Dabolin Airport, Goa, Hyderabad, and Surat (Surat Hira Bourse) and Amritsar Airport. Export by courier shall also be allowed through Custom Houses at Mumbai, Kolkata, Chennai, Kochi, Coimbatore, Delhi, Jaipur, Bengaluru, Ahmedabad and Hyderabad upto FOB value of Rs.20 lakh per consignment.<sup>x</sup>

#### **4.72 Export by Post**

Policy for export of gems and jewellery parcel by post is in paragraph 4.47 of FTP. At the time of exports, exporter shall submit following documents:

- (i) Shipping bills or Tax invoice for export/supplies as prescribed under CGST/SGST/UT GST rules presented at foreign Post Office;
- (ii) Certificate from nominated agencies indicating price at which gold/silver/platinum was booked or given on outright sale basis or loan basis;
- (iii) Three copies of Tax invoices for export/supplies as prescribed under CGST/SGST/UT GST rules.

#### **4.73 Export of Cut & Polished Diamonds for Certification/Grading & Re-import**

Following are authorized laboratories for certification / grading of diamonds of 0.25 carat and above:

- (1) International Gemological Institute (IG)-Hong Kong;
- (2) American Gem Society Laboratories (AGS Laboratories), 8917 West Sahara Avenue, Las Vegas, Nevada 89117;
- (3) Central Gem Laboratory, Miyagi Building, 5-15-14 Ueno Taito- Ku, Tokyo, Japan;
- (4) Diamond Trading Company, Maidenhead, UK;
- (5) European Gemological Laboratory(EGL), USA;
- (6) Gemological Institute of America (GIA), USA;
- (7) Hoge Road Voor Diamond, Antwerp, (HRD);
- (8) International Diamond Laboratories DMCC, Dubai;
- (9) The Robert Mouawad Campus, International Gemological Institute (IGI)USA;
- (10) World Diamond Centre of Diamonds High Council, Antwerp, Belgium;
- (11) GIA Hong Kong Laboratory Ltd., HongKong;

- (12) Gemological Research(Thailand)Co. Ltd., Bangkok;
- (13) GIA Education and Laboratory(Pvt)Ltd., Johannesburg;
- (14) GIA Education and Laboratory, Goborone(Botswana);
- (15) International Institute of Diamond Grading and Research (Belgium), NV;<sup>ii</sup>
- (16) International Gemological Institute(IG)-Antwerp, Belgium;
- (17) Gemological Institute of America (GIA), Israel;
- (18) Gemological Institute of America (GIA), Japan.
- (19) GIA Laboratory, DMCC, Dubai, UAE.<sup>xi</sup>

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

- (a) This facility has been stated in Paragraph 4.41 of FTP. At the time of imports of diamonds, the bill of entry shall have the detailed description, including the dimensions / specifications of the diamonds and at the time of re-export after grading/certification, the Bill of Entry details should be endorsed in the shipping bill, so far as the dimensions and other specifications/ details of the diamonds are concerned, so as to establish a clear correlation between the imported diamonds and the diamonds being re- exported. In addition, a separate self-certificate shall be attached by GIA (or any other approved agency) along with the shipping bill at the time of shipment, for matching of the imports to that of the exports as per the documents and GIA (or any other approved agency) certificate.
- (b) GIA (or any other agency approved in this regard) shall obtain GR waiver as per the procedure laid down by RBI, in all such cases.
- (c) Re-export of the imported diamonds shall be completed within a maximum time period of 3 months from the date of import(s). At the time of import, the agency shall give an undertaking to the customs to this effect. GIA (or any other agency approved in this regard) shall furnish a quarterly report to the customs authority at the port of import by 25th of the month, succeeding the end of the quarterly period, to ensure that the exports are effected within the stipulated time period.

#### **4.75 Enlistment /Authorisation of Laboratories for Certification/ Grading of Diamonds of 0.25 carat and above**

Applications for enlistment of laboratories should be submitted to Gems and Jewellery Promotion Council (GJEPC) for scrutiny of the application for fulfillment of the norms prescribed. GJEPC will forward the application after verification of bona fides with their clear recommendation for in principle approval of DGFT. After in principle approval of DGFT is granted, GJEPC will

conduct inspection of the facility to verify the availability of equipments, technical manpower as well as other infrastructure required for the Laboratory, to function as Authorised Laboratory for certification/ grading of diamonds of 0.25 carat and above. Based on the Inspection Report and recommendations of the GJEPC, the concerned laboratory would be considered for inclusion in paragraph 4.41 or 4.42 of FTP as the case may be.

#### **4.76 Export against Supply by Foreign Buyer**

- (a) Before clearance of each consignment of import supplied by foreign buyer, Nominated Agency / Status Holder having Nominated Agency Certificate/Eligible Exporter shall execute a bond with Customs, undertaking to export within stipulated period in contract, gold/silver/platinum jewellery or articles equivalent to entire import quantity of gold/silver/platinum, mountings and findings etc. excluding admissible wastage.
- (b) In case of direct supply of gold/silver/platinum, alloys, findings and mountings of gold/silver/platinum and plain semi-finished gold/silver/platinum jewellery to status holder/ exporter, Status Holder/exporter shall furnish a Bank Guarantee/LUT, as per Customs Rules and regulations to Customs equivalent to Basic 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. Integrated Goods and Services tax and Compensation Cess leviable under Section 3(7) AND 3(9) of Customs Tariff Act shall be payable separately on imports.
- (c) BG /LUT, executed with Customs shall be valid for one year. In case of direct supply to Status Holder/exporter, exports shall be completed within 90 days. In case of non-fulfillment of EO / non- achievement of stipulated value addition, Customs Authority shall proceed to recover custom duty along-with interest as notified by DoR which may include enforcement of BG/LUT. Besides, importer will be liable to penal action under Customs Act.

#### **4.77 Export Procedure/Payment of Customs Duty**

- (a) Nominated Agency / exporter shall be liable to pay customs duty leviable on that quantity for which export obligation is not discharged within due date.
- (b) Goods shall be cleared through Customs by Nominated Agency / exporter. Even where export order is received by an Associate, goods shall be cleared through Customs by nominated agency only and not by

Associate. Associate shall, in such cases, authorise Nominated Agency to act as its agent to file Bill of Entry and Shipping Bill.

- (c) At the time of export, shipping bill presented to Customs shall also contain the following:
  - (i) Name and address of associate /exporter;
  - (ii) An endorsement by Nominated Agency that export is made against an order received by concerned associate, its date of registration with nominated agency. In case of exports by exporter, a self-declaration shall be provided to this effect;
  - (iii) Name of Customs House through which gold/ silver/ platinum/plain semi-finished gold/ silver/ platinum jewellery was imported and corresponding Bill of Entry No. and date and date of import.
- (d) Each shipping bill shall be valid for exports only through Customs House located at the place where office of Nominated Agency / exporter concerned is situated. It shall be valid for shipment for a period of seven days including the date on which endorsement was made by nominated agency in case of exports through nominated agency. If exports cannot be made within this period, exporter shall file a fresh shipping bill.
- (e) At the time of export, exporter shall submit following documents:
  - (i) Shipping bill with two extra copies where exports are made from a Customs House other than Customs House through which corresponding import of gold/ silver/ platinum/plain semi-finished gold/silver/ platinum jewellery was effected. In other cases, shipping bill with an extra copy;
  - (ii) Three copies of tax invoices for export/ supplies as prescribed under CGST/SGST/UT GST rules;
  - (iii) Certificate from nominated agency indicating quantity and value of items supplied by foreign buyer.
- (f) Customs authorities shall return two copies of shipping bill and connected invoice duly attested. One copy shall be sent to person who presented documents and the other copy shall be sent by Customs to office of nominated agency /exporter.
- (g) In case of exports through nominated agency, exporter shall submit proof of exports to nominated agency within 15 days of exports, who

shall, after verifying documents, release admissible quantity of the gold/ silver/ platinum etc. to exporter.

- (h) Exporter may also obtain, in advance, gold/ silver/ platinum etc. supplied by foreign buyer by furnishing a BG /LUT for an amount equal to international price of such items plus customs duty payable thereon. Integrated Goods and Services tax and Compensation Cess leivable under Section 3(7) AND 3(9) of Customs Tariff Act shall be payable separately on imports. BG /LUT shall be redeemed only when the exporter has furnished proof of exports to nominated agency and accounted for the use of items supplied in advance in export product.
- (i) For redemption of bond/ BG /LUT executed with Customs, Nominated Agency /exporter shall furnish a statement indicating items, its quantity and value supplied by foreign buyer, corresponding Bill of Entry number and date, number of each of shipping bills against which corresponding exports was made.

#### **4.78 Maintenance of Accounts**

Nominated Agency shall maintain complete account, consignment-wise, of the gold, silver, platinum, mountings, findings/ plain semi-finished gold/silver/ platinum jewellery etc. imported for execution of each export order, exports effected and quantity of gold, silver, platinum mountings, findings etc. released against such exports. Such accounts shall be maintained for a minimum period of three years from date of exports.

#### **4.79 Export through Exhibitions/Export Promotion Tours/ Export of Branded Jewellery**

- (a) 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 the 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.
- (c) Exports under this scheme shall be subject to following conditions for following modes of export:
  - (i) Export of Gems and Jewellery for holding/participating in overseas exhibition.

- (a) Items not sold abroad shall be re-imported within 60 days of close of exhibition. However, in case exporter is participating in more than one exhibition within 45 days of close of first exhibition, then 60 days shall be counted from date of close of last exhibition. In case of exhibition in USA, the time period shall be 90 days instead of 60 days mentioned above. In case of personal carriage of gems and jewellery for holding /participating in overseas exhibitions, value of such gems and jewellery shall not exceed US \$ 5 million. Gold/ silver/ platinum content on items sold in such exhibitions may be imported as replenishment.
- (b) Exporter shall take replenishment from nominated agency within 120 days from the close of the exhibition gold /silver / platinum for replenishment content against items sold abroad in exhibition.
- (d) Personal Carriage of gems & jewellery or export through airfreight/post parcel route for Export Promotion Tours/photo shoots/fashion shows overseas. Personal carriage/export throughairfreight/post parcel route of gold/silver/ platinum jewellery, cut and polished diamonds, precious, semi-precious stones, beads and articles as samples upto US \$ 1 Million for export promotion tours/photo shoots/fashion shows and temporary display/ sale abroad is also permitted with approval of Gem & Jewellery EPC subject to the condition that promoter would bring back jewellery / goods or repatriate sale proceeds within 45 days from date of departure throughnormal banking channel. In case of personal carriage for export promotion tours, exporter shall declare personal carriage of such samples to Customs while leaving country and obtain necessary endorsement on Export Certificate issued by Jewellery Appraiser of Customs. In such cases exporter shall book with nominated agency, within 120 days after export promotion tour or expiry of stipulated period of 45 days, whichever is earlier, gold/silver/ platinum for replenishment content against items sold abroad.
- (e) Export of branded jewellery.
  - (i) Export of branded jewellery is also permitted with approval of Gem & Jewellery EPC for display/sale in permitted shops setup abroad or in showroom of their distributors/ agents. Items not sold abroad within 365 days shall be re-imported. Exporter shall book with nominated agency within 120 days after the end of stipulated period of 365 days, gold/silver/platinum for replenishment content against items sold abroad.

- (ii) Following documents shall be submitted for claiming such replenishment:
  - (a) LEO copy of Shipping Bill with Tax invoice for export supplies;
  - (b) Copy of the approval letter issued by Government/GJEPC;
  - (c) Certificate from Nominated Agency / GJEPC as in Appendix4-0. In case of exhibitions organised by nominated agencies, gold/silver/ platinum shall be imported as replenishment by nominated agencies within 60 days from close of exhibition.
- (f) Nominated Agencies shall maintain a complete account of exports made, goods sold abroad, goods re-imported, and metals purchased abroad and imported into India. Such account shall be maintained for a minimum period of three years from date of close of exhibition.

#### **4.80 Export against supply by Nominated Agencies**

Exporter may obtain gold/silver/ platinum on following basis:

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

#### **4.81 Replenishment Basis**

- (a) Exporter may apply to Nominated Agency for booking of precious metal gold/silver/platinum. Quantity of precious metal booked with nominated agency shall be equivalent to precious metal content in the export product and admissible wastage.
- (b) Applicant shall at the time of booking deposit an earnest money for a minimum amount of 20% of notional price of precious metal, which shall be adjusted at actual sale. Exports shall be effected within a period of 120 days from date of booking and drawal of precious metal shall be completed within a period of 150 days from date of booking or within 30 days from date of export whichever is later.
- (c) Exporter may also export jewellery on a notional rate based on certificate provided by Bank. Exporter must fix price within credit terms allowed to buyer and realise proceeds within the due date of the credit terms or 180 days, whichever is earlier. Exporter exporting on a notional basis under Replenishment Scheme must book the same quantity of gold with Nominated Agency on same rate that he may have booked with buyer. Nominated agencies shall purchase precious metal on behalf of exporter at the rate so fixed and thereafter issue a purchase certificate bearing a serial number to exporter indicating quantity of gold/silver/platinum and CIF value, in dollars including the Rupee

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

#### **4.82 Outright Purchase Basis in Advance**

- (a) Exporter may obtain required quantity of precious metal in advance on outright purchase basis subject to furnishing of BG/LUT to nominated agencies for an amount as may be prescribed by nominated agency. On failure to effect exports within period prescribed, the nominated agencies shall enforce BG / LUT, as the case may be.
- (b) Exports shall be effected within a maximum period of 90 days from date of outright purchase of precious metal.

#### **4.83 Loan Basis**

- (a) Exporter may obtain required quantity of precious metal on loan basis subject to furnishing of BG / LUT, for customs duty to nominated agencies for an amount as may be prescribed by nominated agencies. Integrated Goods and Services tax and Compensation Cess leivable under Section 3(7) AND 3(9) of Customs Tariff Act shall be payable separately on imports. On failure to effect exports within the period prescribed, the nominated agencies shall enforce the BG /LUT.
- (b) Exporter has to pay interest as notified by DoR on gold taken on loan basis at the rate as may be specified.
- (c) Export has to be completed within a maximum period of 90 days from date of release of gold on loan basis. No extension for fulfilment of EO shall be allowed.
- (d)
  - (i) Exporter shall be permitted to export jewellery on the basis of a notional rate certificate to be issued by nominated agency/ GJEPC. This rate will be based on prevailing Gold /US\$ rate and the US\$/INR rate in notional rate certificate. Certificate issued by nominated agency/GJEPC should not be older than 7 working days of date of shipment.
  - (ii) VA will have to be achieved on rate as may be got fixed with buyer

and Nominated Agency.

- (iii) Exporter shall have flexibility to fix the price and repay Gold Loan within 180 days from date of export. This price shall be communicated to nominated agencies who will issue a certificate showing final confirmation of the rate to the bank negotiating documents, to ensure export proceeds are realized at this rate.
- (e) Nominated agencies may accept payment in dollars towards cost of import of precious metal from EEFC account of exporter.

#### **4.84 Exports against Advance Authorisation**

- (a) Procedure applicable to Advance Authorisations under Chapter 4 of Handbook of Procedures shall generally apply to this scheme except norms for value addition, Export Obligation period and regularization of default. Value addition for Gems and Jewellery items shall be as per paragraph 4.60 of this Handbook of Procedures.
- (b) Export Obligation will be required to be fulfilled within 120 days from date of import of each consignment against Authorisation. However, Export Obligation period shall be 180 days from date of import of findings, mountings made of gold, platinum and silver and export of jewellery. No further extension in Export Obligation period will be allowed. Advance Authorisation holder may also import gold as replenishment after completion of exports.
- (c) Advance Authorisation holder may obtain gold /silver / platinum from nominated agencies in lieu of direct imports. In such a case, Export Obligation will be required to be fulfilled within 90 days from date of supply of Gold/Silver/Platinum by nominated agency and the nominated agency shall also make, both exchange control copy and customs purpose copy of Authorisation invalid for direct imports.

#### **4.84 A**

For those cases, where the last date for exports/ replenishment/ imports/ drawal of precious metal as calculated under various sub-paras of para 4.82, 4.83, 4.84 and Para 4.85, expires between 01.02.2020 and 31.07.2020, such last date stands extended by six months. However, relaxation in the period for repatriation/forex realization would be equal to the period as allowed plus six months, or as per RBI guidelines, whichever is less.

#### **4.84 B**

For those cases, where the last date for exports/ replenishment/ imports/ drawal of precious metal as calculated under various sub-paras of para 4.82, 4.83, 4.84 of Handbook of Procedures, 2015-20 expires between 01.02.2021 and 30.06.2021, such last date stands extended by six months. However, relaxation in the period for repatriation/forex realization would be equal to the period as allowed plus six months, or as per RBI guidelines, whichever is less.

#### **4.85 Regularisation of Bonafide Default**

Cases of bonafide default in fulfillment of Export Obligation by an exporter who has obtained precious metals from nominated agencies may be regularised provided exporter has paid customs duty along-with interest thereon as notified by DoR. Exporter will have the option to pay customs duty through valid duty credit scrips issued under FTP. The interest / penalty shall be required to be paid in cash. In case of Advance Authorisation, the provisions as given in paragraph 4.49 above shall apply. This shall be without prejudice to any action that may be taken against exporter under FT(D&R) Act, Order or Rules issued hereunder as amended from time to time.

#### **4.86 Replenishment Authorisation for Import of Consumables etc.**

Application for import of consumables etc., as given in paragraph 4.35 of FTP shall be filed online to the concerned Regional Authority in ANF 4H.

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

- (a) Personal Carriage of gems & jewellery parcels by Foreign Bound Passengers from all EOU/SEZ units and all firms in DTA through Airports in Delhi, Mumbai, Kolkata, Chennai, Kochi, Coimbatore, Bangalore, Hyderabad, and Jaipur is permitted. Procedure for Personal Carriage of exports shall be as prescribed by Customs. Export proceeds shall, however, be realised through normal banking channel.
- (b) For claiming Replenishment in case of Personal Carriage of Exports by Foreign Bound passenger, documents shall be same as mentioned under paragraph 4.81(c) of HBP. Authorised Courier Companies are also permitted to operate on the above lines.

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

Personal carriage of gems & jewellery import parcels by an Indian importer/Foreign National may be permitted into all EOUs/SEZ units and all

firms in DTA through airports in Delhi, Mumbai, Kolkata, Chennai, Bangalore, Hyderabad, and Jaipur. Procedure will be same as for import of goods by air-freight except that parcels shall be brought to Customs by Importer / Foreign National for examination and release. Clearance of imports under this scheme shall be as per normal customs clearance procedure.

#### **4.89 Duty free import of samples**

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

#### **4.90 Re-import of rejected jewellery**

An exporter of plain/ studded precious metal jewellery shall be allowed to re-import duty free jewellery rejected and returned by buyer up to 2% of FOB value of exports in preceding licencing year (based on CA certified copy of export of preceding year) with refund of any duty exemption/refund/replenishment benefit availed on inputs used as per customs rules and regulations.

#### **4.91 Diamond & Jewellery Dollar Accounts**

Policy for Diamond and Jewellery Dollar Accounts is given in paragraph 4.50 of FTP. Its operation will be governed by procedure specified by the RBI.

#### **4.92 Export and import of Diamond, Gemstone & Jewellery on consignment basis**

- (a) Policy for export and import of diamond, gemstone and jewellery on consignment basis is given in paragraph 4.53 of FTP.
- (b) Detailed procedure in this regard shall be governed as per the relevant Customs Rules & Regulations. Re-import of these items (either in complete or partial lot) exported on consignment basis shall be subject to condition that exporter follows prescribed provisions of relevant customs notification to establish that goods are the same which were exported.

#### **4.93 Guidelines/ Monitoring for import of precious metal by the Nominated Agencies**

The guidelines on import of precious metal by the nominated agencies and monitoring are as under:

- (a) Following guidelines for monitoring the import of precious metal and its distribution and / or own use by the Nominated Agencies will be followed, (other than the Banks nominated by RBI for this purpose):
  - (i) Every Nominated Agency is required to maintain records of imports of precious metal (both quantity and value) and its distribution for the purpose of exports of value added product as well as for the purpose of domestic consumption as per the format given in Appendix 4-M of Hand Book of Procedures. Nominated Agencies will also have to follow the guidelines/ rules/procedures /directions as prescribed by RBI and DGFT. Failure to comply will render Nominated Agency Certificate liable to be cancelled in addition to action under FT (DR) Act 1992, as amended, after affording opportunity of personal hearing.
  - (ii) Monitoring by Gems & Jewellery Export Promotion Council:

Monitoring in respect of Nominated Agencies Handicraft and Handlooms Exports Corporation Ltd, MSTC Ltd, Diamond India Limited will be by Gems & Jewellery Export Promotion Council (G&J EPC). Nominated Agencies shall file half yearly return as per format given in Appendix 4-M of Handbook of Procedures, to the Gems & Jewellery Export Promotion Council (GJEPC), Mumbai within 15 days of every completed half year. In turn, G&J EPC shall compile the half yearly return and the figures submitted by the Nominated Agency and check the performance of the Nominated Agency. Thereafter, GJEPC shall forward the compiled half yearly returns along with its observation on performance of Nominated Agency to DGFT headquarters within one month of every completed half year. In case of delay in filing or non-submission of half yearly return within 15 days of every completed half year, GJEPC shall seek comments of defaulting Nominated Agencies. GJEPC will also forward the particulars of defaulting Nominated Agency to DGFT headquarters for taking appropriate action against defaulting Nominated Agency.

#### **4.94 Filing of Application for Diamond Imprest Authorisation (DIA)**

The policy regarding Diamond Imprest Authorisation is outlined in the FTP 2023. Applicants shall submit their application online using ANF 4J to the concerned Regional Authority, as specified in Appendix 4A.

#### **4.95 Conditions of Imports & Exports**

- i. Imports and exports shall be permitted only through Mumbai Airport.
- ii. The import is subject to pre-Import condition.
- iii. The export obligation shall be fulfilled exclusively through physical export of Natural Cut and Polished Diamonds, with each diamond weighing no more than  $\frac{1}{4}$  of a Carat (25 Cents). One to one correlation between import and export shall not be required.
- iv. The holder of DIA must achieve a minimum value addition of 10% by realizing in Freely Convertible Currency. Provision of Para 2.52 (d) of FTP 2023, shall not be applicable to this scheme.
- v. Deemed exports are not allowed under this scheme.
- vi. Before clearance of goods through Customs, the holder of Diamond Imprest Authorisation (DIA) shall execute a Bond equal to the export obligation of DIA along with a performance Bank Guarantee of an amount equivalent to the duty foregone, with concerned Customs Authority.
- vii. Only those exports which are made after the date of import, may be accepted towards discharge of export obligation. Shipping Bills with relevant Scheme Code as per Customs Notification need to be endorsed with the Diamond Imprest Authorization Number, to establish co-relation of exports with the DIA issued.

#### **4.96 General Provision**

- i. For the purpose of import, the validity of DIA is 12 months from the date of issuance of Authorisation.
- ii. Period of fulfilment of export obligation is 18 months from the date of issuance of Authorisation.
- iii. Only one authorisation is allowed for one IEC for a particular financial year.
- iv. No ARO/Invalidation letter/Certificate of supply (CoS) is allowed against DIA.
- v. Imported material may be used in any unit of Diamond Imprest Authorisation holder subject to condition of paragraph 4.10 of this Handbook or by jobber / supporting manufacturer, provided same is endorsed on authorisation by Regional Authority. The facility of Co-licensee is not available for the DIA.
- vi. Goods exported under Diamond Imprest Authorisation may be re-imported in same or substantially same form subject to such conditions as may be specified by Department of Revenue. Authorisation holder shall also inform about such re- importation to the Regional Authority which had issued the Authorisation within one month from the date of re-import.
- vii. No extension of export obligation period will be allowed against DIA.
- viii. No Revalidation will be allowed against DIA

#### **4.97 Fulfilment of export obligation**

Diamond Imprest Authorisation holder shall file online application in ANF 4K to Regional Authority concerned, as specified in Appendix 4A and upload prescribed documents in support of fulfilment of export obligation.

#### **4.98 Regularisation of Bonafide Default in fulfilment of export obligation**

Cases of bonafide default in fulfilment of Export Obligation may be regularised by Regional Authority as under:

- (i) The DIA holder shall, for regularization, pay to Customs Authorities, Customs duty on unutilized value of imported material along with interest as notified by DoR. DIA holder shall pay Customs Duty along-with applicable interest online through ICEGATE Payment Gateway.
- (ii) Authorisation holder shall also be required to pay an amount equivalent to 1% of the shortfall in FOB value in Indian rupee, online through DGFT website into major "Head of Account: 1453, Foreign Trade and Export Promotion and Minor Head 102".<sup>xii</sup>

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- (i) Para 4.12 amended vide Public Notice No. 09/2023 dated 25.04.2023.
  - (ii) Para 4.73(15) amended vide Public Notice No. 24/2023 dated 04.08.2023.
  - (iii) Para 4.10(i) amended vide Public Notice No. 34/2023 dated 13.10.2023.
  - (iv) Para 4.36(vi) amended vide Public Notice No. 40/2023 dated 12.02.2024.
  - (v) Para 4.06(vii) added vide Public Notice No. 51/2023 dated 14.03.2024.
  - (vi) Para 4.14(iii) added vide Public Notice No. 51/2023 dated 14.03.2024.
  - (vii) Para 4.59 amended vide Public Notice No. 05/2024 dated 27.05.2024.
  - (viii) Para 4.49 (b) amended vide Public Notice No. 14/2024 dated 16.07.2024.
  - (ix) Para 4.49 (g) amended vide Public Notice No. 18/2024 dated 22.08.2024.
  - (x) Para 4.71 amended vide Public Notice No. 32/2024 dated 13.11.2024.
  - (xi) Para 4.73 amended vide Public Notice No. 41/2024 dated 15.01.2025.
  - (xii) Paras 4.94 to 4.98 added vide Public Notice No. 42/2024 dated 21.01.2025.
  - (xiii) Para 4.59 amended vide Public Notice No. 45/2024 dated 04.02.2025.

## CHAPTER 5

# **Export Promotion Capital Goods (EPCG) Scheme**

# **Chapter-5**

## **Export Promotion Capital Goods (EPCG) Scheme**

### **5.01 Policy**

Policy relating to EPCG Scheme is given in Chapter 5 of FTP

### **5.02 Application Form**

An application for grant of an authorisation may be made by Registered Office or Head Office or a Branch Office or Manufacturing Unit of an eligible exporter to RA concerned in ANF 5A along with documents prescribed therein.

### **5.03 Nexus Certification**

- (a) RA concerned shall, on the basis of nexus certificate from an independent Chartered Engineer (CEC) submitted by the applicant in Appendix 5A, issue EPCG authorisation. For issuance of such certificate, the Chartered Engineer shall act only in the domain of his/her competence. In case of fabrication, reasonable wastage, if any, anticipated at the time of installation of capital goods shall be certified by the Chartered Engineer in the nexus certificate and the same would be mentioned in the condition sheet of the EPCG authorisation at the time of issue. The wastage so permitted at the time of issuance of authorisation would be allowed to be sold as scrap/waste on payment of applicable duty by the authorisation holder.
- (b) An application for amendment in the list of import item(s) including addition(s)/deletion(s), if any, may be filed with RA concerned provided the authorisation is valid for import. The applicant would give justification for seeking such amendment(s) along with fresh nexus certificate from an independent Chartered Engineer.
- (c) An application for amendment in the list of export item(s) including addition(s)/deletion(s) if any, may be filed with RA concerned provided the Export Obligation period of the authorisation is valid and the CG has nexus with export product. The applicant would give justification for seeking such amendment(s) along with fresh nexus certificate from an independent Chartered Engineer.

### **5.04 Certificate of Installation of Capital Goods**

- (a) Authorization holder shall produce, within 3 years from date of completion of import, to the concerned RA, a certificate from the jurisdictional Customs authority or an independent Chartered Engineer, at the option of the authorisation holder, confirming installation of capital goods/spares at factory/premises of authorization holder or his supporting

manufacturer(s). The RA may allow extension of the said period for submission of certificate, upto valid EO period with a payment of a composition fee of Rs. 10,000/- per year by the authorisation holder. Where the authorisation holder opts for independent Chartered Engineer's certificate, he shall send a copy of the certificate to the jurisdictional Customs Authority for intimation/record. The authorization holder shall be permitted to shift capital goods during the entire export obligation period to other units mentioned in the IEC and RCMC of the authorization holder subject to production of fresh installation certificate to the RA concerned within six months of the shifting.

- (a) Deleted .

## **5.05 Port of Registration**

EPCG Authorisation shall be issued with a single port of registration as per paragraph 4.35 of HBP, for imports. However, exports can be made from any port specified in paragraph 4.35 of HBP.

## **5.06 Import of spares, tools, refractories and catalysts**

- (a) Applications for procurement of capital goods covered under sub-paragraphs (a) (iii) and (iv) of paragraph 5.01 of FTP shall contain a list of plant/machinery installed in factory/premises of the applicant for which such capital goods are required, duly certified by independent Chartered Engineer or jurisdictional Customs Authorities.
- (b) In case of import of spares, EPCG authorisation shall not specify list of spares but shall indicate:
  - (i) Name of plant /machinery for which spares are required.
  - (ii) Value of duty saved allowed under the authorisation.
  - (iii) Description of product to be exported and value of export obligation.
- (c) Authorisation holder shall maintain a register of stock & utilisation of capital goods covered under sub-paragraphs (a)(iii) and (iv) of paragraph 5.01 of FTP imported under the scheme and at the time of application for EODC, authorisation holder shall submit certificate from independent Chartered Engineer confirming their use in the installed capital goods on the basis of such register.

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- i. Para 5.04(a) amended vide Public Notice No. 15/2024-25 dated 25.07.2024.
  - ii. Para 5.04(b) deleted vide Public Notice No. 15/2024-25 dated 25.07.2024.

## **5.07 Conversion of EOU/Relocated SEZ Units to DTA Unit under EPCG Scheme**

- (a) An EOU/a relocated SEZ unit, while converting to a DTA Unit, may apply for an EPCG authorisation along with documents prescribed. 'No Objection Certificate' should be produced from the concerned Development Commissioner.
- (b) The export obligation period for a unit which converts from EOU/SEZ Scheme to EPCG Scheme would be the same as is available to a direct EPCG Authorisation holder as per paragraph 5.01 of FTP.
- (c) If a standalone EOU / SEZ unit wishes to de-bond from EOU to EPCG Scheme, there shall be no requirement for maintenance of average export obligation and the unit shall be required to maintain only specific export obligation equivalent to six times of the proportionate duty saved amount of the depreciated value of capital goods for which the Authorisation has been obtained.
- (d) In case one unit of a firm / company opts to de-bond from EOU to EPCG Scheme, while other unit(s) are DTA units, then the average export obligation in respect of the authorisations issued to the firm / company (other than de-bonding unit) shall remain unchanged and the average EO, after de-bonding of the unit, shall be fixed by excluding the exports made by the de-bonded unit from the total exports of the firm/ company, which runs concurrently for all the units of the firm/ company. In such a case, specific EO equivalent to six times of the proportionate duty saved amount on the depreciated value of the Capital Goods would be imposed on the de- bonding unit shifting to the EPCG Scheme.

## **5.08 Procurement from SEZ**

- (a) If the request is made along with the application for authorisation for procurement of new Capital goods from SEZs, the RA may issue a "Certificate of supplies from SEZ", containing the details for the requested items after making the import item "Invalid for direct imports". The "Certificate of supplies from SEZ" shall contain the following details:
  - (i) Name, Address and GSTIN of SEZ unit;
  - (ii) GSTIN & Address of recipient unit of EPCG authorisation holder where capital goods would be installed;
  - (iii) Name, description including specifications, where applicable, and quantity of items; and
  - (iv) Individual value of items to be procured.

- (b) The said "Certificate of supplies from SEZ" shall be marked in quadruplicate with a copy each to the authorisation holder, SEZ supplier unit, designated officer at SEZ and the relevant port customs authorities. The above certificate shall be issued as an online amendment to the authorisation and has to be transmitted.
- (c) In cases where the request for issue of "Certificate of supplies from SEZ" is made in due course, it shall be accompanied with an authorisation utilization status issued by the relevant Customs authorities mentioned on the authorisation for the RA to verify the actual utilization of authorisation at the time of application. The certificate may be issued to the extent of quantity available as per utilization status. In case the request for "Certificate of supplies from SEZ" is made along with the application for authorisation, the same procedure shall apply.

### **5.09 Sourcing of Capital Goods Manufactured Indigenously**

- (a) EPCG authorisation holder intending to source capital goods manufactured indigenously shall make a request to the RA for issuance of Invalidation Letter or Advance Release Order (ARO).
- (b) Deemed export benefits as given in paragraph 7.03 of FTP shall be available.
- (c) This request can be made either along with application or during the validity period of EPCG Authorisation.
- (d) Applicant shall give the name and address of the manufacturer(s) of capital goods.
- (e) RA concerned will issue the invalidation letter/ARO, in quadruplicate.
- (f) Validity period of invalidation letter/ARO shall be co-terminous with the validity period of EPCG authorisation.

### **5.10 Conditions for fulfillment of Export Obligation**

In addition to conditions in paragraph 5.04 of FTP, the following conditions shall also be applicable for fulfillment of export obligation:

- (a) Name of the supporting manufacturer as well as the exporter shall be indicated on export documents.
- (b) In case the Authorisation holder wants to export through a third party, export documents viz., shipping bills/Bill of exports etc. shall indicate name of both authorisation holder and supporting manufacturer, if any, along with EPCG authorisation number. Shipping bill/Bill of Export, GST invoice and e-BRC/ export realisation from RBI's EDPMS should be in the name of third party exporter. The goods exported through third party should be manufactured by the EPCG authorisation holder or the supporting

manufacturer where the capital goods imported under the authorisation have been installed. The goods manufactured by the authorisation holder shall be exported as it is by the ultimate exporter (third party exporter) without further processing. Proceeds realised through normal banking channel from third party exporter's account to the authorisation holder's account on account of such exports shall only be counted towards fulfillment of export obligation.

- (c) Disclaimer certificate from third party that they shall not use such proceeds towards EO fulfillment of any EPCG authorisation (s) obtained by them.
- (d) The EPCG authorisation holder shall submit the following additional documents for discharge of EO through third party exporter(s):
  - (i) Proof of having dispatched the goods from authorisation holder's factory premises to the ultimate exporter/port of export viz.
    - (a) ARE 1 certificate issued by Central Excise/Tax invoice for export prescribed under the GST rules with due authentication by the Customs verifying the exports along with the shipping bill number, date and EPCG authorisation number, or
    - (b) Invoice duly incorporating the relevant EPCG authorisation number & date at the time of dispatch in case the unit is not registered with Central Excise/GST.
  - (ii) Lorry Receipt (LR) /Logistical evidence for transportation of goods from the premises of the authorisation holder to the third party exporter/Port of export.
  - (iii) An undertaking from the third party exporter on a stamp paper, declaring that the products exported for fulfillment of EO by them on behalf of the license holder as per details given in the statement of exports, were manufactured by the license holder.
  - (iv) Financial evidence for having received proceeds through normal banking channel from third party exporter's account to the authorisation holder's account on account of such exports towards such third party supplies.
  - (v) Disclaimer certificate from third party exporter that they shall not use such proceeds towards EO fulfillment of any EPCG authorisation(s) obtained by them.

## **5.11 Realization of Export proceeds**

Export proceeds shall be realized in freely convertible currency or in Indian Rupees as per para 2.53 of FTP, except for Deemed Exports supplies under Chapter-7 of FTP. Exports to SEZ units/Supplies to developers/co-developers irrespective of currency of realization would also be counted for discharge of Export Obligation. Realization in case of supplies to SEZ units shall be from foreign currency account of the SEZ unit.

## **5.12 Calculation of Average Export Obligation**

While calculating Average Export Obligation, exports counted/being counted for fulfilling specific EO against EPCCG Authorisations within valid EO Period (whether original or extended) that have been made in the preceding 3 years will not be taken into account.

## **5.13 Block-wise Fulfillment of EO**

- (a) The Authorisation holder under the EPCCG scheme shall, while maintaining the average export obligation, fulfill the specific export obligation over the prescribed block period in the following proportions:

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

- (b) The Authorisation holder would intimate the Regional Authority on the fulfilment of the export obligation, as well as average exports, within three months of completion of the block.
- (c) Request for extension of Export Obligation period of first block shall be submitted within 6 months from the date of expiry of first block EO period along with composition fee as under :-

<b>Duty Saved value of EPCCG Authorisation issued</b>	<b>Composition fee to be levied (in Rupees)</b>
Up to ₹2 Crores	5,000
More than ₹2 Crores to 10 Crores	10,000
Above ₹10 Crores	15,000

RA may consider the request for extension of block-wise EO period, received after 6 months, but within 6 years from date of issue of authorisation, with

composition fee as under :-

<b>Duty Saved value of EPCG Authorisation issued</b>	<b>Composition fee to be levied (in Rupees)</b>
Up to ₹2 Crores	10,000
More than ₹2 Crores to 10 Crores	20,000
Above ₹10 Crores	30,000

Application made beyond 6 years, for extension of block-wise EO period for regularization purpose, shall also be considered by RA concerned, with composition fee as under :-

<b>Duty Saved value of EPCG Authorisation issued</b>	<b>Composition fee to be levied (in Rupees)</b>
Up to ₹2 Crores	15,000
More than ₹2 Crores to 10 Crores	30,000
Above ₹10 Crores	45,000

No refund of earlier paid Composition Fee shall be admissible.

Where EO of the first block is not fulfilled in terms of para (a) above, except in cases where the EO prescribed for first block is extended by the RA, the Authorisation holder shall, within 6 months from the expiry of the block, pay duties of customs (along with applicable interest as notified by DOR) proportionate to duty saved amount on total unfulfilled EO of the first block..

- (d)
  - (i) Authorisations issued from 1st April, 2002 upto 31st August, 2004 shall be governed by provisions of paragraph 5.8 of HBP Vol.1 (RE-02) as amended from time to time.
  - (ii) Authorisations issued from 1st September, 2004 upto 17th April, 2013 shall be governed by provisions of paragraph 5.8 of HBP Vol.1 (RE-12) as amended till 17.04.2013.
  - (iii) Authorisations issued from 18th April, 2013 till issue of Notification of FTP 2015-20 shall be governed by provisions of paragraph 5.8 of HBP Vol. 1 as amended vide PN No. 1 dated 18.04.2013.
  - (iv) Authorisations issued from 1st April, 2015 till 4th December, 2017 shall be governed by provisions of paragraph 5.14 of HBP as amended vide PN No. 1 dated 01.04.2015.

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i. Para 5.13(c) amended vide Public Notice No. 15/2024-25 dated 25.07.2024.

(v) Authorisations issued from 5th December, 2017 till 31<sup>st</sup> March 2023 shall be governed by provisions of paragraph 5.14 of HBP as amended vide PN No. 43 dated 05.12.2017.

- (e) Notwithstanding sub-para (d) above, sub-para (c) above shall also be applicable for authorisations issued under FTP (2015-20)

#### **5.14 Report for EO fulfilment**

Authorisation holder shall submit to RA concerned a report on fulfilment of export obligation through online mode after expiry of first block period of four years and continuously till the expiry of valid EO period. Such report shall contain a statement with details of Shipping bill/Invoice number/Bill of Export/FIRC number with date and number, as applicable, duly certified by Chartered Accountant/Cost Accountant/ Company Secretary for evidencing fulfillment of specific as well as average EO (wherever applicable).

#### **5.15 Automatic Reduction/Enhancement upto 10% Duty saved amount and pro rata Reduction/Enhancement in export obligation**

If authorisation issued has been utilized for import of goods:-

- (a) In excess of duty saved amount indicated on the authorisation by not more than 10%, the authorisation shall be deemed to have been enhanced by that proportion. Customs shall automatically allow clearance of such goods without endorsement by RA concerned. The authorisation holder shall furnish additional fee to cover excess imports effected, in terms of duty saved amount, to RA concerned, at the time of application for EODC. Export obligation shall automatically stand enhanced proportionately.
- (b) In excess of duty saved amount indicated on the authorisation by more than 10%, the RA concerned, as per its delegated powers, may allow enhancement in duty saved amount of the EPCG authorisation. The Authorisation holder shall furnish additional BG/LUT to the Customs Authority.
- (c) Less than the duty saved amount indicated on the authorisation, the export obligation shall stand reduced on pro-rata basis with reference to actual utilization of the authorisation.

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- i. Para 5.13(e) added vide Public Notice No. 15/2024-25 dated 25.07.2024.  
ii. Para 5.14 amended vide Public Notice No. 24 dated 20.09.2024.

## **5.16 Extension in Export Obligation Period**

- (a) Extension in Export Obligation Period of EPCG authorisation issued prior to Notification of Foreign Trade Policy 2023 shall be governed by relevant provisions of HBP applicable on the date of issue of authorisation.
- (b) In case of extension of Export obligation period beyond 6 years, two extensions, from date of expiry, of one year each or two years in one go at the choice of authorisation holder, may be considered by RA concerned with composition fee as under:

<b>Duty Saved value of EPCG Authorisation issued</b>	<b>Composition fee to be levied (in Rupees)</b>
Up to ₹2 Crores	20,000
More than ₹2 Crores to 10 Crores	30,000
Above ₹10 Crores	60,000

No refund of earlier paid Composition Fee shall be admissible.

- (c) Request for extension in EO Period shall be made to RA concerned within 6 months from the date of expiry of original EO Period. However, RA may consider the request for extension received after 6 months, but within the extendable validity of EO period, with a late fee of Rs. 10,000/- . The request for extension for regularisation purpose, from 6th to 8th year, may also be considered after expiry of EO period on payment of late fee of Rs. 15,000/- . This fee is in addition to the composition fee that may be payable on account of shortfall in export obligation. However, EO extension, beyond 8 years from date of issue of authorisation, shall not be allowed by RA under this provision.
- (d) Notwithstanding sub-para (a) above, sub-paras (b) and (c) above shall also be applicable for authorisations issued under FTP (2015-20).
- (e) For implementation of all PRC decisions involving levy of Composition Fee while allowing extension in block-wise/EO period and/or regularisation of exports already made, the applicable Composition Fee shall be as under :-

<b>Duty Saved value of EPCG Authorisation issued</b>	<b>Composition fee to be levied (in Rupees)</b>
Up to ₹2 Crores	30,000
More than ₹2 Crores to 10 Crores	60,000
Above ₹10 Crores	1,00,000

No refund of earlier paid Composition Fee shall be admissible.

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- i. Para 5.16(b) amended vide Public Notice No. 15/2024-25 dated 25.07.2024
  - ii. Para 5.16(e) added vide Public Notice No. 15/2024-25 dated 25.07.2024.

## **5.17 Relief in Average Export Obligation**

- (a) To provide relief to exporters of those sectors where total exports in that sector/product group has declined by more than 5% as compared to the previous year, average export obligation for the year may be reduced proportionate to reduction in exports of that particular sector/product group during the relevant year as against the preceding year. However, in case export decline is continuous over consecutive years, the base year for calculation of eligibility and calculation of reduction in average export obligation will be taken as the year after which the exports have shown continuous decline.
- (b) The sectors /product groups for which this relaxation is to be allowed shall be conveyed by the DGFT to all the RAs within seven months of the end of the previous financial year and the RAs shall re-fix the annual average EO for previous year accordingly for exporters in that sector/ product group.

## **5.18 Maintenance of Annual Average Export Obligation**

The excess exports done towards the average export obligation fulfilment of an EPCG authorisation during a year can be used to offset any shortfall in the Average EO done in other year(s) of the EO period or the block period as the case may be provided Average EO imposed is maintained on an overall basis, within the block period or the EO period as applicable.

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

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

## **5.20 Export Obligation Discharge Certificate (EODC)**

- (a) Authorisation holder shall apply for online EODC in ANF 5B with documents prescribed therein as a proof of EO fulfillment.
- (b) On being satisfied, RA concerned shall issue EODC to the EPCG authorisation holder and an online copy will be forwarded to ICEGATE through API message exchange for further action by Jurisdictional Customs Authorities with whom BG/LUT has been executed.
- (c) RA shall process such applications ordinarily within 30 days. Shortcomings, if any, shall be pointed out normally in one go. Once documents are complete in all

respects, export obligation shall be discharged within 30 days of receipt of complete documents /information.

### **5.21 Regularization of bonafide default and exit from EPCG scheme**

- (a) Authorisation holder shall have the option to surrender the unutilised authorisation at any point of time. In such cases no penalty or fees shall be levied.
- (b) In case, EPCG authorisation holder fails to fulfill prescribed export obligation, he shall pay customs duty/taxes/cess in proportion of shortfall in export obligation along with applicable interest as prescribed by Customs Authority. Such facility can also be availed by EPCG authorisation holder to exit at his option.
- (c) In case of domestic sourcing of capital goods through invalidation letter/ARO, the duties, taxes and cess payable shall be with reference to the notional Customs duties/taxes/cess saved on the FOR value of capital goods (including spares, jigs, fixtures, dies and moulds).
- (e) Authorisation holder can also provisionally pay duty and interest suo-moto on the basis of self/own calculation as per the procedure specified in paragraph 4.50 of HBP.

### **5.22 Maintenance of Records**

Every EPCG authorisation holder shall maintain, for a period of 2 years from date of redemption, a true and proper account of exports/ supplies made and services rendered towards fulfillment of export obligation.

### **5.23 Re-Export / Repair/Replacement of Capital Goods Imported under EPCG Scheme**

- (a) Capital Goods imported under EPCG scheme, which are found defective or unfit for use, may be re-exported to foreign supplier within three years from the date of clearance by Customs of such goods, with permission of RA/Customs Authority. Consequently, EO would be re-fixed.
- (b) Capital Goods imported and found defective or otherwise unfit for use may be exported, within two years from the date of clearance by Customs of such goods, with permission of RA / Customs Authority and Capital Goods in replacement thereof be imported under EPCG scheme. In such cases, while allowing export, the Customs shall credit the duty benefit availed which can be debited again at the time of import of such replaced Capital Goods.
- (c) Capital Goods imported under EPCG scheme, may be re-exported for repairs abroad within three years from the date of clearance by Customs of such goods, with permission of RA / Customs Authority. The duty component on the expenditure incurred on the repairs as well as the insurance and the freight, both

ways shall be taken into account for re-fixation of the EO.

### **5.24 Penal Action**

In case of failure to fulfil export obligation or any other condition of authorisation, authorisation holder shall be liable for action under FT (D&R) Act, 1992, as amended, Orders and Rules made thereunder, provisions of FTP/HBP, Customs Act, 1962, as amended from time to time or any other law in force.

### **5.25 Clubbing of EPCG authorisations**

(a) Clubbing of two or more EPCG authorisations issued to the same authorisation holder would be permitted.

(b) An application for clubbing can be made to RA concerned in ANF 5C. Clubbing shall only be permitted in case export products endorsed on the authorisations are same/similar and if authorisations are issued by the same RA.

(c) Total export obligation would be re-fixed taking into account total of duty saved amount of the clubbed authorisations.

(d) On Clubbing, authorisations for all purpose shall be deemed to be a single EPCG authorisation. Export obligation period for clubbed authorisations shall be reckoned from first authorisation issue date.

(e) Average export obligation for clubbed authorisations would be highest of average export obligations endorsed on individual authorisations so clubbed.

(f) Clubbing would be permitted during valid EOP including extended period, if any. However, clubbing in case of all authorisations where EO period is over may be allowed for regularisation purposes provided they have been issued under same policy period.

(g) In case of clubbing of EPCG authorisations where EO can be fulfilled by export of alternate product(s)/service(s), the proportion of alternate product(s)/service(s) for EO fulfillment/ regularization will be restricted to the lowest of the percentage of alternate product(s)/service(s) allowed in the clubbed authorisations.

(h) EPCG authorisations issued prior to 01.04.2007 shall be governed by provisions contained in Chapter 5 of HBP Vol.1 (RE-2006). The EPCG Authorisations issued between 01.04.2007 and 17.04.2013 shall be governed by provisions contained in Chapter 5 of HBP Vol.1 (RE-2012, as amended). The EPCG Authorisations issued from 18.04.2013 till the issue of notification of HBP 2015-20 shall be governed by provisions contained in Public Notice No.1 dated 18.04.2013. The EPCG Authorisations issued between notification of HBP 2015-

20 till the notification of HBP 2015-20 (RE-2017) shall be governed by provisions contained in HBP 2015-20. The EPCG Authorisations issued between notification of HBP 2015-20 (RE-2017) till the notification of HBP 2023 shall be governed by provisions contained in HBP 2015-20 (RE-2017).

## **5.26 Green Technology Products**

The Export Products covered under Paragraph 5.10 of FTP which provides for reduced export obligation of 75% for green technology products are :

- (i) Solar Energy Generating Systems and parts/Equipments thereof,
- (ii) Wind Energy Generating Systems and parts/equipment thereof,
- (iii) LED lights of various kind,
- (iv) Vapour Absorption Chillers,
- (v) Waste Heat Boiler,
- (vi) Waste Heat Recovery Units,
- (vii) Unfired Heat Recovery Steam Generators,
- (viii) Water Treatment Plants,
- (ix) Battery Electric Vehicles (BEV) [other than Hybrid Electric Vehicles (HEVs) and Plug-in Hybrid Electric Vehicle (PHEV)] of all types,
- (x) Vertical Farming equipment,
- (xi) Wastewater Treatment and Recycling,
- (xii) Rainwater harvesting system and rainwater filters, and
- (xiii) Green Hydrogen.

## CHAPTER 6

# **Export Oriented Units (EOUs), Electronics Hardware Technology Parks (EHTPs), Software Technology Parks (STPs) and Bio-Technology Parks (BTPs)**

# **Chapter-6**

## **Export Oriented Units (EOUs), Electronics Hardware Technology Parks(EHTPs), Software Technology Parks (STPs) and Bio-Technology Parks (BTPs)**

### **6.00 Scheme**

Policy relating to EOUs, EHTPs, STPs and BTPs Schemes is given in Chapter 6 of Foreign Trade Policy (FTP).

#### **6.01 Application / Approval / Renewal of approval**

- (a) For setting up an EOU, three copies of application as in ANF 6A of Appendices &ANFs may be submitted to DC.
- (b) (i) Applications for setting up units under EOU scheme shall be approved or rejected by Units Approval Committee within 15 days, as per criteria indicated in Appendix 6A of Appendices & ANFs and sector specific conditions relating to approval as in Appendix 6B of Appendices & ANFs. In other cases, approval may be granted by DC after clearance by BOA.
  - (ii) STP / EHTP complexes can be set up by Central Government, State Government, Public or Private Sector Undertakings or any combination thereof, duly approved by Inter-Ministerial Standing Committee (IMSC) in Ministry of Electronics & Information Technology-MeitY. Application for setting up EHTP / STP unit shall be in format prescribed by MeitY and shall be submitted to officer designated by MeitY.
  - (iii) A BTP can be set up by Central Government, State Government, Public or Private Sector Undertakings or any combination thereof. Application for setting up of BTP shall be submitted to Department of Bio-Technology (DoBT) and such applications which meet guidelines prescribed by DoBT will be approved and recommended to DGFT for notification. Application for setting up of BTP unit shall be submitted to officer designated by DoBT.
- (c) On approval, a Letter of Permission (LoP) / Letter of Intent (LoI) shall be issued by DC / designated officer to EOU/ EHTP /

STP / BTP unit. LoP / LoI shall have an initial validity of 2 years to enable the Unit to construct the plant & install the machinery and by this time the unit should have commenced production. In case the unit is not able to commence production in the initial validity period of 2 years, an extension of one year may be given by the DC for valid reasons to be recorded in writing. Subsequent extension of one year may be given by the Unit Approval Committee subject to condition that two thirds of activities including construction, relating to the setting up of the Unit are completed and a Chartered Engineer's certificate to this effect is submitted by the Unit. Further extension, if necessary, will be granted by the Board of Approval. Once unit commences production, LoP / LoI issued shall be valid for a period of 5 years for its activities. This period may be extended further by DC for a period of upto 5 years at a time. However, in case of extension of LoP required for completing exit formalities, the LoP maybe extended for a limited period i.e. less than 5 years by the DC.

- (d) Proposals for setting up an EOU requiring industrial licence may be granted approval by the concerned DC after clearance of proposal by BOA (as per Appendix 6C of Appendices & ANFs) and Department for Promotion of Industry and Internal Trade (DPIIT) within 45 days.
- (e) LoP / LoI shall specify item(s) of manufacture / service activity, annual capacity, projected annual export for first five years in dollar terms, Net Foreign Exchange (NFE) earnings, limitations, if any, regarding sale of finished goods, by-products and rejects in DTA and such other matter as may be necessary and also impose such conditions as may be required.
- (f) LoP / LoI issued to EOU / EHTP / STP / BTP units by concerned authority would be construed as an authorisation for all purposes. Standard format for LoP for EOU is given in Appendix 6D of Appendices & ANFs.
- (g) EOUs shall have separate earmarked premises for separate LoP. Similarly, EOUs may be approved on leased premises provided lease has been obtained from Government Department / Undertaking / Agency. However, in case lease is obtained from private parties, it shall have a validity period of five years from date of LUT and DC shall satisfy himself of genuine nature of lease.
- (h) On completion of validity of LOP/LOI as provided for in Paragraph 6.05 of FTP, it shall be open to unit to continue under

scheme or opt out of scheme. Where unit opts to continue, DC/Designated Officer will extend validity of the LOP/LOI. If no intimation in this regard is received from unit within a period of six months of expiry of the validity, DC/Designated Officer will, suomoto, take action to cancel approval under the scheme and take further action in this regard. Where units give their option to continue after expiry of six months as stipulated above, DC/Designated Officer will grant extension after obtaining approval of BOA/IMSC.

## **6.02 Legal Undertaking (LUT)**

- (a) Approved EOU / EHTP / STP / BTP unit shall execute an LUT with DC / Designated Officer concerned as in Appendix 6E of Appendices & ANFs.
- (b) All EOU / EHTP / STP / BTP units should have permanent e-mail address. No LUT for new units shall be executed unless unit has its permanent e-mail address and digital signature on said e-mail ID. In event of an EOU not having permanent e-mail address and digital signature, further imports and DTA sale shall not be permitted by DC.

## **6.03 Export of Goods and Services**

- (a) Software units may undertake exports using data communication links or in form of physical exports (which may be through courier service also), including export of professional services.
- (b) EOUs shall be permitted to export jewellery on basis of a notional rate certificate issued by nominated agency. This rate will be based on prevailing Gold / US\$ rate and US\$ / INR rate in notional rate certificate. Certificate issued by nominated agency should not be older than 7 working days of date of shipment.
- (c) Exporter shall have flexibility to fix price and repay gold loan within 180 days from date of export. Price shall be communicated to nominated agencies who will issue a certificate showing final confirmation of rate to bank negotiating document, to ensure export proceeds are realized at this rate.
- (d) Gems & Jewellery EOUs may re-export imported goods and export domestically procured goods, including goods generated out of partial processing/ manufacture. Besides, supply of unsuitable / broken cut and polished diamonds, precious and semi-precious stones upto 5% of value of imported or indigenously procured

goods to DTA against valid Gems & Jewellery REP as applicable on payment of appropriate duty is also permitted.

## **6.04 Import / Domestic Procurement of Goods**

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

- (a) Raw materials, components, consumables, intermediates, spares and packing materials.
- (b) Capital goods and its spares, whether new or second-hand which inter-alia includes the following:
  - (i) Captive power plants (DG Sets, Wind Power, Solar Power), including transformers and accessories. This would be subject to the condition that no tax/duty benefits stipulated under EOU Scheme shall be available for setting up as well as operations and maintenance of such wind and solar power plants.
  - (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 / Air conditioning system, panel for electricals and special data transmission cable.
  - (vi) Security Systems
  - (vii) Tools, jigs, fixtures, gauges, moulds, dyes, instruments and accessories.
- (c) Raw materials for making capital goods for use within unit.
- (d) Others including:
  - (i) Prototypes and technical samples for existing product(s) and product diversification development or evaluation.
  - (ii) Drawings, blue prints, charts, microfilms and technical data.
  - (iii) Office equipment, including PABX, Fax machines, projection system, Computers, Laptop and Server.

- (e) Spares and consumables for above items.
- (f) Any other items not mentioned above with approval of BOA.

## **6.05 Repair / Remaking of Jewellery**

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

## **6.06 Conditions of Import**

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

- (a) Goods shall be imported into EOU / EHTP / STP / BTP premises. However, agriculture and allied sectors and granite sector units in EOU may supply / transfer capital goods and inputs in farm / fields / quarries with prior intimation to jurisdictional Customs authorities, provided ownership of goods rests with EOUs. Granite sector would also be allowed to take spares upto 5% of value of Capital Goods to quarry site.
- (b) Procedure as prescribed under Customs/Central Excise rules for EOUs and units in EHTP / STP / BTP will be followed and appropriate bond executed with Customs/Central Excise Authorities.
- (c)
  - (i) The period of utilisation of goods, including capital goods, shall be co-terminus with the validity of LoP.
  - (ii) However, imported tea shall be utilized within a period of 6 months from date of import. Similarly, export obligation against import of items {covered by Chapter 9 of ITC(HS)} and coconut oil shall be fulfilled within a period of 90 days from the date on which first import consignment is cleared by Customs Authorities.
  - (iii) Further, in case of import of spices for VA purpose like crushing / grinding / sterilization or for manufacture of oils and oleoresins of pepper, cardamom and chillies (and not for simple cleaning, grading, re- packing etc.), EO shall be fulfilled within 120 days from the date of importation of first consignment. In case of import of spices (other than pepper, cardamom and chillies) for manufacture of spice oils and oleoresins, EO shall be fulfilled within 12 months.
- (d) Goods already imported / shipped / arrived before issue of LoP / LoI are also eligible for clearance as provided under para 6.01 (d)

- (ii) of FTP under EOU / EHTP / STP / BTP scheme without payment of duty and/or taxes as applicable, provided, the said duties and/or taxes has not been paid and goods have not been cleared from Customs.
- (e) Consumption of inputs by the EOU / EHTP / STP / BTP unit shall be based on the Standard Input Output Norms (SION) provided that:
- (i) where no SION have been notified, generation of waste, scrap and remnants upto 2% of input quantity shall be allowed;
  - (ii) where additional items other than those given in SION are required as inputs or where generation of waste, scrap and remnants is beyond 2% of input quantity, use of such inputs shall be allowed by the jurisdictional DC within a period of three months from the date of application and based on self declared norms, with the unit undertaking to adjust self- declared / ad hoc norms in accordance with norms as finally fixed by Norms Committee in DGFT;
  - (iii) in case of any difficulty in fixation of SION as above, BOA in consultation with Norms Committee in DGFT, will decide on a case to case basis.

## **6.07 Taking out of Fax Machines / Laptop / Computers outside approved premises**

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

## **6.08 Facility of working from a place outside the unit**

Person(s) / employee(s) authorized by a unit of (i) IT related EOU or (ii) STP or (iii) EHTP or (iv) BTP may work from a place outside the said unit, subject to the following conditions:

- (i) There must be an Authorisation from the unit specifying the duration of such authorisation.
- (ii) The Unit shall be responsible for carrying out the work and supervision and shall be liable for any misuse.
- (iii) Export of the resultant products / services would take place only from the premises of the unit.

## **6.09 Leasing of Capital Goods**

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

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

- (a) EOU / EHTP / STP / BTP unit shall be a positive net foreign exchange earner. NFE earnings shall be calculated cumulatively in the block period as per Paragraph 6.04 of FTP, according to the formula given below. Items of manufacture for export specified in LoP / LoI alone shall be taken into account for calculation of NFE.

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

Where,

“NFE” is Net Foreign Exchange;

“A” is FOB value of exports by EOU / EHTP / STP / BTP unit and other supplies under para 6.08 of FTP;

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

“Inputs” mean raw materials, intermediates, components,

consumables, parts and packing materials.

- (b) If any goods are obtained from another EOU / EHTP / STP / BTP / SEZ unit, or procured from an international exhibition held in India, or bonded warehouses or precious metals procured from nominated agencies, value of such goods shall be included under "B".
- (c) If any capital goods are imported duty and/or tax free or leased from a leasing company, received free of cost and / or on loan basis or transfer, CIF value of capital goods shall be included pro-rata, under "B" for period it remains with units.
- (d) For annual calculation of NFE, value of imported capital goods and lump sum payment of foreign technical know-how fee shall be amortized as under: 1st- 10th year : 10%. Provided that above amortization rates would be applicable only if an undertaking is given by a unit that it will not exit to DTA in the first 10 years. For existing units, proportionate Customs and excise duty must be paid where NFE is less than depreciation already claimed, before exit.

## **6.11 Maintenance of Accounts**

- a) EOU / EHTP / STP / BTP unit shall maintain proper account, and shall file digitally signed quarterly and annual report as prescribed in Annexure to Appendix 6E of Appendices & ANFs to DC / Designated Officer in MeitY / DoBT and Customs and Central Excise authorities. In addition, STP unit shall file, every month, report of services classified in Annexure V of Appendix 6E of Appendices & ANFs in the 'Service Exports Reporting Form (SERF)' prescribed in Annexure VI of Appendix 6E of Appendices & ANFs to the designated officer in STP. Use of SERF would be limited to capturing information on services exports from STPs.
- b) Unit shall be able to account for entire quantity of each category of homogenous goods imported / procured duty and/or tax free, by way of exports, sales / supplies in DTA or transfer to other SEZ / EOU / EHTP / STP / BTP units and balance in stock. However, at no point of time, units shall be required to correlate every import consignment with its exports, transfer to other SEZ / EOU / EHTP / STP / BTP units, sales in DTA and balance in stock. Any matter for clarification as to whether goods are homogenous or not shall be decided by Units Approval Committee.

## **6.12 Monitoring of NFE**

Performance of EOUs shall be monitored by Units Approval Committee as per guidelines given in Appendix 6F of Appendices & ANFs. Performance of EHTP / STP / BTP shall be monitored by MeitY / DoBT jointly with jurisdictional Customs authority.

## **6.13 Conversion of Scrap / Dust / sweeping of Gold / Silver / Platinum into Standard Bars**

Scrap / dust / sweeping of gold / silver / platinum may be sent to Government of India Mint / private mint from EOU / EHTP / STP units and returned to them in standard bars in accordance with procedure prescribed by Customs authorities, or may be permitted to be sold in DTA on payment of applicable GST and compensation cess alongwith reversal of duties of Customs leviable under First Schedule of the Customs Tariff Act, 1975 availed as exemption on inputs, on basis of gold / silver / platinum content, as may be notified by Customs authorities.

## **6.14 DTA Supplies**

Notwithstanding provision of DTA sales in Paragraph 6.07 of FTP, such DTA sales shall not affect application, to any goods, of any other prohibition or regulation affecting import thereof in force at the time, when such goods are imported. This also does not confer any immunity, exemption or relaxation at any time from any commitment or compliance with any requirements to which importer may be subject to under other laws or regulations.

## **6.15 Supplies to other EOU / EHTP / STP / SEZ / BTP Units**

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

## **6.16 Transfer of Power from one Unit to another**

Transfer of power from Captive Power plants from one unit of EOU / EHTP / STP / BTP unit to another is permitted as prescribed in sector specific condition in Appendix 6B of Appendices & ANFs.

## **6.17 Supply of Precious / Semi-precious / Synthetic Stones from DTA**

Supplier of precious and semi-precious stones, synthetic stones and processed

pearls from DTA to EOUs shall be eligible for grant of Replenishment Authorisation at rates and for items mentioned in HBP. Procedure for submission of application for grant of Replenishment Authorisation as contained in relevant Chapter of HBP Vol. I shall be applicable. However, application shall be made to DC concerned. Such supplies to EOUs are not eligible for any of deemed export benefits under Chapter 7 of the FTP.

### **6.18 Application for grant of entitlements**

Application for grant of all entitlements may be made to DC/Designated Officer concerned.

### **6.19 Export through Other Exporters**

An EOU / EHTP / STP / BTP unit may export goods manufactured / software developed by it through other exporter, or any other EOU / EHTP/ STP / BTP / SEZ unit subject to condition that:

- a) Goods shall be produced in EOU / EHTP / STP / BTP unit concerned.
- b) Level of NFE or any other conditions relating to imports and exports as prescribed shall continue to be discharged by EOU / EHTP / STP / BTP unit concerned.
- c) Export orders so procured shall be executed within parameters of EOU / EHTP / STP / BTP schemes and goods shall be directly transferred from unit to port of shipment.
- d) Fulfilment of NFE by EOU / EHTP / STP / BTP units in regard to such exports shall be reckoned on basis of price at which goods are supplied by EOUs to other exporter or other EOU / EHTP / STP / BTP / SEZ unit.
- e) All export entitlements, including recognition as Status Holder would accrue to exporter in whose name foreign exchange earnings are realized. However, such export shall be counted towards fulfilment of obligation under this scheme only.

### **6.20 Other Entitlements**

- a) FOB value of export of an EOU / EHTP / STP / BTP unit can be clubbed with FOB value of exports of its parent company in DTA or vice versa for the purpose of according Status Holder Certificate.
- b) Sectoral norms as notified by Government shall apply to FDI in service activities.

- c) STP Units / EHTP Units / Software EOUs may also use all duty and/or tax free equipment / goods for training purpose (including commercial training), subject to condition that no duty free equipment / goods shall be installed outside premises of the unit for this purpose.
- d) Export of iron ore shall be subject to decision of Government. Requirements of other conditions of exports like minimum export price / export in consumer pack etc. as per ITC (HS) shall apply in case raw materials are sourced from DTA and exported without further processing / manufacturing by EOU. Export of textile items shall be covered by bilateral agreements, wherever applicable. Wood based units shall comply with direction of Supreme Court contained in its order dated 12.12.1996 in Writ (civil) No 202 of 1995- T.N. Godavarman Thirrumulppad v/s Union of India and others with WP (Civil) No 171 of 1996 in regard to use of timber / other wood.

## **6.21 Sub-Contracting**

- a) Sub-contracting by EOU gems and jewellery units through other EOUs, or SEZ Units, or units in DTA shall be subject to following conditions:-
  - (i) Goods, finished or semi finished, including studded jewellery, taken out for sub-contracting shall be brought back to unit within 90 days. However, the Customs Authorities may grant an extension of time beyond 90 days in deserving cases.
  - (ii) 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.
  - (iii) Plain gold / silver / platinum jewellery can be received from DTA / EOU/ SEZ units in exchange of equivalent quantity of gold / silver / platinum,as the case may be, contained in said jewellery.
  - (iv) EOUs shall be eligible for wastage as applicable as per paragraph 4.59 of HBP for sub-contracting and against exchange.
  - (v) DTA unit undertaking job work or supplying jewellery against exchange of gold / silver / platinum shall not be entitled to deemed export benefitsunder Chapter 7 of FTP.

- b) Facility of getting job work done from DTA unit will be available subject to condition that goods are brought back to premises of unit on completion of job work.
- c) Export of finished goods from job worker's premises may be permitted, provided such premises are registered with Central Excise/GST authorities. Where job worker is SEZ / EOU / EHTP / STP / BTP unit, export may be effected either from job worker's premises or from premises of unit. Export of such products from job worker's premises shall not be allowed through third parties as provided in FTP.
- d) EOUs may be permitted to remove moulds, jigs, tools, fixtures, tackles, instruments, hangers and patterns and drawings to premises of sub-contractors, subject to condition that these shall be brought back to premises of units on completion of job work within a stipulated period. Raw materials may or may not be sent along with these goods.
- e) In case of sub-contracting of production process abroad, goods may be exported from sub-contractor premises subject to conditions that at the time of clearance of goods, the EOU / EHTP / BTP / STP unit shall declare
  - (i) the transaction value of the finished goods to be cleared from the sub- contractor's premises abroad;
  - (ii) job work charges to be paid to the sub-contractor abroad; and
  - (iii) value of intermediate goods;
 supported with documents like sale price contract / or invoice for the finished goods, job work contract and the basis of arriving at the value of intermediate goods. The EOU / EHTP / BTP / STP unit shall also ensure full repatriation of foreign exchange declared as the transaction value of the finished goods cleared from the sub-contractor's premises abroad.

## **6.22 Contract Farming**

EOUs engaged in production / processing of agriculture / horticulture / aquaculture products may, on basis of annual permission from Customs authorities, take out inputs and equipments (specified in Appendix 6I of Appendices & ANFs) to DTA farm subject to following conditions:

- a) Supply of inputs by EOUs to contract farm(s) shall be subject to input-output norms approved by DGFT / BOA.
- b) There shall be contract farming agreement between EOU and DTA

farmer(s).

- c) Unit has been in existence for at least two years and engaged in export of agriculture / horticulture / aquaculture products; otherwise it shall furnish bank guarantee equivalent to duty and/or taxes foregone on capital goods / inputs proposed to be taken out, to Deputy / Assistant Commissioner of Customs, till unit completes two years.

## **6.23 Exports through Exhibitions / Export Promotion Tour**

EOU / EHTP / STP / BTP units may export goods for holding / participating in exhibitions abroad, with permission of DC, subject to following conditions:

- a) Unit shall produce to Customs authorities letter in original, or its certified copy containing approval of DC. For gems and jewellery items, a self certified photograph of products shall also be submitted.
- b) In case of re-import, such items, on arrival shall be verified along with export documents before clearance.
- c) Items not sold abroad shall be re-imported within 60 days of close of exhibition. However, in case exporter is participating in more than one exhibition within 45 days of close of first exhibition, then 60 days shall be counted from date of close of last exhibition. In case of exhibition in USA, the time period shall be 90 days instead of 60 days mentioned above.
- d) In case of personal carriage of goods and for holding / participating in overseas exhibitions, value of such gems and jewellery shall not exceed US \$ 5 million.

## **6.24 Personal Carriage of Gems and Jewellery as samples for Export Promotion Tours**

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

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

## **6.25 Export through Show-rooms abroad / Duty free shops**

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

## **6.26 Sale through Showrooms / Retail outlets at International Airports**

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

## **6.27 Personal Carriage of Import / Export Parcels including through Foreign Bound Passengers**

- a) For Personal carriage of jewellery by foreign bound passenger, following documents shall be submitted by EOUs as proof of exports:
  - (i) Copy of shipping bill filed by EOUs;
  - (ii) A copy of Currency Declaration Form filed by Foreign buyer with Customs at time of his arrival; and
  - (iii) Foreign Exchange Realisation / Encashment Certificate from Bank.
- b) In addition to this, Personal Carriage by foreign bound passenger on Document Against Acceptance (DA) / Cash On Delivery (COD) basis is also allowed. EOUs will have to furnish following documents as proof of exports:-
  - (i) Copy of Shipping Bill;
  - (ii) Bank Certificate of Export and Realisation.
- c) Procedure for personal carriage of import parcels will be same as for import of goods by airfreight except that parcels shall be brought to Customs by EOUs / foreign national for examination and release. Instructions issued by Customs authorities in this regard should be followed mutatis mutandis.
- d) Personal carriage of parts by foreign bound passengers shall be allowed in case same are required for repairs of exported goods at

customer site. Following documents should be submitted as proof of exports:

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

## **6.28 Replacement / Repair of Imported / Indigenous Goods**

- a) Units may send capital goods abroad for repair with permission of Customs authorities. Any foreign exchange payment for this purpose will also be allowed. However, no permission will be required for sending capital goods for repair within country.
- b) EOU / EHTP / STP / BTP units may, on basis of records maintained by them and prior intimation to Customs authorities:
  - (i) Transfer goods to DTA / abroad for repair / replacement, testing or calibration and return.
  - (ii) Transfer goods for quality testing / R&D purpose to any recognised laboratory / institution upto Rs. 10 lakh per annum without payment of duty and/or taxes as applicable in such cases on giving suitable undertaking to Customs for return of goods. However, if goods have been consumed / destroyed in process of testing etc. a certificate from laboratory / institution to this effect be furnished to Customs.

## **6.29 Samples**

- a) EOU / EHTP / STP / BTP units may on basis of records maintained by them, and on prior intimation to Customs authority, supply or sell samples in DTA for display / market promotion on payment of excise duty, if applicable, and/or payment of GST and compensation cess alongwith reversal of duties of Customs leviable under First Schedule to the Customs Tariff Act, 1975, if availed on inputs.
- b) Remove samples without payment of duty and/or taxes on furnishing a suitable undertaking to Customs authorities for bringing back samples within a stipulated period.
- c) An EOU may export free samples, without any limit, including samples made in wax moulds, silver mould and rubber moulds through all permissible mode of export including through courier agencies / post. For statutory requirement of Stability & Retention sample with manufacturer, an EOU / EHTP / BTP / STP

- unit may re-import with or without payment of duties/taxes as provided at para 6.01(d)(ii) of FTP those samples, which were exported by it, under intimation to Custom Authorities, and FOB value of such samples shall not be counted for NFE purpose and other export benefits, if any.
- d) An EOU, on basis of records maintained by them and on prior intimation to Customs authorities, may send samples to other EOUs for display on returnable basis within a period of 30 days.

### **6.30 Donation of Computer and Computer Peripherals**

EOU / EHTP / STP / BTP unit may be allowed by Customs authorities concerned to donate imported / indigenously procured (bought or taken on loan) computer and computer peripherals, including printer, plotter, scanner, monitor, keyboard and storage units without payment of duty other than applicable taxes under GST Law, two years after their import / procurement and use by units, to a school run by Central Government, or Government of a State, or a Union Territory, or a local body; an Educational Institution run on non-commercial basis by any organization; a Registered Charitable Hospital; a Public Library; a Public Funded Research and Development Establishment; a Community Information Center run by Central Government or, Government of a State or, a Union Territory or local body; an Adult Education Center run by Central Government or, Government of a State or, a Union Territory or a local body or, an organization of Central Government or, a Government of a State or, a Union Territory as per Customs / Central Excise notification.

### **6.31 Distinct Identity**

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 bankaccounts. It is, however, not necessary for it to be a separate legal entity, but it should be possible to distinguish imports and exports or supplies effected by EOU / EHTP / STP / BTP units from those made by other units of enterprise.

### **6.32 Unit Approval Committee for EOUs**

- a) Composition of Unit Approval Committee shall be as under:
- (i) Development Commissioner : Chairperson  
(ii) Jurisdictional Commissioner of CBIC or nominee: member

- (iii) Joint DGFT or nominee: Member
- (iv) Joint / Deputy Development Commissioner of the Zone: Member
- (v) Any other nominee of any Department / Agency as special invitee.

(b) Powers and functions of Unit Approval Committee of EOUs shall be asunder:

- (i) To consider applications for setting up EOUs. Items of manufacture requiring industrial licence under Industrial (Development & Regulation) Act, 1951 shall be considered by BOA.
- (ii) to consider and permit conversion of units in SEZ to EOU;
- (iii) to monitor performance of units;
- (iv) to supervise and monitor permission, clearances, licences granted to units and take appropriate action in accordance with law;
- (v) to call for information required to monitor performance of unit under permission, clearances, licenses granted to it;
- (vi) to perform any other function delegated by Central Government or its agencies;
- (vii) to perform any other function as may be delegated by State Governments or its agencies; and
- (viii) to grant all approvals and clearances for establishment and operation of EOUs

### **6.33 Approval of EHTP / STP / BTP Units**

In case of units under EHTP / STP scheme, necessary approval / permission shall be granted by officer designated by MeitY / Director (STPI). Designated officer shall also exercise powers of adjudication under Section 13 read with Section 11 of FT(D&R) Act, 1992, as amended, in respect of STP / EHTP as mentioned in Gazette Notification No. S.O. 106 (E) dated 30-1-2006. Similarly in case of units under BTP, necessary approval / permission shall be granted by officer designated by DoBT. However, designated officers shall adopt criteria for automatic approval of new units as laid down in Appendix 6A of Appendices & ANFs.

### **6.34 Powers of DC / Designated Officer**

DC / Designated Officer shall have following powers in respect to units. Jurisdiction of DC is given in Appendix 6J of Appendices & ANFs.

- a) Conversion of sick / closed DTA unit into EOU;
- b) Conversion of EOU to STP / EHTP / BTP and vice-versa as per prescribed procedure;
- c) To allow increase in value of capital goods in terms of Indian Rupees, on account of foreign exchange rate fluctuations;
- d) To permit capacity enhancement without any limit in case of delicensed industries only;
- e) Permit broad-banding for similar goods and activities mentioned in LoP or to provide for backward or forward linkages to existing line of manufacture;
- f) Authorize change in name of company or implementing agency and change from a company to another provided new implementing agency / company undertakes to take over assets and liabilities of existing unit;
- g) Permit change of location from place mentioned in LoP to another and / or include or exclude additional location/space provided that no change in other terms and conditions of approval is envisaged and that new location/space is within territorial jurisdiction of DC /Designated Office
- h) Extend validity period of LoP beyond initial validity period of LoP (except in case where there is a restriction on initial period of approval, like setting up of oil refinery projects) as per Paragraph 6.05 (a) of FTP;
- i) Cancel LoP wherever warranted;
- j) Permit merger of two or more units into one unit provided units fall within jurisdiction of same DC / Designated Officer subject to condition that activities are covered under provision of broad banding;
- k) Exercise powers of adjudication under Section 13 read with Section 11 of FT (D&R) Act, in respect of EOUs as mentioned in

Gazette Notification No. SO.194(E) dated 6.3.2000;

- l) 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);
- m) 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;
- n) Registration-cum-Membership Certificate Function as a Registering authority for EOU / EHTP / STP / BTP unit. A separate Registration-cum-Membership Certificate shall not be required in their cases as provided for in Paragraph 2.56 of FTP ;
- o) Green Card Issue of Green Card automatically after execution of LUT;
- p) Grant / renewal of Status Certificate in respect of EOUs provided it does not involve clubbing of FOB value of exports of its parent company in DTA;
- q) Publicity of EOU / EHTP / STP / BTP Scheme under their jurisdiction.
- r) Exit from EOU/EHTP/STP/BTP Scheme (including grant of 'in-principle' exitletter as per Appendix 6K).

### **6.35 Change of Location / Inclusion of Additional Location with BOA Approval**

BOA may consider change of location of EOU / EHTP / STP / BTP unit from place mentioned in LoP to another and / or to include additional location outside territorial jurisdiction of original DC / Designated Officer, subject to such conditions as BOA may decide.

### **6.36 Clearance of Capital Goods in DTA**

Clearance of capital goods, including second hand, in DTA shall be allowed as per para 6.14(b) of FTP and import policy in force on date of such clearance.

### **6.37 Depreciation Norms**

Depreciation up to 100% is permissible for Computers and Computer

peripherals in 5 years and 10 years in case of other items.

(a) Depreciation Norms for Computers and Computer Peripherals:

Depreciation for computers and computer peripherals shall be as follows.

10% for every quarter in first year;

8% for every quarter in second year;

5% for every quarter in third year;

1% for every quarter in fourth and fifth year.

(b) Depreciation Norms for Other Capital Goods:

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

4% for every quarter in first year;

3% for every quarter in second and third year;

2.5% for every quarter in fourth and fifth year;

2% for every quarter thereafter.

### 6.38 Conversion

- a) Existing DTA units, may also apply for conversion into an EOU /EHTP / STP / BTP unit, but no concession in duties and taxes would be available under scheme for plant, machinery and equipment already installed. For this purpose, DTA unit may apply to DC / Designated Officer concerned in same manner as applicable to new units. In case there is an outstanding export commitment under Advance Authorisation Scheme, it will follow the procedure laid down in Appendix 6M of Appendices & ANFs. In case DTA unit has taken EPCG authorisation, the conversion would be permitted only if either the unit has fulfilled the stipulated Export obligation and obtained EODC or has made payment of applicable duties and taxes and compensation cess on capital goods imported under the EPCG Scheme.
- b) Existing EHTP / STP / BTP units may also apply for conversion / merger to EOU unit and vice-versa. In such cases, units will continue to avail permissible exemption in duties and taxes as applicable under relevant scheme. EHTP / STP/ BTP units desiring conversion as an EOU may apply to DC concerned through Officer designated by MeitY / DoBT in same manner as

applicable to new units. Likewise, EOU desiring conversion into EHTP / STP / BTP may apply to officer designated by MeitY / DoBT through DC concerned.

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

### **6.39 Fast Track Clearance Procedure**

- a) Eligibility: EOUs having a status holder certificate under FTP shall be eligible for Fast Track Clearance Procedure.
- b) Examination of Import Cargo: Status holder units shall be exempted from examination of import cargo at port of import. However, jurisdictional Commissioner of Customs may examine consignments at unit's place on random basis.
- c) Installation of Computers: Eligible EOUs may install two computers in their administrative / registered office outside premises of the unit under prior intimation to jurisdictional Asstt. / Deputy Commissioner of Customs.
- d) Procurement of DG sets: Procurement of DG set of capacity commensurate with actual requirement of unit shall be permitted under intimation to DC and jurisdictional Customs authority.
- e) Temporary removal of Capital Goods: Eligible EOU may remove their capital goods or parts thereof for repairs under prior intimation to jurisdictional Asst. / Deputy Commissioner of Customs or Central Excise.
- f) Personal carriage of samples: Personal carriage of samples of Gems & Jewellery by status holder EOUs are allowed subject to limit fixed in Paragraph 6.24 without a need for prior permission from DC / Customs.
- g) Activities which do not require permission: In respect of following activities of a status holder, permission will not be required from DC or jurisdictional Central Excise/Customs authority: DTA sale of finished products in terms of Paragraph 6.07(a) of FTP; Participation in exhibition and Personal carriage of Gems & Jewellery for export promotion tours subject to fulfilment of conditions of Paragraph 6.23 of HBP. However, prior intimation thereof needs to be given.

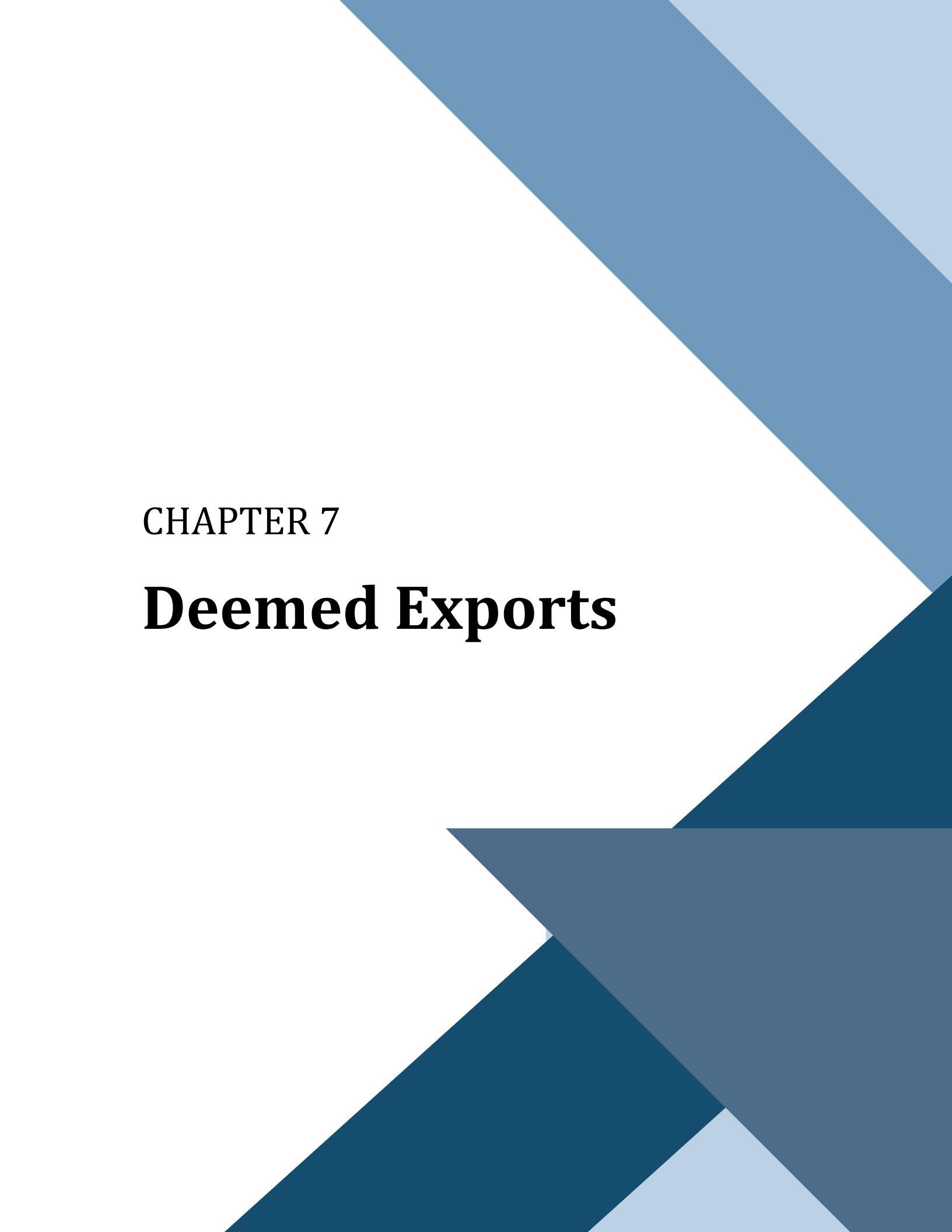
### **6.40 Time Bound Disposal of Applications**

DC shall dispose of applications expeditiously. Following time schedule shall

normally be followed to dispose of applications provided application is complete in all respects and is accompanied with prescribed documents.

S. No.	Category of Application	Time limit for disposal (days)
1	Issue of LoP / LoI	15
2	Conversion of LoP / LoI	15
3	Acceptance of LUT	3
4	Renewal of LUT	3
5	Permission for broad banding / Diversification	3
6	Permission for change in locations	7
7	Permission for Advance DTA sale	2
8	Permission for merger of units	7
9	Permission for enhancement of production capacity	3
10	Cancellation of LoP	3
11	Permission for debonding / exit	7
12	Permission for DTA sale	2
13	Eligibility certificate for employment visa for lower level technicians	2
14	Issue of Green Card	2
15	Renewal of Green Card	Same Day
16	Permission to lease CG	1
17	Permission for disposal of scrap / waste	2
18	Permission for change in name	2
19	Inter Unit Transfer	2
20	Wastage Norms, ad-hoc	2
21	Permission for re-import	Same day
22	Permission for re-export	Same day
23	Permission for replacement / repair of goods	Same day
24	Authorisation of softex form	1
25	Reimbursement of CST claims	7
26	Issue of GSP Certificate	Same day
27	Permission for conversion of EOU to STPI/EPCG	5
28	Permission of final exit of EOU	5
29	Permission of extension of EOU	2
30	Permission to allow increase in value of CG	2

31	Permission for export through exhibition / tour	2
32	Reimbursement of Duty Drawback / TED	7



CHAPTER 7

# Deemed Exports

# **Chapter-7**

## **Deemed Exports**

### **7.00 Policy**

Policy relating to Deemed Exports is given in Chapter 7 of FTP.

### **7.01 Procedure for claiming Benefits**

- (a) Supplier / Recipient of goods shall submit application for claiming deemed export benefits, in ANF-7A, along with the documents prescribed therein, to the concerned RA.
- (b) In case of supply of goods to an EOU, claim shall be filed with the concerned Development Commissioner. A DTA Unit shall claim benefits from the concerned RA.

### **7.02 Criteria for claiming Benefits**

- (a) (i) In respect of supply of intermediate goods to Advance Authorisation / DFIA holder, against Invalidation Letter, issued in terms of Paragraph 4.13 of HBP, application to obtain Advance Authorisation for import of duty free inputs, as provided under Chapter 4 of FTP, shall be made as per procedures given in Chapter 4 of HBP. For supplies against invalidation letter, TED refund shall be given in accordance with para 7.03(c) of FTP, provided, there is no exemption.  
(ii) In respect of supply of goods to Advance Authorisation / DFIA, against ARO, procedure given in Chapter 4 of the HBP shall be followed. TED refund for supplies against ARO shall be allowed in accordance with para 7.03(c) of FTP, provided, there is no exemption. Duty Drawback shall be allowed in accordance with para 7.06 of FTP.
- (b) In respect of supply of goods to EOU / EHTP / STP / BTP, Advance Authorisation / DFIA can be obtained as per procedure given in the Chapter 4 of HBP for exemption from payment of Terminal Excise Duty, procedure as per Excise Circular number 851/9/2007-CX dated 3.5.2007 read with circular No. 10/2009- Cus dated 25.2.2009, shall be followed for removal of goods against CT-3. TED refund shall be given for supply of goods to EOU / EHTP / STP / BTP in accordance with para 7.03(c) of FTP, provided, there is no exemption. In case Advance Authorisation, as

provided in Chapter 4 of FTP, is not obtained for import of duty free inputs against such supply, drawback claim for basic custom duty paid on inputs, used in the resultant product, shall be filed with the DC concerned. A DTA Unit shall claim benefits from the concerned RA.

(c) In respect of supply of goods to an EPCG Authorisation holder, against Invalidation Letter, application for Advance Authorisation / DFIA shall be made as per procedures given in Chapter 4 of HBP. If Advance Authorisation / DFIA is not obtained for duty free inputs, Duty drawback shall be allowed on basic custom duty paid on inputs used in the resultant product.

(d) In respect of supply of goods to other categories as listed in the Paragraph 7.02 (d), (e), (f) & (g) of FTP, Advance Authorisation / DFIA for import of duty free inputs as provided under Chapter 4 of FTP may be obtained against Project Authority Certificate as per Appendix-7C. However, if Advance Authorisation / DFIA is not obtained against such supplies for duty free inputs as provided in Chapter 4 of FTP, claim for duty drawback for basic custom duty may be filed as per ANF-7A. TED refund for projects mentioned in para 7.08(iii)(a) of FTP in respect of eligible items of supply covered under schedule IV of Central Excise Act, 1944, shall be available provided there is no exemption.

### **7.03 Eligibility criteria for claiming TED / Drawback**

(a) Application can be filed either by supplier or by recipient of goods, having IEC Number.

(b) Application can be made by Registered office / Head office or Manufacturing unit.

(c) In case supplier files claim for TED refund, it shall obtain a certificate for non- availment of CENVAT credit from the recipient of goods as per Annexure-I to ANF-7A and submit the same. In case recipient of goods is an applicant, then the applicant itself shall submit such certificate.

(d) In case recipient unit files claim for TED / Duty Drawback, disclaimer certificate as prescribed in the Annexure-III to ANF-7A shall be obtained from supplier and shall be submitted along with the application. In case supplier of the goods is an applicant then the disclaimer certificate from the recipient of the goods shall be submitted.

(e) Claim can be filed only after payment is received in full, to the extent of supplies made.

(f) Claim can be filed against payment received through normal banking channel, as per e-BRC. In other words, supply documents have to be negotiated through bank only. In respect of supplies covered under Paragraph 7.02 (d) to (g) of the FTP, payment certificate issued by Project Authority, in Appendix-7D, has also to be submitted.

(g) Sub-contractor can also file claim provided its name is endorsed in the Project Authority Certificate / Contract before supply of such goods.

#### **7.04 Procedure for claiming TED refund on Fuel**

For supply of High Speed Diesel (HSD) from Depots of domestic oil Public Sector Undertakings under Paragraph 7.02(b) of FTP, terminal excise duty shall be refunded on the basis of duty paid certificate issued by concerned domestic oil Public Sector Undertaking in the format given in Annexure-IV to ANF-7A. Duty refund will be allowed for quantity of HSD procured by EOU / EHTP / STP / BTP unit for its production activities, as certified by concerned DC / Bond authorities.

#### **7.05 Frequency of application and time period for claiming TED / Drawback**

(a) In respect of supplies covered in Paragraphs 7.02 (a) to (c) of FTP, application for TED refund / drawback (whichever applicable) may be filed within 12 months from the date of realisation of 100% payment against such supplies. In cases where payment is received in advance and supply is made subsequently, in such cases application can be filed within 12 months from the last date of such supplies. Claim can be filed 'Invalidation Letter / ARO wise' against individual Authorisation within the time limit as specified above.

(b) In respect of supplies covered in Paragraphs 7.02 (d) to (g) of FTP, claim may be filed either on the basis of proof of supplies effected or payment received. Claims should be filed within a period of twelve months from date of receipt of supplies by project authority or from date of receipt of the payment by supplier as per the option of applicant, either against a particular project or all the projects. Claims may also be filed where part payments have been received. Deemed export benefits may be allowed after 100% supplies have been made. However, benefit will be limited to the extent of payment received.

#### **7.06 Rate of Drawback**

Normally drawback may be allowed as per All Industry Rate fixed by DoR in the Drawback Schedule where no CENVAT credit has been availed by supplier of

goods. However, an application in ANF-7A, along with documents prescribed in ANF-7A & Appendix-7E, may be made to RA or DC concerned, as the case may be, for fixation of brand rate where All Industry Rate of Drawback is not available or same is less than 4/5th of duties actually paid on raw materials or components used in the production or manufacture of the said goods.

### **7.07 Time barred / supplementary claim**

In case claim is filed after prescribed time period, provision of late cut, under Paragraph 11.02 of HBP and provision of supplementary claim under Paragraph 11.03 of HBP shall be applicable.

### **7.08 Exemption from payment of TED**

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

### **7.09 Applicability of other Rules**

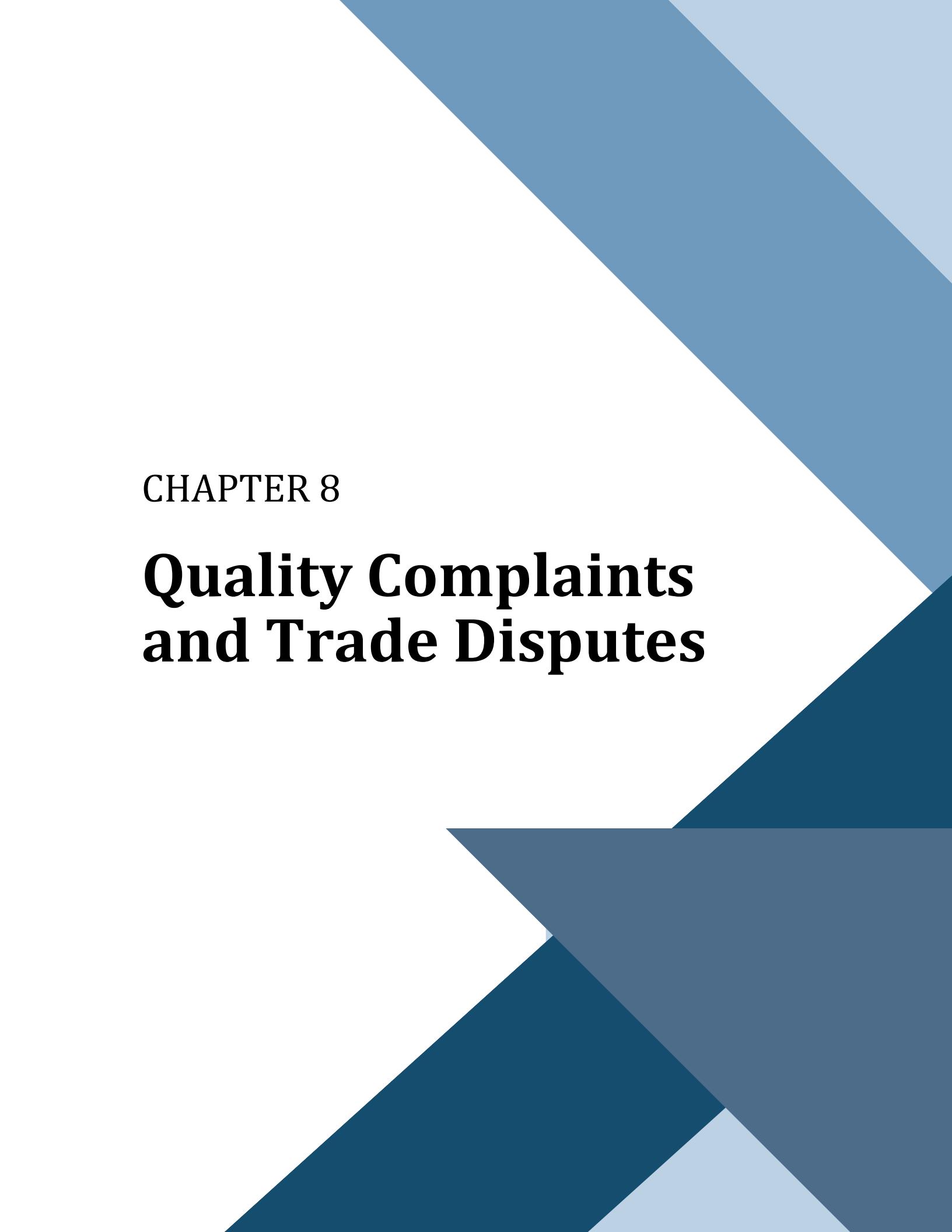
Subject to procedure laid down in HBP, Customs and Central Excise Duties and Service Tax Drawback Rules, 1995 or Customs and Central Excise Duties Drawback Rules, 2017, as the case may be, shall apply mutatis mutandis to deemed exports scheme.

### **7.10 Payment of interest**

- (a) RA shall make payment within 30 days from the date of issuance of Approval Letter. In case payment is not made within the time period as given above, then RA shall add interest component, along with principal amount, in accordance with paragraph 7.09 of the FTP. No separate application for claiming interest is required to be made. A single mandate shall be issued to the bank for principal amount and interest.
- (b) If interest is not added by RA/DC, a separate application, as per ANF-7B may be filed, within 30 days from the date of receipt of principal amount. No interest shall be paid thereafter. RA shall maintain separate account for disbursement of principal amount and interest for accounting purpose.
- (c) RA shall submit a monthly report regarding disbursement of deemed exports claims, in the proforma as given in Appendix-7F. Wherever interest is paid, RA shall inform the reason for payment of interest.

## **7.11 Internal Audit Mechanism**

The zonal offices of Additional DGFT shall constitute Audit team in their offices as per paragraph 7.10 of FTP and shall carry out post Audit.



CHAPTER 8

# **Quality Complaints and Trade Disputes**

# Chapter-8

## Quality Complaints and Trade Disputes

### 8.01 Committee on Quality Complaint & Trade Dispute (CQCTD)

For effective dealing of quality complaints and trade disputes, a Committee on Quality Complaint & Trade Dispute (CQCTD) is constituted in the 20 offices of the DGFT. Name of the office, where CQCTD has been constituted and jurisdiction of CQCTD is given in the table below:

<b>Sl. No.</b>	<b>Location of CQCTD</b>	<b>Designation of Chairperson</b>	<b>Jurisdiction of the CQCTD</b>
<b>Northern Zone</b>			
<b>1</b>	Addl. DGFT, CLA, New Delhi	Addl. DGFT	CLA, New Delhi
<b>2</b>	Jt. DGFT, Panipat	Jt. DGFT	RA, Panipat
<b>3</b>	Jt. DGFT, Jaipur	Jt. DGFT	RA, Jaipur
<b>4</b>	Jt. DGFT, Kanpur	Jt. DGFT	RA, Kanpur
<b>5</b>	Addl. DGFT, Ludhiana	Addl. DGFT	RA, Ludhiana; RA, Jammu and RA, Srinagar
<b>6</b>	Jt. DGFT, Varanasi	Jt. DGFT	RA, Varanasi
<b>Western Zone</b>			
<b>7</b>	Addl. DGFT, Mumbai	Addl. DGFT	RA, Mumbai and RA, Nagpur
<b>8</b>	Jt. DGFT, Pune	Jt. DGFT	RA, Pune
<b>9</b>	Dy. DGFT, Vadodara	Jt. DGFT	RA, Vadodara
<b>10</b>	Addl. DGFT, Ahmedabad	Addl. DGFT	RA, Ahmedabad
<b>11</b>	Jt. DGFT, Surat	Jt. DGFT	RA, Surat
<b>12</b>	Jt. DGFT, Indore	Jt. DGFT	RA, Indore and RA, Bhopal
<b>13.</b>	Jt. DGFT, Rajkot	Jt. DGFT	RA, Rajkot
<b>Eastern Zone</b>			
<b>14</b>	Addl. DGFT, Kolkata	Addl. DGFT	RA, Kolkata and RA, Guwahati
<b>Southern Zone</b>			
<b>15</b>	Addl. DGFT, Chennai	Addl. DGFT	RA, Chennai
<b>16</b>	Addl. DGFT, Bangalore	Addl. DGFT	RA, Bangalore
<b>17.</b>	Addl. DGFT,	Addl. DGFT	RA, Hyderabad

	Hyderabad		
<b>18</b>	Jt. DGFT, Coimbatore	Jt. DGFT	RA, Coimbatore
<b>19</b>	Dy. DGFT, Vishakhapatnam	Dy. DGFT	RA, Vishakhapatnam
<b>20</b>	Jt. DGFT Cochin	Jt. DGFT	RA, Cochin

## 8.02 Composition of the CQCTD

The CQCTD may comprise the following members:

1. Additional DGFT/Joint DGFT/ (H.O.O):Chairperson
2. Representative of Bureau of India Standard (BIS):Member
3. Representative of Agricultural and Processed Food Products Export Development Authority (APEDA): Member
4. Representative of the Branch Manager of the concerned Bank: Member
5. Representative of Federation of Indian Exporter Organisation (FIEO)/ and OR Export Promotion Council/Commodity Boards: Member
6. Representative of Export Inspection Agency: Member
7. Nominee of Director of Industries of State Government: Member
8. Nominee of Development Commissioner of MSME: Member
9. Officer as nominated by Chairperson: Member Secretary
10. Any other agency, as co-opted by Chairperson: Member.

## 8.03 Online Filing and Tracking of Quality Complaints/Trade Disputes

A request for investigation and settlement of quality complaint/trade dispute would be filed online by an Indian/foreign entity at "www.dgft.gov.in>Services>Quality Complaints & Trade Disputes>fill Online Application Form". Such complaint would be submitted online to the jurisdictional Regional Authorities of DGFT as well as to the concerned Indian Mission. On submission, a Unique Reference Number will be generated and sent to the email id of the complainant. The complainant can also upload supporting documents along with the complaint or later on.

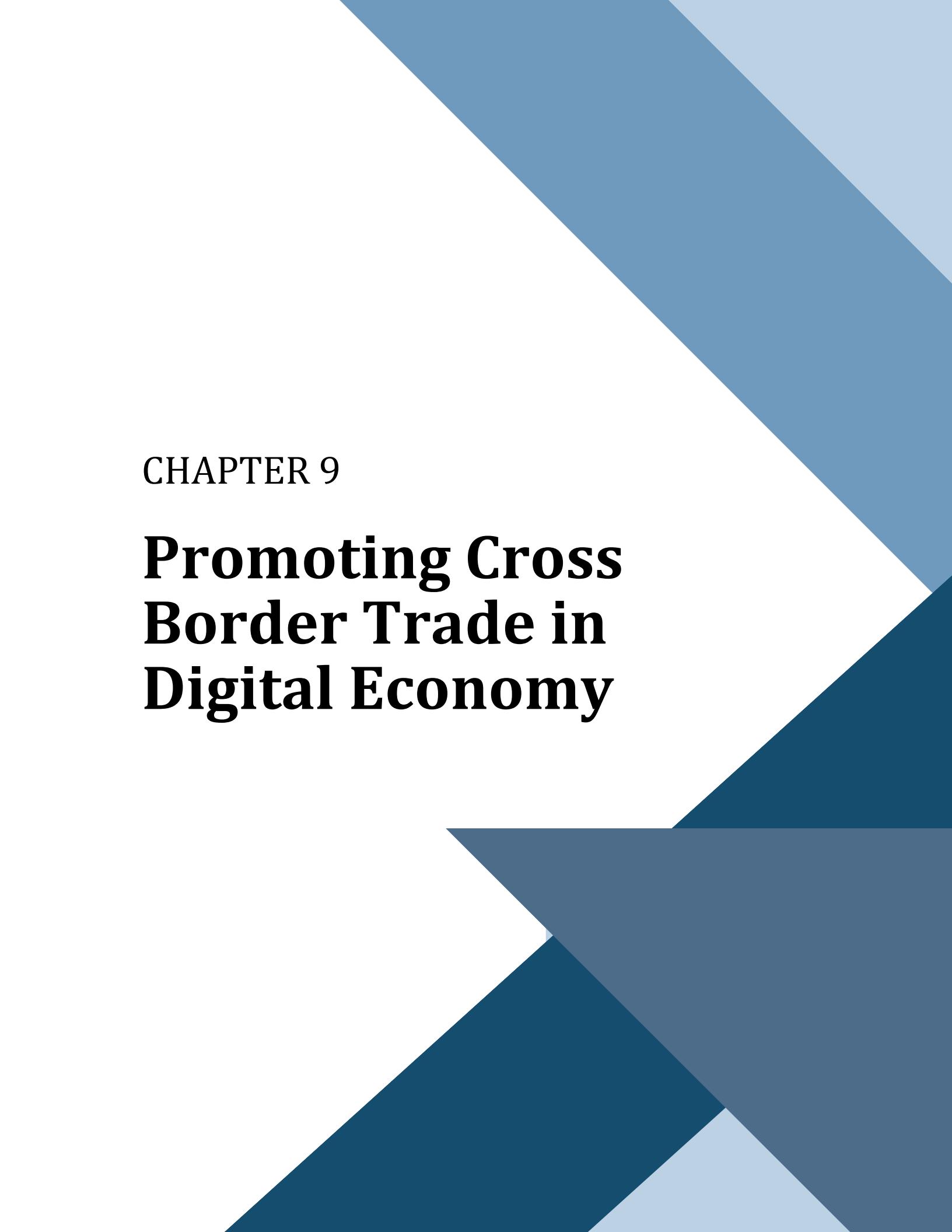
## 8.04 Mechanism for resolving Quality Complaints/Trade Disputes

- i. CQCTD in the Regional Authorities of the DGFT would take up the matter with the concerned entity or authorities in their jurisdiction for resolving the complaint and would update status online on a regular basis,

- ii. Wherever necessary, action would be taken against the erring Indian Entity under the Foreign Trade (Development & Regulation) Act, 1992, as amended and the Foreign Trade (Regulation) Rules, 1993, as amended,
- iii. The Indian Missions would take up the issue with authorities concerned for resolving the complaint and would update status online on regular basis,
- iv. The facility of tracking and viewing status of the complaints/disputes by the complainant has also been provided on the DGFT website.

### **8.05 Choice to pursue other options**

This mechanism is to provide an additional window for resolution of complaints/disputes to create confidence in business environment in the country. Efforts would be made to resolve the complaints amicably and expeditiously. However, this mechanism is only conciliatory in nature. The aggrieved parties are free to pursue any other course of action including legal action against the erring party. Disputes between two Indian parties or between two foreign parties are not covered under this mechanism.



CHAPTER 9

# Promoting Cross Border Trade in Digital Economy

# Chapter-9

## Promoting Cross Border Trade in Digital Economy

### **9.00 Policy**

The given chapter elaborates on the procedures in relation to the Policy as notified under 'Cross Border E-Commerce from India' i.e., Chapter 9 of the Foreign Trade Policy.

### **9.01 Foreign Trade Policy Benefits/Schemes to e-Commerce Exporters**

Suitable IT enablement shall be undertaken to ensure seamless delivery of Foreign Trade Policy Benefits/Schemes to e-Commerce Exporters.

### **9.02 E-COMMERCE EXPORT HUBs (ECEHs)**

#### **a) Creation of ECEH**

- i. Application for creation/notification of an ECEH area shall be made to the DGFT.
- ii. The authority for approval for an ECEH vests with the DGFT. DGFT shall constitute a committee for evaluation of ECEH applications. The Committee shall have a member from the Department of Revenue besides any other members as required from time-to-time.
- iii. DGFT may specify export products or markets, which shall not be eligible for ECEH operations. The negative list of items that cannot be dealt within the ECEHs shall be notified separately.

#### **b) Administration of ECEH**

- i. The ECEH developer shall provide an annual statement of accounts as per instructions in this regard.
- ii. DGFT shall notify procedures for supervision and inspections at ECEHs. An independent evaluation and assessment mechanism may also be developed.

## CHAPTER 10

# **SCOMET: Special Chemicals, Organisms, Materials, Equipment and Technologies**

# Chapter-10

## SCOMET: Special Chemicals, Organisms, Materials, Equipment and Technologies

### **10.00 Policy**

Policy relating to general provisions governing the export of dual use items, munitions and nuclear related items, including software and technology, viz. SCOMET, is specified in Chapter 10 of FTP.

### **10.01 Coverage**

This chapter covers the procedure for various applications relating to export of dual use items under SCOMET.

### **10.02 SCOMET categories and licensing jurisdiction**

Export of dual use items, munitions and nuclear related items, including software and technology, covered under SCOMET list are permitted against an export authorisation, unless prohibited or specifically exempted. Licensing authorities for various categories of SCOMET items, as specified in Appendix 3 to Schedule 2 of ITC (HS) and tabulated under Para 10.03 of FTP are as under:

- (a) The DGFT is the licensing authority for all SCOMET categories, including Sub-category 6A007, 6A008, except Categories 0, 6, Note 2 of Commodity Identification Note (CIN) of SCOMET list, and any other sub-category as may be specified.
- (b) The Department of Atomic Energy (DAE) is the licensing authority for items in Category 0 and Note 2 of the 'CIN'. Applicable guidelines are notified by the DAE for Nuclear Transfers (Exports) and Notification of schedule of Prescribed Substances, Prescribed Equipment and Technology" issued under Atomic Energy Act 1962 and Atomic Energy (Working of Mines, Minerals and Handling of Prescribed Substance) Rules 1984. For certain items in Category 0, formal assurances from the recipient State will include non-use in any nuclear explosive device. Authorisations for export of certain items in Category 0 will not be granted unless transfer is under adequate physical protection and is covered by appropriate International Atomic Energy Agency (IAEA) safeguards, or any other mutually agreed controls on transferred items.
- (c) The Department of Defence Production (DDP) in the Ministry of Defence is the licensing authority for items in Category 6 of SCOMET known as 'Munitions List' [except those covered under Note 2 of CIN to SCOMET and

Note 3 of Munitions List (i.e. items under Category 6A007, 6A008)] irrespective of end use of the items, whether military or civil. Export Authorisation under Category 6 of SCOMET is granted by the DDP as per their extant guidelines/Standard Operating Procedure (SOP), to be issued from time to time.

### **10.03 Supply of SCOMET Items from DTA to SEZ/EoU and outside the country**

No export authorisation is required for supply of SCOMET items from DTA to SEZ/EOU. Export Authorisation is, however, required if the SCOMET items are to be physically exported outside the country from SEZ/EOU, i.e. to another country (Refer Rule 26 of the SEZ Rules, 2006). All supplies of SCOMET items from DTA to SEZ/EOU will be reported to the Development Commissioner (DC) of the respective SEZ/Eou by the supplier in the prescribed proforma [Annexure 1 to Appendix-3 to Schedule 2 of ITC (HS) Classifications of Export and Import Items] within one week of the supplies getting effected. An annual report of such supplies from DTA to SEZ/EOU shall be reported to DGFT (Hqrs), by the DC of SEZ/EOU in the prescribed proforma [Annexure 2 to Appendix-3] by 15<sup>th</sup>May of every financial year, in respect of supplies from DTA to SEZ/EOU during the preceding financial year.

### **10.04 Application and Documentation for SCOMET Authorisation**

- (a) An application for grant of Export Authorisation in respect of SCOMET items, including software and technologies mentioned in Appendix 3 to Schedule 2 of ITC (HS) Classifications of Export and Import Items may be made in prescribed proforma [ANF 10A, ANF-10B, ANF-10C, ANF-10D, ANF-10E, ANF-10F] as may be applicable, to the DGFT (Hqrs) along with documents as prescribed in relevant Appendices.
- (b) However, such applications are mandatorily to be filed through online system under the icon Services -> Export Management System -> SCOMET on the website of DGFT.
- (c) While submitting the online application, all the required documents as applicable and specified in relevant Appendices are to be uploaded as PDF files. Manual submission of application with DGFT (HQ) is dispensed. However, original End User Certificate(s) as per the applicable format (specified in relevant Appendix) or Legal Undertaking for temporary exports is/are to be submitted in hard copy along with covering letter clearly indicating file number of application on subject line to SCOMET Cell of DGFT (HQ), Vanijya Bhawan, New Delhi, besides electronic submission.

- (d) Application shall be accompanied by an EUC as per the applicable format (relevant Appendix), certifying that:
- The item will be used only for stated purpose and that such use will not be changed, nor items modified or replicated without consent of Government of India;
  - Neither the items nor replicas nor derivatives thereof will be re-transferred without consent of Government of India;
  - End-user shall facilitate such verifications as are required by Government of India.
- (e) The end-user certificate will indicate the name of the item to be exported, the name of the importer and all the entities in the supply chain, the specific end-use of the subject goods, details of Purchase Order/Contract, etc.
- (f) Government of India may also require additional formal assurances, as deemed appropriate, including those on end-use and non-transfer, from the State of the recipient.

Additional end-use conditions may be stipulated in Authorisations for export of items, including software and technology, based on an assessment of proliferation concerns and other factors.

## **10.05 Additional controls on Non-SCOMET items for dual use (Catch-all controls)**

If the exporter has been notified in writing by DGFT or he knows or has reason to believe that an item not covered in the SCOMET list has a potential risk of use in or diversion to Weapons of Mass Destruction (WMD) or in missile system or military use (including by terrorists and non-state actors), he shall apply for a SCOMET authorisation. The export of such an item may be denied or permitted as per the procedure provided for SCOMET items in Paragraph 10.06 of HBP.

Note: "Military use" shall mean incorporation into items listed under SCOMET Category 6 or for the use, development, or production of military items listed in this category.

Exporter who is going to export/transfer such items regulated under Catch-all Controls is required to obtain a SCOMET license from DGFT. IMWG examines such applications filed in prescribed proforma [ANF 10A] alongwith relevant documents in terms of Para 10.06 of HBP.

## **10.06 Inter Ministerial Working Group (IMWG)**

An Inter-Ministerial Working Group (IMWG) in DGFT (Hqrs.) comprising representatives of other Ministries / Departments / Organisations of the Government of India, as considered appropriate, shall consider applications for export of SCOMET items as specified in Appendix-3 to Schedule 2 of ITC (HS) Classifications of Export and Import Items based on the following guidelines / factors:

- I. Applications for Authorisation to export items or technology or software on SCOMET List are considered on the basis of following general criteria:
  - (a) Credential of end-user, credibility of declaration of end-use of the item or technology, integrity of chain of transmission of item from supplier to end-user, and on potential of the item or technology, including timing of its export, to contribute to end-uses that are not in conformity with India's national security or foreign policy goals and objectives, goals and objectives of global non-proliferation, or India's obligations under International Treaties/Agreements/Conventions to which it is a State party.
  - (b) Assessed risk that exported items will fall into hands of terrorists, terrorist groups, and non-State actors;
  - (c) Export control measures instituted by the recipient State;
  - (d) Capabilities and objectives of programmes of the recipient State relating to weapons and their delivery;
  - (e) Assessment of end-use(s) of item(s);
  - (f) Applicability of provisions of relevant bilateral or multilateral Agreements and Arrangements, to which India is a party, or adherent. This is including but not limited to the control lists of the Nuclear Suppliers Group, Missile Technology Control Regime, Australia Group (and its Warning List or Awareness Raising Guidelines) and Wassenaar Arrangement (and its Sensitive List and Very Sensitive List) as amended from time to time;
- II. Timeline for comments/NOC by IMWG members: The members of IMWG will endeavour to furnish their written comments/views/no objection to DGFT within 30 days from the date of forwarding of online application by DGFT (Hqrs.). If no comments/views/no objection is received within the stipulated period, the cases will be placed before IMWG for taking a decision as deemed appropriate.
- III. The IMWG shall normally meet once every month. Where a case has been deferred in the IMWG meeting and subsequently comments/views/NOC(s) are received from all concerned agencies with no divergence in views, authorisation shall be issued with the approval of Chairman, IMWG or any officer nominated by Chairman/DGFT (not below the rank of Deputy Director General of Foreign Trade/Under Secretary) and such cases shall be brought before IMWG in its subsequent meeting for approval on ex-post facto basis.

- IV. Case(s) where a decision could not be arrived at in IMWG shall be placed before Director General of Foreign Trade for appropriate decision on grant of authorisation.

After the approval of SCOMET application by the IMWG or Chairman, IMWG, as the case may be, export authorisation shall be issued by the SCOMET Cell in DGFT (Hqrs).

### **10.07 Applicability of Weapon of Mass Development Act (WMD Act)**

Export of items not on SCOMET List may also be regulated under provisions of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005.

### **10.08 Procedure/ Guidelines for filing / Evaluation of Applications for Entering into an Arrangement or Understanding for Site Visits, On-site Verification and Access to Records /Documentation**

An application for entering into an arrangement or understanding involving site visit, on-site verification or access to records/documentation by a foreign government or a foreign third party either acting directly or through an Indian party as mentioned in Appendix 3 of Schedule 2 of ITC (HS) Classifications of Export and Import Items shall be made to DGFT (Hqrs.), New Delhi, in proforma ANF 10E along with relevant documents as prescribed therein, including Appendix 10L. These applications shall be considered by IMWG in DGFT (Hqrs.) based on the guidelines/general criteria as specified in Appendix-10A and permission for arrangement or understanding involving site visit, on-site verification or access to records / documentation will be subject to the conditions specified in Appendix-10A.

### **10.09 Issue of authorisation for Repeat Orders of SCOMET item(s)**

An application for grant of an Authorisation for repeat orders (excluding Category 3A401 and software and technology under any category) for export of same SCOMET items to the same country/entities shall be made in prescribed proforma [ANF 10A] through online SCOMET portal along with other supporting documents, as prescribed in Appendix 10B(i) and Appendix 10B(ii). The application shall be considered by Chairman IMWG, without consultation with IMWG members. However, in cases of repeat orders for export of same SCOMET item to different country/entities approval will be granted by Chairman IMWG after verification of credentials of foreign buyer/consignee/end-user only. Subsequent to issue of export authorisation, the IMWG through relevant agency(ies) may verify exports made under repeat orders, based on an assessment of various factors.

The approval will be subject to the fulfilment of the following criteria:

- (i) Same SCOMET items would imply that the products, along with the technical specifications, are exactly the same for which export authorisation has been issued to the applicant exporter earlier after due consultation/verification;
- (ii) Same country/entities would imply that (a) the foreign buyer (b) the consignee or the intermediaries, if any (c) the end user and (d) the end use are exactly the same for which export authorisation has been issued to the applicant exporter earlier after due consultation/verification;
- (iii) Only the applications submitted within three years from the date of Issue of original SCOMET authorisation, after due verification/consultation process, will be eligible for repeat authorisation;
- (iv) The cumulative quantity permitted against repeat export authorisations shall be commensurate with the operational capacity of the end user in respect of the relevant product, as certified by the end user. A certificate to this effect from the end user on prescribed proforma [Appendix 10B(i)]shall be submitted by the exporter along with the application for a repeat authorisation;
- (v) A declaration by the authorized signatory of the exporter firm on the qualifying conditions as per (i) to (iv) above shall be submitted on prescribed proforma [Appendix 10B(ii)] along with the application for consideration under the repeat order route;
- (vi) The authorisations(s) for repeat orders shall be liable for recall/termination by the DGFT on receipt of an adverse report in respect of any of the export consignments;
- (vii) All authorisations for repeat orders shall be brought before IMWG in its subsequent meeting for confirmation of approval, on ex-post facto basis, and the IMWG would reserve its right to refuse further repeat authorisations based on its assessment of proliferation concerns;

## **10.10 Issue of export authorisation for "Stock and Sale" of SCOMET items**

Application for grant of authorisation for bulk export of SCOMET items (excluding Category 0, Category 3A4001, 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. The 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)<sup>1</sup>/Contract Manufacturer(CM)<sup>2</sup>.**

*<sup>1</sup> 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."*

*<sup>2</sup> 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.*

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

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 stockists abroad and transfer to end users in specific countries**

- c. The exporter shall submit application in prescribed proforma (ANF-10B) along with the following documents from the stockist:
- i. Documentary proof regarding the 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 OEM/CMS/CM).**
  - viii. **Undertaking on the letterhead of the firm duly signed and stamped by the authorized signatory stating that, "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 shall be taken against the exporter under the 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

- a. The application would be assessed for grant of authorisation 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;
- b. No authorisation 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;
- c. Re-export to such approved countries would be subject to the export control regulations of the country of the stockist;
- d. 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**

- e. 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)**

- f. 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 authorisation 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)
- g. IMWG shall consider export authorisations for allowing such re-export/re-transfer based on end use/end user verification;

## **Repeat Order cases**

- h. 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**

- i. The Indian exporter (Stock & Sale Authorisation 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 authorisation under the stock and sale policy;
- j. The items exported to the stockist entity under the stock and sale authorisation should be transferred to the final end-user(s) within the validity period of the authorisation as in paragraph 10.17 of HBP;
- k. The authorisation may be revalidated as per the procedure mentioned in paragraph 10.20 of HBP;

## **10.11 Issue of export authorisation for spare parts of SCOMET items under Stock and Sale**

An applicant may also apply for export of spare parts, under stock and sale arrangement in the application for export of main item/equipment along with justification of the same. The request for export of spare parts covered under SCOMET may be considered by IMWG along with the application for the main item/equipment, on the same conditions, as applicable for the main item/component. The applicant needs to indicate the requirement of spare parts after judicious and reasonable assessment with justification thereof.

## **10.12 Issue of authorisations for repair/replacement of defective SCOMET items**

An application for grant of an Authorisation for export/re-export of SCOMET items, as the case may be for (i) repair/replacement of imported item(s) abroad and return (ii) repair/replacement of indigenous SCOMET items (iii) return of items imported for repair at a repair facility in India and (iv) Authorisation for export of SCOMET items after repair in India (GAER) shall be made in prescribed proforma [ANF 10A] through online SCOMET portal along with other supporting documents, as prescribed in Appendix 10D, 10E, 10F and 10F(i), as applicable. The application shall be considered by Chairman IMWG, on fulfilment of the following conditions:

### **A. Authorisation for export of imported SCOMET items for repair/replacement:**

#### i. Conditions to be fulfilled:

- (a) The SCOMET items were imported to India and are to be exported for the purpose of repair and replacement, on being defective;
- (b) There has been no change to the original characteristics/specifications of the SCOMET item(s);
- (c) The SCOMET items are to be exported to the same entity from which they have been imported or to the OEM (including, agency<sup>1</sup>authorized by OEM);

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<sup>1</sup>Agency can include 'Approved Repair Centre' (facility approved by the original equipment manufacturer to repair the goods being exported under license).

- (d) That the replacement or repair of defective/damaged items (whichever is applicable) is allowed under the conditions of import or contractual agreement;
  - (e) No Export Authorisation would be granted if the initial export authorisation has been suspended, modified or revoked by the exporting country;
  - (f) No Export authorisation would be granted for UNSC sanctioned destinations or countries/entities of high risk, as assessed by the IMWG, from time to time; and
  - (g) No 'End Use' and 'End Use Certificate' would be required;
  - (h) The application is accompanied with relevant documents as prescribed in Appendix 10D;
  - (i) Legal Undertaking on the stamp paper of Rs. 200/-, in prescribed proforma (Appendix 10K).
- ii. Applications for grant of authorisations for export to the entity from which it was imported or to the OEM (including agency authorized by OEM) shall be approved by Chairman IMWG, without any consultation with IMWG members. However, in cases of export to any other entity, approval will be granted by Chairman, IMWG after verification of the credentials of the foreign entity to which the item(s) are to be exported.
- iii. Return of item(s) after repair/replacement and post-reporting compliance:
- (a) Exported items shall be brought back to India within 90 days repair is completed or item is replaced or within the extended time, as allowed by the DGFT;
  - (b) In case the defective/damaged item(s) cannot be imported due to any reason (beyond repair, testing failure analysis etc.), evidence of destruction in the importing country shall be submitted to DGFT within 90 days of export.
  - (c) In case time beyond 90 days is required for repair of imported defective/damaged item(s) before re-import, permission from DGFT shall have to be obtained in advance indicating detailed justification for seeking extension of time.

- (d) Bill of Entry confirming the return back of such SCOMET item(s) to India shall be intimated by the licensee to the DGFT(Hqrs) in the prescribed proforma (Annexure-I of Appendix 10K), duly signed in ink and stamped by the authorised signatory.

**B. Authorisation for re-export of indigenous SCOMET items after repair/replacement:**

i. Conditions to be fulfilled:

- (a) The SCOMET items manufactured in India, were exported and brought back to India for repair or being replaced, on being found defective/damaged;
- (b) The items are to be re-exported after repair/replacement to the same entity to which the item(s) were originally exported by the applicant exporter;
- (c) There has been no change to the original characteristics/specifications of SCOMET item(s);
- (d) That the defective/damaged item(s) has/have already been brought back or would be brought back to India within 90 days of its replacement(if applicable);
- (e) That replacement/repair(whichever is applicable) is allowed under the conditions of export or purchase order or contractual agreement;
- (f) No authorisation for re-export would be granted if the original licence has been suspended, modified or revoked.
- (g) No Export authorisation would be granted for UNSC sanctioned destinations or countries/entities of high risk, as assessed by the IMWG, from time to time; and
- (h) No 'End Use' and 'End Use Certificate' would be required;
- (i) The application is accompanied with relevant documents as prescribed in Appendix 10E;
- (j) Legal Undertaking on the stamp paper of Rs. 200/-, in prescribed proforma (Appendix 10K).

ii. Applications for grant of authorisations to export the replaced/repaired item(s) to/through the same entity(ies), as specified in the original SCOMET license, shall be approved by Chairman IMWG, without any consultation with IMWG members. However, in cases of export to/through a new entity (consignee), approval will be granted by Chairman, IMWG after verification of the credentials of the new foreign entity(ies) through which the item(s) are to be exported.

iii. Return of item(s)after repair/replacement and post-reporting compliance:

- (a) That the defective/damaged item(s) has/have already been brought back or would be brought back to India within 90 days of its replacement (in case of replacement);;
- (b) In case the defective/damaged item(s) cannot be imported due to any reason (beyond repair, testing failure analysis etc.), evidence of destruction in the importing country shall be submitted to DGFT within 90 days of export of replacement;
- (c) Bill of Entry confirming the return back of such SCOMET item(s) to India shall be intimated by the licensee to the DGFT(Hqrs) in the prescribed proforma (Annexure-I of Appendix 10K), duly signed in ink and stamped by the authorised signatory.

**C. Authorisation for export of imported SCOMET items to same entity abroad, or any authorised entity after repair in India:**

i. Conditions to be fulfilled:

- (a) The SCOMET items were imported to a designated/authorized repair facility in India for the purpose of repair under a contract agreement/Master Service agreement (MSA); **or**  
 Imported under a contract agreement between Indian exporter, entities of repair facility (if different from exporter) and entity abroad defining 'Statement of Work (SOW)'/ 'Scope of Work' including conditions for undertaking repair in India;
- (b) The items are to be exported to the same entity abroad from which the item(s) has/have been imported or to the OEM (including agency<sup>2</sup> authorised by OEM);
- (c) The repair of defective/damaged items is allowed under the conditions of import or contractual agreement between Indian exporter, entities of repair facility (if different from exporter) and the entity abroad/OEM (including agency authorized by OEM)(name and address);

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<sup>2</sup>Agency can include 'Approved Repair Centre' (facility approved by the original equipment manufacturer to repair the goods being exported under license).

- (d) There has been no change to the original characteristics/specifications of the SCOMET item(s) after repair;
  - (e) No Export Authorisation would be granted when the initial export authorisation has been suspended, modified or revoked by country of import;
  - (f) No Export authorisation would be granted for UNSC sanctioned destinations or countries/entities of high risk, as assessed by the IMWG, from time to time;
  - (g) No details of 'End Use' and 'End Use Certificate' would be required;
  - (h) The application is accompanied with relevant documents as prescribed in Appendix 10F;
- ii. Applications for grant of authorisations for export to the entity from which it was imported or to the OEM (including agency authorized by OEM) shall be approved by Chairman IMWG, without any consultation with IMWG members. However, in cases of export to any other entity, approval will be granted by Chairman, IMWG after verification of the credentials of the foreign entity to which the item(s) are to be exported. All such authorisations shall be brought before IMWG in its subsequent meeting for confirmation of approval, on ex-post facto basis.

#### **D. Authorization for export of same imported SCOMET items to Related entities<sup>0</sup> and Repair supply chain<sup>1</sup> in the foreign country under General Authorization for Export after Repair(GAER)**

<sup>0</sup>Related entities mean Direct subsidiary / Foreign Parent of the Indian Company or another Subsidiary of the foreign parent of the Indian Company.

<sup>1</sup>Repair supply chain means (i) Authorized Vendor (ii) Original Equipment Manufacturer(OEM) with whom Indian company has a Master Service Agreement/Electronic Manufacturer Service agreement/Contract Agreement defining conditions of undertaking repair in India.

A. Export of imported SCOMET items to the related entities<sup>0</sup> and repair supply chain<sup>1</sup> in the foreign country after repair in India will be allowed on the basis of a one-time General authorization for Export after Repair in India (GAER) subject to post reporting on quarterly basis issued by DGFT, subject to the following conditions:

a. The SCOMET items were imported to a designated/authorized repair facility in India for the purpose of repair under a contract agreement/Master Service

- agreement (MSA)/Electronic Manufacturer Agreement (EMS); or Imported under a contract agreement between Indian exporter, entities of repair facility (if different from exporter) and entity abroad defining 'Statement of Work (SOW)'/ 'Scope of Work' including conditions for undertaking repair in India;
- b. The items are to be re-exported to only related entities<sup>0</sup> and repair supply chain<sup>1</sup> in the foreign country.
  - c. The exporter is required to register and obtain General authorization for export after repair only once during the validity period. Subsequent export/re-export is subject to post reporting;
  - d. The exporter is required to provide Bill of Entry for the imported item while applying for GAER for the first shipment.
  - e. General authorization for export after repair shall be valid for a period of one year from the date of issue of General authorization subject to subsequent post reporting(s) within 30 days from the date of such export;
  - f. Subsequent export would be allowed to the same entity and location to which the license has originally been issued. Note: Same entity would imply that (a) foreign buyer (b) consignee or intermediaries, if any (c) the end user are exactly the same for which authorisation has been issued to the applicant exporter.
  - g. There has been no change to the original characteristics/specifications of the SCOMET item(s) after repair and no value addition has been done during the repair work;
  - h. No Export Authorisation would be granted when the initial export authorisation has been suspended, modified or revoked by country of import;
  - i. No Export authorisation would be granted for UNSC sanctioned destinations or countries/entities of high risk, as assessed by the IMWG, from time to time;
  - j. No details of 'End Use' and 'End Use Certificate' would be required;
  - k. GAER issued for specific item and specific entity (buyer/end user) shall not be applicable in case the re-export is of a different imported item or to a different entity or Authorised OEM. In such cases, either a new GAER authorization may be applied or application may be filed under Para 10.12(D) of HBP.
  - l. Certified / approved Internal Compliance Programme or demonstrating compliance to the ICP of the foreign company or ICP certified by the compliance manager of that company shall be mandatory[only for intra-company transfers].
  - m. Authorized Economic Operator (AEO) Certification along with ICP compliance shall be mandatory. [for re-export to vendors/OEMs].

## **A. Documents Required for GAER**

### **1. Proof of import of the item(s):**

- a. Export Authorisation (if applicable) issued by the foreign country for original import of the items to India;
- b. Documentary proof and/or self-declaration that the item exempted from license requirement or place under no license requirement for India.
- c. Bill of Entry (first time)

**2. Proof of obligation for repair of defective/damaged items:**

Contract agreement and/or 'Statement of Work (SOW)'/ Master Service agreement (MSA) between Indian exporter and with the entity abroad/**Direct subsidiary/Parent of the Indian Company or another subsidiary of the foreign parent of the Indian Company/Authorised Vendor/Original Equipment manufacturer having EMS agreement/Master service agreement/ contract with Indian Company** from (which the goods were imported initially) defining conditions for undertaking repair in India

**3. An Undertaking from the Indian exporter:**

An Undertaking from the applicant exporter (on the letter head of the firm duly signed and stamped by the authorized signatory) stating:

- a. Details of imported items to be exported after repair along with their SCOMET Category /Sub-category number(s), quantity, item description and ECCN of foreign country (if available) ;
- b. That item(s) are being exported to only **related entities<sup>0</sup> and repair supply chain<sup>1</sup> in the foreign country (Direct subsidiary/Parent of the Indian Company or another Subsidiary of the foreign parent of the Indian Company/Vendor/Original Equipment manufacturer having contract with Indian Company)** from which it was originally imported for repair and return purpose.
- c. That there has been no change to the original characteristics/specifications of the item(s) after import and no value addition has been done during the repair work;
- d. That the repair of defective/damaged items is allowed under the conditions of import or contractual agreement between Indian exporters and entities from which goods were imported.
- e. That Shipping Bills and Bill of Entry into destination country of subsequent re-exports and any other information as sought by DGFT shall be submitted to DGFT on quarterly basis.
- f. That items would not use for military applications or to develop, acquire, manufacture, possess, transport, transfer or use, chemical, biological, nuclear weapons or for missile capable of delivering such weapons.

**4. Certified/approved Internal Compliance Programme or demonstrating compliance to the ICP of the foreign company or ICP**

certified by the compliance manager of that company. [only for intra-company transfers]

5. Authorized Economic Operator (AEO) Certification along with ICP compliance. [for re-export to vendors/OEMs]

**C. Post reporting for re-export of items/software/technology under GAER**

- i. The Indian exporter shall submit post-shipment details of each transfer/consignment of exports of SCOMET items/software/technology under GAER to the SCOMET Division of DGFT (HQ), New Delhi, via e-mail (scomet-dgft@nic.in) or a procedure as prescribed by DGFT, on quarterly basis (March/June/September/December), by the end of subsequent month of each quarter, in respect of the exports made in the previous quarter.
- ii. The post-shipment details shall include submission of Bill of Entry (wherever available), shipping bill details, valid export license copy within the timelines mentioned above.
- iii. Failure to do so may entail imposition of penalty and/or suspension/revocation of GAER and action as per FT(D&R) Act.

**D. Suspension / Revocation**

GAER issued shall be liable to be suspended / revoked by the DGFT on receipt of an adverse report on proliferation concern or for non-submission of mandatory reports /documents within the prescribed timelines, or for non-compliance with the conditions of this Public Notice.

**E. General conditions**

- i. GAER would not be issued in case of items to be used to design, develop, acquire, manufacture, possess, transport, transfer and/or used for chemical, biological, nuclear weapons or for missiles capable of delivering weapons of mass destruction and their delivery system;
- ii. GAER would not be issued for countries or entities covered under UNSC embargo/sanctions or on assessment of proliferation concerns, or national security and foreign policy considerations, etc.;
- iii. DGFT shall reserve the right to deny issuance of GAER or recall GAER.

**F. Applications for grant of General authorizations for export to the same entity from goods were imported shall be approved by Chairman IMWG, without any consultation with IMWG members after the first export/shipment. In exceptional cases, consultation with IMWG may be done prior to issuance of GAER, in case required.**

**G.** All such authorizations shall be brought before IMWG in its subsequent meeting for confirmation of approval, on ex-post facto basis.

### **10.13 Issue of export authorisations for demo/display/exhibition/tenders/ RFP/RFQ/NIT of SCOMET items**

An application for grant of an Authorisation for (i) export of indigenous/imported SCOMET item(s) for demo/display/exhibition/tenders/RFP/RFQ/NIT purposes abroad; and (ii) export of SCOMET item(s) imported for participation in demo/display/exhibition /tenders/RFP/RFQ/NIT in India, shall be made in prescribed proforma [ANF 10A] through online SCOMET portal along with other supporting documents, as required in the prescribed proforma. The application shall be considered by Chairman IMWG, on fulfilment of the following conditions:

#### **(A) Authorisation for export of indigenous/imported SCOMET item(s) for demo/display/exhibition /tender/RFP/RFQ/NIT abroad**

##### **i. Conditions to be fulfilled:**

Authorisations for export of items in SCOMET List (other than those under Category 0, 1, 2 and 6 or 'Technology' or 'Software' in any category) solely for purposes of (a) Demo (b) Display (c) Exhibition (d) Tenders/RFP/RFQ/NIT shall be considered by Chairman IMWG, on the following conditions:

- (a) Such cases would be considered purely on temporary export basis for a specified time period;
- (b) No end user certificate would be insisted upon in such cases;
- (c) There shall not be any commercial transaction in the form of selling/buying/renting/leasing;
- (d) The number of item(s) should be commensurate with the nature of export items and the purpose for which the application is being made;
- (e) There shall not be any exchange/disclosure of information which could lead to transfer of technology;
- (f) No export authorisation would be granted for UNSC sanctioned destinations or countries/entities of high risk, as assessed by the IMWG, from time to time;

- (g) The application is accompanied with relevant documents as prescribed in Appendix 10G;
  - (h) Legal Undertaking on the stamp paper of Rs. 200/-, in prescribed proforma (Appendix 10K);
  - (i) Applications for grant of authorisations shall be approved after verifying the credentials of the event/organizer;
- ii. Return of item(s) and post-reporting compliance:
- (a) Exported items shall be brought back to India within 90 days after the event gets over or within the extended time, as allowed by the DGFT;
  - (b) Bill of Entry confirming the return back of such SCOMET item(s) to India shall be intimated by the licensee to the DGFT(Hqrs) in the prescribed proforma (Annexure-I of Appendix 10K) duly signed in ink and stamped by the authorised signatory.

**(B) Authorisation for export of imported SCOMET items after participation in demo/display/ exhibition/tenders/RFP/RFQ/NIT in India**

Application for grant of authorisation for export of imported SCOMET items (other than those under Category 0, 1, 2 and 6 or 'Technology' or 'Software' in any category) to the entity from which it has been originally imported or to its OEM (including agency authorized by OEM), after Demo/Display/ Exhibition/tender/RFP/RFQ/NIT, shall be considered by Chairman IMWG, on the following conditions:

- a) The SCOMET item(s) were imported in India for the purpose of demo/display/exhibition/tender/RFP/RFQ/NIT under a contract agreement between Indian exporter and supplier/OEM(including agency authorized by OEM);
- b) The export should only be to the entity from which the item(s) has/have been imported or to the OEM (including agency authorized by OEM);
- c) No details on 'End Use' and 'End Use Certificate' would be required;
- d) No export authorisation would be granted for UNSC sanctioned destinations or countries/entities of high risk, as assessed by the IMWG, from time to time;
- e) The application is accompanied with relevant documents as prescribed in Appendix 10H;
- f) Applications for grant of authorisations for export to the entity from which it was originally imported or to the OEM (including agency authorized by OEM) shall be approved by Chairman IMWG, without any consultation with IMWG members.
- g) However, in cases of export to an entity other than the original supplier or OEM (including agency authorized by OEM), approval will be granted by Chairman, IMWG after verification of the credentials of the foreign entity to which the item(s) are to be exported.
- h) All such authorisations shall be brought before IMWG in its subsequent meeting for confirmation of approval, on ex-post facto basis.

**Note :**

RFP refers to Request for Proposal;

RFQ refers to Request for Quotation and

NIT refers to Notice Inviting Tender.

## **10.14 Issue of export authorisations for re-export/return of imported SCOMET items to the same foreign entity or to its OEM (including agencies authorized by OEM)**

### i. Conditions to be fulfilled:

An application for grant of an Authorisation for re-export/return of imported SCOMET items to the foreign entity from which it has been originally imported or to its OEM(including agency authorized by OEM),for reasons such as obsolescence of technology of imported items; cancellation of order by the Indian buyer /end user; dead on arrival etc., shall be considered by Chairman IMWG, on fulfilment of the following conditions :

- (a) The export should only be to the entity from which the item(s) has/have been imported or to the OEM (including agency/ies authorized by OEM);
  - (b) No details on 'End Use' and 'End Use Certificate' would be required;
  - (c) No export authorisation would be granted for UNSC sanctioned destinations or countries/entities of high risk, as assessed by the IMWG, from time to time;
  - (d) The application is accompanied with relevant documents as prescribed in Appendix 10I, including proof of obsolescence/cancellation of order for intended items and undertaking from the applicant firm;
  - (e) Re-export/return of items due to reasons such as obsolescence of technology of imported items; cancellation of order by Indian buyer/end user; dead on arrival etc. (whichever is applicable) is allowed under the conditions of import or contractual agreement.
- ii. Applications for grant of authorisations for export to the entity from which it was originally imported or to the OEM (including agency authorized by OEM) shall be approved by Chairman IMWG, without any consultation with IMWG members. However, in cases of re-export/return to an entity other than the OEM (including agencies authorized by OEM), approval will be granted by Chairman, IMWG after verification of the credentials of the foreign entity to which the item(s) are to be exported.
  - iii. All such authorisations shall be brought before IMWG in its subsequent meeting for confirmation of approval, on ex-post facto basis.

## **10.15 Global Authorisation for Intra-Company Transfers (GAICT) of SCOMET Items including /Software/Technology**

**A. Scope and Eligibility:** Pre-export authorisation will not be required, for export and/or re-export of SCOMET items including software and technology under SCOMET Category 8 (except items listed in Appendix 10M), subject to the following conditions:

- i. where the export is an Intra-company transfer from the Indian parent company (applicant exporter) to its foreign subsidiary company or from the Indian subsidiary of foreign company (applicant exporter) to its foreign parent/another subsidiary of foreign parent company and;

**Note:** *In case of third party involvement in the supply chain, the end user has to be a foreign parent / another subsidiary of foreign parent company or a subsidiary company of Indian company.*

- ii. where the transfer fulfils the conditions mentioned at (a) to (h) below:

- a. The items/software/technology to be exported/re-exported is based on a Master Service Agreement / Contract between the Indian parent company/Indian subsidiary of foreign company and foreign subsidiary of Indian company/foreign parent company of Indian subsidiary for carrying out certain services but not limited to design, encryption, research, development, delivery, validation, calibration, testing, related services, etc.;

**Note 1:** As a result of the service carried out by the Indian exporter in case of re-export, the items/software/technology should not undergo change in classification.

**Note 2:** The list of services mentioned above is illustrative, not exhaustive. However, the final decision to approve a GAICT authorisation lies with the relevant authority.

- b. These items including software and technology are to be exported/re-exported to the countries listed in Table 1 below (entire supply chain including any third party should be in the countries listed in Table 1below);

**Table 1**

Argentina, Australia, Austria, Belgium, Bulgaria, Canada, Croatia, Czech Republic, Denmark, Estonia, Finland, France,
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Germany, Greece, Hungary, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Malta, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Republic of Korea, Romania, Russian Federation, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom, United States.

**Note:** However, IMWG on a case to case basis may allow countries other than those listed in Table 1 considering description/end use/end user of the item.

- c. The applicant exporter declares that the exported items would be used for the purposes for which it is intended by the foreign subsidiary of Indian company / foreign parent company / another subsidiary of foreign parent company, as the case may be;
- d. The applicant exporter furnishes either a certified/approved Internal Compliance Programme (ICP) or demonstrates compliance to the ICP of the foreign parent company or ICP certified by the Compliance Manager of the company or certified by any Government agency such as Authorized Economic Operator (AEO) scheme etc.
- e. The exporter agrees to allow on-site inspection, if required by the DGFT or authorized representatives of Government of India;
- f. No export authorisation would be granted for UNSC sanctioned destinations or countries;
- g. No export authorisation shall be granted to an exporter specified at (i) above if they have come to adverse notice previously;
- h. The exporter is granted a Global Authorisation for Intra-Company Transfers (GAICT) as per procedure mentioned in para 10.15 B below.

## B. Procedure for grant of Global Authorisation for Intra-Company Transfers (GAICT)

### Filing and Assessment of Application

- a. In respect of export/re-export of SCOMET items including software and technology ,the applicant exporter shall submit an application for GAICT

through online SCOMET portal and attach information in proforma – ANF10C ;

- b. The application would be assessed for the issue of GAICT by Inter-Ministerial Working Group (IMWG) based on the submission of the application and other supporting documents by the applicant exporter in the prescribed proforma;
  - i. Documentary proof of the corporate relationship between the Indian parent company (applicant exporter) and its foreign subsidiary company or between the Indian subsidiary of foreign company (applicant exporter) and its foreign parent / another subsidiary of foreign parent company ;
  - ii. Classification of item including software and technology in SCOMET (indicating SCOMET category and sub-category);
  - iii. Documentary proof of License Exception /Temporary license from the country of the parent company abroad or from subsidiaries of the parent company abroad, if available (optional)
  - iv. Detailed description of the item intended to be exported with relevant technical details with specifications, such as model, part number, etc. and in case of software/technology, relevant details like encryption algorithm, key length, encryption functionality, eligibility under cryptography note etc. to be provided (if applicable);
  - v. In case of third party involvement in the supply chain, a clear contract /service agreement/ Purchase order has to be furnished specifying SCOMET item description.
  - vi. Certified/approved ICP of the Indian parent company or self-certified copy of the ICP of the foreign parent company being adopted by Indian subsidiary of foreign company along with an undertaking thereon;
  - vii. Undertaking on the letterhead of the firm duly signed and stamped by the authorised signatory:
    - a. To allow on-site inspection, if required by the DGFT or authorized representatives of Government of India;
    - b. The applicant exporter declares that the exported items would be used for the purposes for which it is intended by the foreign

subsidiary of Indian company / foreign parent company / another subsidiary of foreign parent company, as the case may be;

- c. The applicant exporter declares that subsequent to issue of export authorisation, 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, the exporter would not be eligible for GAICT for export of that/those item(s) and would apply separately to DGFT for a fresh authorisation in terms of regular policy. [Refer Para 10.05 of HBP].
- viii. The Company must ensure that:
- a. They shall submit original End User Certificate in the prescribed format within 30 days of filing application and in case of subsequent exports, within 30 days of delivery at destination point, after issue of export authorisation;
  - b. They have Agreement/purchase order, excerpt of contract from entity (consignee) receiving the items which states the export is for a permitted use;
  - c. The documents include the name & contact number and email id of the authority signing the EUC.
- ix. A precise and clear contract /service agreement/ Purchase order has to be furnished indicating item description in case of third party involvement in the supply chain (if applicable)
- x. Additional details, if any, sought by DGFT

### **C. Post reporting for re-export of items/software/technology under GAICT**

- a. The Indian exporter shall submit post-shipment details of each transfer/consignment of exports of SCOMET items/software/technology under GAICT to the SCOMET Division of DGFT (Hqrs), New Delhi, through online system on DGFT website, on quarterly basis (March / June / September / December), by the end of subsequent month of each quarter, in respect of the exports made in the previous quarter;
- b. The post-shipment details shall be submitted in proforma ANF 10D along with a copy of EUC in Appendix 10J(iv) within the timelines mentioned

above, from the foreign subsidiary company or foreign parent company / another subsidiary of foreign parent company;

- c. Failure to do so may entail imposition of penalty and / or suspension/revocation of GAICT.

*Note: ANF (Aryat Niryat Form) –ANF 10C, ANF 10D and EUC Proforma Appendix 10J(iv) may be referred*

#### **D. Record Keeping**

The exporter will be required to keep records of all the export documents, in manual or electronic form, in terms of Para 10.18 of HBP, for a period of 5 years from the date of GAICT issued by DGFT.

#### **E. General conditions**

- a. GAICT would not be issued in case of items including software and technology to be used to design, develop, acquire, manufacture, possess, transport, transfer and / or used for chemical, biological, nuclear weapons or for missiles capable of delivering weapons of mass destruction and their delivery system;
- b. GAICT would not be issued for countries or entities covered under UNSC embargo or sanctions list or to the countries or entities assessed for risk of proliferation concern, based on national security and foreign policy considerations;
- c. In case of inclusion or amendment of items (including software and technology) or inclusion of new companies or amendment in existing companies in the supply chain, the applicant exporter will obtain prior permission of DGFT with relevant details;
- d. IMWG shall reserve the right to deny issuance of authorisation GAICT for any reason and also relax any provision of the policy, if so required in exceptional cases.

#### **F. Re-exports / re-transfer of the items including software and technology (processed or incorporated)**

Further re-exports / re-transfers of the items including software and technology (processed or incorporated) from the foreign subsidiary company or foreign parent company / another subsidiary of foreign parent company to end users in other countries would be subject to the export control regulations of the country

of the foreign subsidiary of Indian company or foreign parent company / another subsidiary of foreign parent company.

#### **G. Validity**

- a) GAICT issued for intra-company transfers of SCOMET items including software and technology shall be valid for a period of three years from the date of issue of GAICT;
- b) GAICT cannot be revalidated in terms of Paragraph 10.20 of HBP of FTP.

#### **H. Suspension / Revocation**

GAICT issued shall be liable to be suspended by the DGFT on receipt of intimation about initiation of any inquiry from the country concerned or from any domestic agency. GAICT shall be revoked on receipt of an adverse report on proliferation concern or for non-submission of mandatory reports/documents within the prescribed timelines or for non-compliance of any of the condition of this policy.

### **Para 10.15(I): General Authorization for Export of Telecommunication-related items under SCOMET Category 8A5 Part 1 (GAET)**

Export of indigenous/imported SCOMET items (Telecommunication items under SCOMET Category 8A5 Part 1) will be allowed based on a one-time General Authorization (GAET) subject to the following conditions:

**1. Policy & Eligibility:** SCOMET authorization will not be required, for the export and/or re-export of Telecommunication items (excluding technology and software) under SCOMET Category 8A5 Part 1(except items listed in Annexure-I) subject to the following conditions:

- a. The applicant exporter shall submit an application for getting a one-time license under GAET through the online SCOMET portal and attach the information in the prescribed proforma;
- b. The application would be reviewed/examined for the issuance of GAET by the Inter-Ministerial Working Group (IMWG) based on the submitted application and other supporting documents submitted by the applicant exporter in the prescribed proforma including:
  - i. Detailed description of the items that are intended to be exported under this authorization with relevant technical details/specifications.
  - ii. End-user certificate (EUC) from all the entities involved in the supply chain (buyer, consignee, end user, and any other

intermediary) on the letterhead (duly signed and stamped) is to be submitted before issuance of authorization. Subsequent EUC submissions for entities in the list of countries (as approved) will be subject to post-reporting requirements as mentioned at viii below.

- iii. The list of countries where the export is expected to be done under GAET is to be provided by the applicant at the time of submission of the application.
- iv. Undertaking on the letterhead of the firm duly signed and stamped by the authorized signatory stating the following:
  1. Any on-site inspection will be allowed by the applicant exporter if required by the DGFT or authorized representatives of the Government of India;
  2. The applicant exporter declares that the items that are intended to be exported shall not be used for any purpose other than the purpose(s) stated in the EUC and that such use shall not be changed nor the items modified or replicated without the prior consent of the Government of India.;
  3. 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 GAET for export of that/those item(s) and would apply separately to DGFT for a fresh authorization in terms of regular policy.
  4. Action will be taken against the exporter under FT (D & R) Act, 1992 for any mis-declaration.
- v. Certified/Approved Internal Compliance Programme by the Compliance Manager of the Company.
- vi. Authorized Economic Operator (AEO) T2 Certification of CBIC.
- vii. In case of re-export of imported items, the following additional documents have to be submitted:
  - (i) Proof of import of the item(s):

- Documentary proof that the item(s) originally imported, match with intended item(s) of re-export;
- Bill of entry containing details of the items to be re-exported;
- Export License (if applicable) or any other documents showing that export regulation of the country of export does not have any restriction on re-export from India;
- In case of any such restriction, the exporter will provide a letter of explanation detailing the list of countries/entities, to which re-export/return is restricted / regulated;
- Purchase order

viii. After issuance of GAET authorization and before actual export, the applicant exporter must ensure the following:

1. They shall notify the relevant government authorities in the online portal of DGFT, on quarterly basis of such export in the prescribed format [Aayat Niryat Form (ANF)- 10H], along with the End-Use Certificate (EUC) for each export.
2. The EUCs in prescribed proforma [Appendix 10J(i)] are to be filled by all the entities involved in the chain of supply e.g. foreign buyer/consignee / end-user / intermediary (ies) on the letterhead of the respective entity, duly signed in ink and stamped by the authorized signatory of the company. In case of any additional sheet used along with the EUC, the same must be on the letterhead of the company and signed by the same person who signs the EUC.
3. They have an agreement or purchase order, an excerpt of a contract from the entity (buyer/consignee/end-user) receiving the items which state that the export is for a permitted use / an end-use as declared in the EUC before the actual export;
4. The documents submitted by the exporter must include the name, contact number and email ID of the authority signing the EUC before actual export.
5. Additional details, if any sought by DGFT

## **2. Post Reporting for export / re-export of items under GAET**

- a. The Indian exporter shall submit post-shipment details of each export/re-export of SCOMET items under the above Categories/sub-categories under GAET for 3 years on quarterly basis (March/June/September/December) by the end of subsequent month of each quarter, in respect of exports made in the previous quarter;

- b. In case of re-export of imported items, the additional documents as mentioned in 1.b.vii.(i) have to be submitted at the time of post reporting.
- c. Failure to do so may entail imposition of penalty and/or suspension/revocation of GAET.

### **3. Record Keeping**

The exporter will be required to keep records of all the export documents, in manual or electronic form, in terms of Para 10.18 of HBP, for a period of 5 years from the date of GAET issued by DGFT.

### **4. General Conditions & Exclusions**

GAET would not be issued in case of items to be used to design, develop, acquire, or manufacture, possess, transport, transfer and/or used for military applications, explosives, chemical, biological, nuclear weapons or for missiles capable of delivering weapons of mass destruction and their delivery system;

- a. GAET would not be issued for countries or entities covered under UNSC embargo or sanctions list or on assessment of proliferation concerns, or national security and foreign policy considerations, etc.:
- b. In case of inclusion of new countries or amendment to the existing list of countries where the export is expected to be done under GAET the applicant exporter will obtain prior permission of DGFT with relevant details;
- c. IMWG shall reserve the right to deny the issue of GAET without assigning any reason(s)

### **5. Validity**

- a. GAET issued for export / re-export of SCOMET items under the above Categories / Sub Categories shall be valid for **Three years** from the date of issue of GAET subject to subsequent post reporting(s) on quarterly basis to be reported within 30 days from the last quarter;
- b. GAET cannot be revalidated in terms of Paragraph 10.20 of HBP 2023.

### **6. Suspension/Revocation:**

GAET issued shall be liable to be suspended/revoked by the DGFT on receipt of an adverse report on proliferation concern or for non-submission of mandatory post-shipment details/reports / documents within the prescribed timelines or non-compliance with the conditions of the proposed policy.

## **Para 10.15(II): General Authorization for Export of Information Security items under SCOMET Category 8A5 Part 2(GAEIS)**

Export of indigenous SCOMET items (Information Security items under SCOMET Category 8A5 Part 2) will be allowed based on a one-time General Authorization (GAEIS) subject to the following conditions:

**1. Policy & Eligibility:** SCOMET authorization will not be required, for the export and/or re-export of Information Security items (*excluding technology*) under SCOMET Category 8A5 Part 2 subject to the following conditions:

- a. The applicant exporter shall submit an application for getting a one-time license under GAEIS through the online SCOMET portal and attach the information in the prescribed performa.
- b. The application would be reviewed/examined for the issuance of GAEIS by the Inter-Ministerial Working Group (IMWG) based on the submitted application and other supporting documents submitted by the applicant exporter in the prescribed proforma including:
  - i. Detailed description of the items that are intended to be exported under this authorization with relevant technical details/specifications;
  - ii. End-user certificate (EUC) from all the entities involved in the supply chain (buyer, consignee, end user and any other intermediary) on the letterhead (duly signed and stamped) is to be submitted before issuance of authorization. Subsequent EUC submissions for entities in the list of countries (as approved) will be subject to post-reporting requirements as mentioned at viii below.
  - iii. The list of countries where the export is expected to be done under GAEIS is to be provided by the applicant at the time of submission of the application.
  - iv. Undertaking on the letterhead of the firm duly signed and stamped by the authorized signatory stating the following:
    1. Any on-site inspection will be allowed by the applicant exporter if required by the DGFT or authorized representatives of the Government of India;
    2. The applicant exporter declares that the items that are intended to be exported shall not be used for any purpose other than the purpose(s) stated in the EUC and that such use shall not be changed nor the items modified or replicated without the prior consent of the Government of India.;
    3. 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 GAEIS for export of that/those item(s) and would apply separately to DGFT for a fresh authorization in terms of regular policy.

4. Action will be taken against the exporter under FT (D & R) Act, 1992 for any mis-declaration.

v. Certified/Approved Internal Compliance Programme by the Compliance Manager of the Company.

vi. Authorized Economic Operator (AEO) T2 Certification of CBIC.

vii. In case of re-export of imported items, the following additional documents have to be submitted:

(i) Proof of import of the item(s):

- Documentary proof that the item(s) originally imported, match with intended item(s) of re-export;
- Bill of entry containing details of the items to be re-exported;
- Export License (if applicable) or any other documents showing that export regulation of the country of export does not have any restriction on re-export from India;
- In case of any such restriction, the exporter will provide a letter of explanation detailing the list of countries/entities, to which re-export/return is restricted / regulated;
- Purchase order

viii. After issuance of GAEIS authorization and before actual export, the applicant exporter must ensure the following:

1. They shall notify the relevant government authorities in the online portal of DGFT, on a quarterly basis of such export in the prescribed format [**Ayat Niryat Form (ANF) 10J**], along with the End-Use Certificate (EUC) for each export.

2. The EUCs in prescribed proforma [Appendix 10j(i)] are to be filled by all the entities involved in the chain of supply e.g. foreign buyer/consignee / end-user/intermediary (ies) on the letterhead of the respective entity, duly signed in ink and stamped by the authorized signatory of the company. In case of any additional sheet used along with the EUC, the same must be on the letterhead of the company and signed by the same person who signs the EUC.

3. They have an agreement or purchase order, an excerpt of a contract from the entity (buyer/consignee / end-user) receiving the items which state that the export is for a permitted use / an end-use as declared in the EUC before the

actual export;

4. The documents submitted by the exporter must include the name, contact number and email ID of the authority signing the EUC before actual export.
5. Additional details, if any sought by DGFT.

## **2. Post reporting for export / re-export of items under GAEIS**

- a. The Indian exporter shall submit post-shipment details of each export/re-export of SCOMET items under the above Categories/sub-categories under GAEIS for 3 years on quarterly basis (March/June/September/December) by the end of subsequent month of each quarter, in respect of exports made in the previous quarter;
- b. In case of re-export of imported items, the additional documents as mentioned in 1.b.vii.(i) have to be submitted at the time of post reporting.
- c. Failure to do so may entail imposition of penalty and/or suspension/revocation of GAEIS.

## **3. Record Keeping**

The exporter will be required to keep records of all the export documents, in manual or electronic form, in terms of Para 10.18 of HBP, for 5 years from the date of GAEIS issued by DGFT.

## **4. General Conditions & Exclusions**

- a. GAEIS would not be issued in case of items to be used to design, develop, acquire, or manufacture, possess, transport, transfer and/or used for military applications, explosives, chemical, biological, nuclear weapons or for missiles capable of delivering weapons of mass destruction and their delivery system;
- b. GAEIS would not be issued for countries or entities covered under UNSC embargo or sanctions list or on assessment of proliferation concerns, or national security and foreign policy considerations, etc.:
- c. In case of inclusion of new countries or amendment to the existing list of countries where the export is expected to be done under GAEIS the applicant exporter will obtain prior permission from DGFT with relevant details;
- d. IMWG shall reserve the right to deny the issuance of GAEIS without assigning any reason(s).

## **5. Validity**

1. GAEIS issued for export / re-export of SCOMET items under the above Categories / Sub Categories shall be valid for Three years from the date of issue

of GAEIS subject to subsequent post reporting(s) on a quarterly basis to be reported within 30 days from the last quarter;

2. GAEIS cannot be revalidated in terms of Paragraph 10.20 of HBP 2023.

## **6. Suspension / Revocation**

GAEIS issued shall be liable to be suspended/revoked by the DGFT on receipt of an adverse report on proliferation concern or for non-submission of mandatory post-shipment details/reports/documents within the prescribed timelines or non-compliance with the conditions of the proposed policy.

### **10.16 General Authorisation for Export of Chemicals and related Equipment (GAEC) of SCOMET items**

#### **A. Procedure for grant of General Authorisation for Export of Chemicals and related equipment (GAEC)**

- I. In respect of export/re-export of SCOMET items under the Categories / Sub Categories of 1C, 1D, 1E, 3D001 and 3D004 (excluding software and technology), and those chemicals specified in the Appendix 10(N), to the specified countries mentioned in the Appendix 10(N), the applicant exporter shall submit an application for GAEC through online SCOMET portal and attach information in proforma -ANF-10A;
- II. The application would be reviewed/examined for the issuance of GAEC by Inter-Ministerial Working Group (IMWG) based on the submitted application and other supporting documents submitted by the applicant exporter in the prescribed proforma including;
  - a. Detailed description of the items that are intended to be exported under this authorisation with relevant technical details / specifications, such as model, part number, etc. to be provided (as applicable); In case of first intended export of items under the above Categories / Sub Categories, details of the entire supply chain (buyer, consignee, end user, etc.) of an intended export is to be provided. In case of previous exports of items under the above Categories / Sub Categories having been carried out, details of past exports including the EUC is to be provided.
  - b. Undertaking on the letterhead of the firm duly signed and stamped by the authorized signatory stating the following:
    - i. Any on-site inspection will be allowed by the applicant exporter, if required by the DGFT or authorized representatives of Government of India;

- ii. The applicant exporter declares that the items that are intended to be exported shall not be used for any purpose other than the purpose(s) stated in the EUC and that such use shall not be changed nor the items modified or replicated without the prior consent of the Government of India. Further transfer/export/re-export under GAEC to the list of applicable countries specified in the Appendix 10(N) will be for civilian end use only;
    - iii. The applicant exporter declares that subsequent to issue of export authorisation, 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 their missile system, the exporter would not be eligible for GAEC for export of that/those item(s) and would apply separately to DGFT for a fresh authorisation in terms of regular policy.
  - iv. Action will be taken against the exporter under FT (D & R) Act, 1992 for any mis-declaration.
- c. After issuance of GAEC authorisation and before actual export, the applicant exporter must ensure the following:
- i. They shall notify the relevant government authorities in the online portal of DGFT, within 30 days of such export in the prescribed format [Aayat Niryat Form ANF 10A along with the End-Use Certificate (EUC) in the prescribed proforma [Appendix 10J (i) or (ii), as per applicability] and a copy of the bill of entry into the destination country within 30 days of delivery at destination point.
  - ii. They have an agreement or a purchase order, excerpt of contract from entity (consignee / end user) receiving the items which states that the export is for a permitted use / an end use as declared in the EUC before actual export;
  - iii. They possess documents include the name, contact number and email id of the authority signing the EUC before actual export.
  - iv. Any subsequent transfer/export/re-export under GAEC to the list of applicable countries specified in the Appendix 10(N) is only for civilian end use
  - v. Additional details, if any sought by DGFT

- d. A declaration is to be submitted by the exporter on Letter Head duly signed and stamped stating that export shall only be done for civilian end use.
- e. A declaration from the Indian exporter stating that the transfers/exports/re-exports in the entire supply chain would be only for eligible list of countries as provided in Appendix 10(N).

#### **B. Post reporting for export / re-export of items under GAEC**

- a. The Indian exporter shall submit post-shipment details of each export/ re-export of SCOMET items under the above Categories/ sub-categories under GAEC, as mentioned above at II.c. (i) and within the timelines specified therein;
- b. Failure to do so may entail imposition of penalty and / or suspension/revocation of GAEC.

#### **C. General Conditions & Exclusions**

- a. GAEC would not be issued in case of items to be used to design, develop, acquire, manufacture, possess, transport, transfer and / or used for chemical, biological, nuclear weapons or for missiles capable of delivering weapons of mass destruction and their delivery system;
- b. GAEC would not be issued for countries or entities covered under UNSC embargo or sanctions list or on assessment of proliferation concerns, or national security and foreign policy considerations, etc.;
- c. IMWG shall reserve the right to deny issue of GAEC without assigning any reason(s).

#### **D. Post reporting for export / re-export of items under GAEC**

- a. The Indian exporter shall submit post-shipment details of each export/ re-export of SCOMET items under the above Categories/ sub- categories under GAEC, as mentioned above at II.c. (i) and within the timelines specified therein;
- b. Failure to do so may entail imposition of penalty and / or suspension/revocation of GAEC.

#### **E. General Conditions & Exclusions**

- a. GAEC would not be issued in case of items to be used to design, develop, acquire, manufacture, possess, transport, transfer and / or used for chemical, biological, nuclear weapons or for missiles capable of delivering weapons of mass destruction and their delivery system;
- b. GAEC would not be issued for countries or entities covered under UNSC embargo or sanctions list or on assessment of proliferation concerns, or national security and foreign policy considerations, etc.;
- c. IMWG shall reserve the right to deny issue of GAEC without assigning pg.

any reason(s).

## F. Suspension / Revocation

GAEC issued shall be liable to be suspended / revoked by the DGFT on receipt of an adverse report on proliferation concern or for non-submission of mandatory post-shipment details / reports / documents within the prescribed timelines or for non-compliance with the conditions of the proposed policy.

### 10.16 (A) Procedure for grant of General Authorization for Export of Drones(GAED)

**A. Policy & Eligibility:** SCOMET authorization will not be required, for export and/or re-export of Unmanned Aerial Vehicles including drones, remotely piloted air vehicles and autonomous programmable vehicles specified at 5B(a)(ii), and not covered under SCOMET Categories/sub-categories 5B(a)(i) & 5B(b), 6A010, 8A912, and capable of range equal to or less than 25 km and delivering a payload of not more than 25 kgs (excluding the software and technology of these items), subject to the following conditions:

- I. The applicant exporter shall submit an application for getting a onetime license under GAED through online SCOMET portal and attach information in proforma-ANF 10G;
- II. The application would be reviewed/examined for the issuance of GAED by Inter-Ministerial Working Group (IMWG) based on the submitted application and other supporting documents submitted by the applicant exporter in the prescribed Performa including;
  - a. Detailed description of the items that are intended to be exported under this authorization with relevant technical details / specifications, including payloads such as model, part number, other parameters of the drones such as Payload capacity, Altitude, Range, Endurance, Speed, Communication type (Encrypted or Unencrypted, GPRS or satellite based), Accuracy, etc.to be provided (as applicable);
  - b. The list of countries where the export is expected to be done under GAED is to be provided by the applicant at the time of submission of application.
  - c. The EUCs in prescribed Performa [Appendix 10 J (i)] are to be filled by all the entities involved in the chain of supply e.g. foreign buyer / consignee / end user / intermediary (ies) on the letterhead of the respective entity, duly signed in ink and stamped by the authorised signatory of the company. In case of any additional sheet used along with the EUC, the same must be on the letterhead of the company and signed by the same person who signs the EUC.

- d. Undertaking on the letterhead of the firm duly signed and stamped by the authorized signatory stating the following:
  - i. Any on-site inspection will be allowed by the applicant exporter, if required by the DGFT or authorized representatives of Government of India;
  - ii. The applicant exporter declares that the items that are intended to be exported shall not be used for any purpose other than the purpose(s) stated in the EUC and that such use shall not be changed nor the items modified or replicated without the prior consent of the Government of India.;
  - iii. The applicant exporter declares that subsequent to issue of export authorisation, 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 GAED for export of that/those item(s) and would apply separately to DGFT for a fresh authorization in terms of regular policy.
  - iv. Action will be taken against the exporter under FT (D & R) Act, 1992 for any mis-declaration.
- e. Certified / Approved Internal Compliance Programme (ICP) or demonstrating compliance to the ICP of the foreign parent company or ICP certified by the Compliance Manager of the company or certified by any Government agency such as Authorized Economic Operator (AEO) scheme etc.
- f. After issuance of GAED authorization and before actual export, the applicant exporter must ensure the following:
  - i. They shall notify the relevant government authorities in the online portal of DGFT, on quarterly basis of such export in the prescribed format [Aayat Niryat Form (ANF) – 10G], along with the End-Use Certificate (EUC) in the prescribed proforma [Appendix 10 J (i)] and a copy of the bill of entry into the destination country.
  - ii. They have an agreement or a purchase order, excerpt of contract from entity (consignee / end user) receiving the items which states that the export is for a permitted use / an end use as declared in the EUC before actual export;
  - iii. The submitting documents by exporter must include the name, contact number and email id of the authority signing the EUC before actual export.
  - iv. Additional details, if any sought by DGFT

## **B. Post reporting for export / re-export of items under GAED**

- a. The Indian exporter shall submit post-shipment details of each export/ re-export of SCOMET items under the above Categories/ sub-categories under

- GAED for 3 years, as mentioned above at II.c. (i) and within the timelines specified therein;
- b. Failure to do so may entail imposition of penalty and / or suspension/revocation of GAED.

### **C. Record Keeping**

The exporter will be required to keep records of all the export documents, in manual or electronic form, in terms of Para 10.18 of HBP, for a period of 5 years from the date of GAED issued by DGFT.

### **D. General Conditions & Exclusions**

- a. GAED would not be issued in case of items to be used to design, develop, acquire, manufacture, possess, transport, transfer and / or used for military applications, explosives, chemical, biological, nuclear weapons or for missiles capable of delivering weapons of mass destruction and their delivery system;
- b. GAED would not be issued for countries or entities covered under UNSC embargo or sanctions list or on assessment of proliferation concerns, or national security and foreign policy considerations, etc.;
- c. In case of inclusion of new countries or amendment to the existing list of countries where the export is expected to be done under GAED, the applicant exporter will obtain prior permission of DGFT with relevant details;
- d. IMWG shall reserve the right to deny issue of GAED without assigning any reason(s).

### **E. Validity**

- a. GAED issued for export / re-export of SCOMET items under the above Categories / Sub Categories shall be valid for a period of Three years from the date of issue of GAED subject to subsequent post reporting(s) on quarterly basis to be reported within 30 days from the last quarter;
- b. GAED cannot be revalidated in terms of Paragraph 10.20 of HBP 2023.

### **F. Suspension / Revocation**

GAED issued shall be liable to be suspended / revoked by the DGFT on receipt of an adverse report on proliferation concern or for non-submission of mandatory post-shipment details / reports / documents within the prescribed timelines or for non-compliance with the conditions of the proposed policy.

## 10.17 Validity Period of SCOMET Authorisations

The validity period of SCOMET authorisations from the date of issue shall be as follows, unless specified otherwise

S.No.	Type of SCOMET Authorisation	Validity Period
1	SCOMET Authorisation	The validity period of the SCOMET authorisation shall be for a period of 24 months, unless otherwise specified.
2	SCOMET Authorisation Issued under GAICT Policy	GAICT authorisation issued for intra-company transfers of SCOMET items/software/technology shall be valid for a period of 3(three years) from the date of issue of authorisation and shall be further subject to the following validity timelines, whichever is earlier: i. Till the validity of license exception of foreign parent company ; or ii. Till the validity of license exception of foreign parent company for subsidiary(ies) of the parent company abroad; or iii. Till the validity of Master Service Agreement (MSA)/Contract with the foreign parent company and the Indian subsidiary.
3	SCOMET Authorisation issued under GAEC Policy	GAEC issued for export / re-export of SCOMET items under the above Categories / Sub Categories (excluding software and technology) shall be valid for a period of 5(five) years from the date of issue of GAEC subject to subsequent post reporting(s) on quarterly basis to be reported within 30 days from the last quarter;
4	SCOMET Authorisation Issued under GAER Policy	GAER issued for export of imported SCOMET items after repair shall be valid for a period of 1 year from the date of issue of GAER subject to subsequent post reporting(s) within 30 days from such export.
5.	SCOMET Authorisation Issued under GAED Policy	GAED issued for export / re-export of SCOMET items under the above Categories / Sub Categories shall be valid for a period of Three years from the date of issue of GAED subject to subsequent post reporting(s) on quarterly basis to be reported within 30 days from the last quarter;
6.	SCOMET Authorisation Issued under GAET Policy	GAET issued for export / re-export of SCOMET items under the above Categories / Sub Categories shall be valid for Three years from the date of issue of GAET subject to subsequent post reporting(s) on quarterly basis to be reported within 30 days from the last quarter

7.	SCOMET Authorisation Issued under GAEIS Policy	GAEIS issued for export / re-export of SCOMET items under the above Categories / Sub Categories shall be valid for Three years from the date of issue of GAEIS subject to subsequent post reporting(s) on quarterly basis to be reported within 30 days from the last quarter
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### **10.18 Record Keeping**

Every SCOMET export authorisation holder (including for GAICT and GAEC) shall maintain all the relevant records, including all the documents submitted while making an application for SCOMET Authorisation, in manual or electronic form, for a period of 5 years or till validity of export authorisation, whichever is higher, from the date of export or import, as applicable.

### **10.19 Voluntary Self Disclosure of export of dual use items**

DGFT encourages voluntary self disclosures of failure to comply with the export control provisions, and supports raising awareness among exporters to avoid any incidents of non-compliance. In case, any exporter fails to comply with the export control provisions of the FTDR Act, WMD Act, Customs Act, or any regulation related to SCOMET, or SCOMET authorisation on export controls issued by DGFT, a voluntary self disclosure request along with the supporting documents shall be sent to the SCOMET Division of DGFT (Hqrs), New Delhi, through e-mail ([scomet-dgft@nic.in](mailto:scomet-dgft@nic.in)) immediately after an export violation is discovered.

The IMWG may consider each case on merit in accordance with the provisions of the Export and Import Policy determined by the Central Government from time to time under the Foreign Trade (Development and Regulation) Act 1992 and the orders issued thereunder, and may make recommendations on further action to be taken by DGFT in the specific case(s).

Exporter is liable for strict action under the provisions of the FTDR Act for any violation of SCOMET policy brought to the notice of DGFT in cases other than voluntary self disclosure.

### **Standard Operating Procedure/ Guidelines for Voluntary Disclosure of Non-Compliance/ Violations related to Export of SCOMET Items and SCOMET Regulations**

#### **Scope:**

The Directorate General of Foreign Trade (DGFT) recognizes that there may be occasions where responsible exporters, did not comply with the export control provisions of the Foreign Trade (Development and Regulation) Act, the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, the Customs Act, or any other relevant law, regulation, order, etc. or license/authorization on export controls issued by DGFT. The DGFT encourages voluntary disclosures of failure to comply with the export control

provisions and supports raising awareness among the exporters to avoid any non-compliance incidents. Voluntary disclosures do not involve cases where the exporter applies for regularization of authorization / post-facto export authorization, on the basis of communication from the relevant Government of India agencies such as DGFT, and Customs.

The Inter-Ministerial Working Group (IMWG) in DGFT constituted for considering the applications for export of SCOMET items may consider a voluntary disclosure as a mitigating factor in determining the administrative penalties, if any, that should be imposed.

The IMWG would consider each case on its merit in accordance with the provisions of the Export and Import Policy determined by the Central Government from time to time, under the Foreign Trade (Development and Regulation) Act, and the Orders issued there under.

Voluntary Disclosure for non-compliance shall not cover the cases for non-compliance or violations for items falling under SCOMET Category 0 and under CWC Schedules (SCOMET Categories 1A, 1B, & 1C).

### **Types of Violations:**

- i. Export of goods/software/technology listed under SCOMET and undertaken without prior authorization
- ii. Export to UNSC-sanctioned entities and individuals without knowledge
- iii. Export of items not controlled under SCOMET and used/diverted for or manufacture of weapons of mass destruction or their delivery systems
- iv. Use of an Export authorization issued in the name of an entity, by a new entity(s) after name change, merger, de-merger etc. without prior approval/amendment from the licensing authority
- v. Failure to obtain permission from the licensing authority by the company/entity registered or operating in India, which is involved in the manufacture, processing and use of SCOMET items, for facilitating or undertaking site visits, on-site verification or access to records/documentation by foreign organizations either directly or through an Indian party
- vi. Failure to comply with reporting, record-keeping requirements, etc.
- vii. Unauthorized access to technical data
- viii. Unauthorized provision of technical assistance
- ix. Any other violation relating to SCOMET items not listed above in terms of FTDR/FTP/HBP

The violation(s) in question, despite the voluntary nature of the disclosure, may merit penalties, administrative actions, and sanctions to consider criminal prosecution. The IMWG will consider whether 'voluntary disclosure,' in the context of other relevant information in a particular case, should be a mitigating factor in determining, if any, administrative action will be imposed. Some of the other factors the IMWG may consider in case of voluntary disclosure include:

- i. Whether the export would have been authorized in the normal course, and under what conditions (voluntary / forced disclosure) the request for export authorization has been made by the exporter before DGFT;
- ii. Whether the violation was intentional or inadvertent, systematic or not;
- iii. Why the violation occurred;
- iv. The degree of cooperation with the ensuing verification/investigation;
- v. Whether the firm has instituted or improved an internal trade compliance mechanism/process/program, including training of employees to reduce the likelihood of future export violation(s);
- vi. Whether the export violation was in the knowledge of senior management of the organization;
- vii. The degree to which the firm / authorized person responsible for the violation was familiar with the export control laws and regulations;
- viii. Whether the firm has violated export control laws and regulations in the past;

## **B. Procedure for Voluntary Disclosure:**

- i. Any individual/firm should initially notify the Directorate General of Foreign Trade (DGFT) immediately after an export violation is discovered and confirmed internally, and then conduct a thorough review of all such trade activities where a violation is suspected. The Indian exporter must submit all the relevant details of such violation (in Appendix 100) to SCOMET Division, DGFT (Hqrs), Vanjiya Bhawan, New Delhi, via E-mail at [scomet-dgft@nic.in](mailto:scomet-dgft@nic.in)
- ii. If there is confirmation from the relevant enforcement agencies such as Customs or through other sources regarding such violation by the exporting entity or individual, a show cause notice shall be issued by SCOMET Cell, DGFT to the applicant firm. A full disclosure along with all the necessary documents must be submitted within 30 days or the extended time as may be specified.
- iii. Failure to provide a full disclosure within a reasonable time may result in a recommendation by the IMWG, not to consider the Voluntary Disclosure as a mitigating factor in determining the appropriate disposition of the violation. In addition, DGFT may direct the firm to furnish all the relevant information surrounding the violation in terms of the relevant Indian laws and regulations.

- iv. The IMWG would consider each such application on merit within the scope of applicable laws and regulations.

**C. Documents required while filing for Voluntary Disclosure:**

The IMWG may consider the following documents for the regularization of exports made under Voluntary Disclosure. The written disclosure by the firm should be accompanied by a covering letter (on the letterhead) signed by a senior officer( not below the rank of export compliance manager or equivalent designation) with the following documents:

- a. Disclosure Proforma (Appendix attached)
- b. Application in ANF 10A proforma
- c. Licensing documents (e.g., license applications, export licenses, end-user certificates/statements, Purchase Order, Contract Agreement, etc.)
- d. Shipping documents (e.g., Shipping Bills, Commercial Invoices, Airway Bills and Bills of Lading and any other related Trade documents)
- e. Any other relevant documents as may be required

**D. Action by the DGFT:**

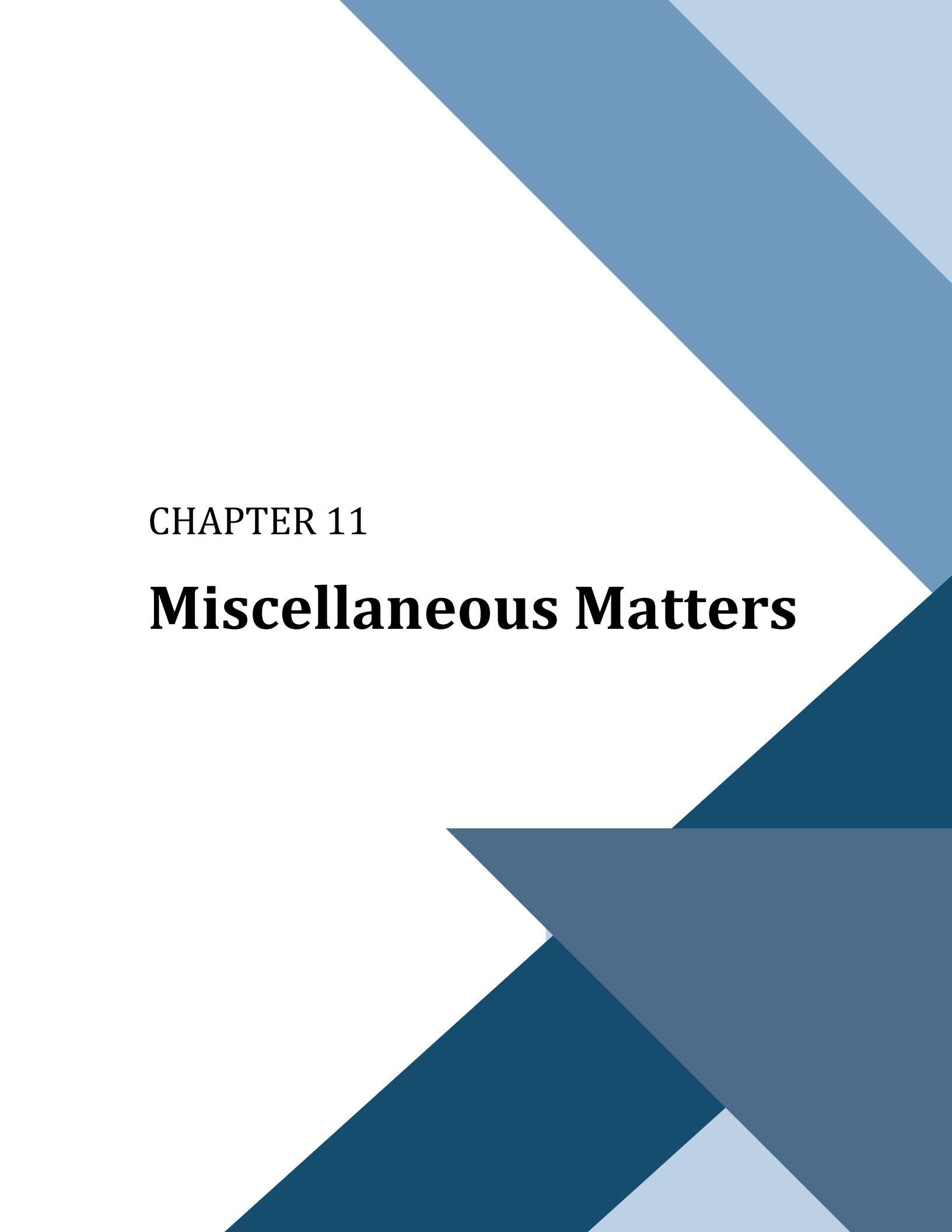
All voluntary disclosure cases shall be placed by DGFT before the IMWG, in its subsequent meeting for discussion after submission of all complete and supporting documentation by the exporter. The IMWG would consider each case on merit in accordance with the provisions of the Export and Import Policy determined by the Central Government from time to time, and the relevant Indian laws and regulations. The IMWG would consider and make recommendations to DGFT on the following:

- i. To inform the exporter that no further action is warranted, based on the facts disclosed, supporting documentation and upon satisfactory review;
- ii. To issue a Show Cause Notice;
- iii. To issue an Adjudication Order on submission of an adverse report on proliferation concerns/information, violation of relevant export control laws and regulations, etc. or for non-submission of mandatory documents within the prescribed timelines or for non-compliance with the conditions of SCOMET policy. The firm shall be liable for action in accordance with the FT(D&R) Act, the Rules and Orders made there under, the Foreign Trade Policy (FTP), and any other applicable laws and regulations.
- iv. DGFT would subsequently apprise the IMWG of the action taken by them in these cases (Regularizing the previous export or suitable action taken pursuant to (i)/(ii)/(iii) above, as the case may be).

## **10.20 Revalidation of SCOMET Authorisation**

Export Authorisation for SCOMET items may be revalidated, on merits for a period of six months at a time and maximum upto 12 months by the DGFT (Hqrs). An application for grant of revalidation may be made in prescribed proforma [ANF 10F] 30 days prior to the expiry of authorisation. The period of renewal of authorisation shall be counted from the date of actual expiry of authorisation. The total period of extension will not exceed 12 months. Revalidation to export authorisations issued for Technology/Software transfer under any category is not permitted. SCOMET Authorisations issued under GAEC, GAICT, GAER, GAEIS, GAET, GAED policy cannot be revalidated





CHAPTER 11

# Miscellaneous Matters

# CHAPTER 11

## MISCELLANEOUS MATTERS

### **11.01 Denomination of Import Authorisation/Licence/Certificate/Permissions**

- (a) CIF value of Authorisation / FOB value of export obligation shall be indicated both in Rupees and in freely convertible currency(s) at the exchange rate(s) prevailing on Authorisation issue date.
- (b) Remittance of foreign exchange and discharge of export obligation against Authorisation shall be regulated in freely convertible currency or in Indian Rupees as per para 2.52 and 2.53 of FTP.
- (c) No enhancement in Rupee value shall be necessary if remittance of foreign exchange is covered by CIF value of Authorisation shown in freely convertible currency.
- (d) However, on Advance Authorisation(s), issued for exports to ACU countries, export obligation shall be denominated and discharged in ACU dollars.
- (e) Export obligation in Advance Authorisation for intermediate supply and for deemed export, where supplies are to be made within the country, shall be denominated and discharged in Indian rupees.

### **11.02 Late Cut**

Wherever any application for any fiscal/financial benefits under FTP complete in all respects is received after expiry of last date for submission of such application, the application may be considered after imposing a late cut in the following manner:

i.	Application received after the expiry of last date but within six months from the last date	2%
ii.	Application received after six months from the prescribed date of submission but not later than one year from the prescribed date	5%

iii.	Application received after 12 months from the prescribed date of submission but not later than 2 years from the prescribed date	10%
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### **11.03 Supplementary Claims**

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

### **11.04 Furnishing of Information**

Every importer/ exporter shall furnish such information within the stipulated time as may be called for by DGFT or any officer duly authorised. Failure to furnish the requisite information within the stipulated time shall warrant Penal action as laid down in the FTP or as per the FT(D&R) Rules,1993.

### **11.05 Clarifications on Policy/Procedure**

A request seeking clarifications on any provision of FTP or HBP, importability or exportability of items under ITC(HS), made to DGFT in the form in ANF2F. Clarification may also be sought on E-mail.

### **11.06 Consumption Register**

Importer shall maintain a register as in Appendix-4H (for 3 years period) of items imported under an Authorisation and separately for items imported with actual user condition and its consumption. In respect of particular schemes such register shall be maintained for specified period.

### **11.07 Export Facilitation**

In order to resolve exporters' problems in a co-ordinated manner, field offices of DGFT shall act as Export Facilitation Centres and nodal agencies.

### **11.08 Standing Grievance Committee**

For speedy redressal of genuine grievances of trade and industry pertaining to Export and Foreign Trade, Grievance Committees have been constituted chaired by (i) DGFT at Headquarters and (ii) head(s) of RA(s) in regional offices. Grievance Committee will include representatives of Federation of Indian Export Organisations (FIEO), Export Promotion Councils/ Commodity Boards, Development Authorities, and Government

Departments/ technical authorities, Custom Authorities, GST Authorities, DGARM, Banks (Public and Private Sectors), Export Inspection Agencies/ Councils, ECGC, Industries Commissioner (State/UT), Export Commissioner (State/UT), General Manager (GM) District Industries Centre (DIC) as their members.

### **11.09 Counter Assistance**

- (a) While the endeavour of DGFT is to make filling/submission of all applications online, till the time the facility for online application is not available, applications will continue to be received at the counter.
- (b) For speedy disposal of applications, "Counter Assistance" will function in all offices of DGFT. An FTDO shall be in charge of counter in each office. On presentation of application at the counter, applicant would be advised whether his application is complete or there is any deficiency that needs to be rectified.
- (c) Counter Assistance may also be availed of for amendments of minor nature/enquiries. Applications, in such cases, will be received in regional offices at counter against a proper receipt. Authorisation / licence /list /enquiry shall be returned after carrying out necessary amendments/ giving necessary reply as far as possible on the same day, across the Counter.

### **11.10 Time Bound Disposal of Applications**

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

S. No.	Category of Application	Time Limit For Disposal (in working days)
	IEC Number	<b>2</b>
	Advance Authorisation where Input-Output norms are notified or under para 4.07 of HBP, Advance Authorisation for Annual Requirement and DFIA.	<b>3</b>
	Issuance of Advance Authorisation through automatic route	<b>1</b>
	Fixation of Input Output Norms for SAAS covered under para 4.04A of FTP	<b>90</b>

	Issuance of EPCG Authorisations	<b>3</b>
	Issuance of EPCG authorisation through automatic route	<b>1</b>
	All Authorisations under Gem & Jewellery scheme	<b>3</b>
	Revalidation of Advance Authorisation and extension of Export Obligation period of AA/EPCG authorisations by R.A	<b>1</b>
	Acceptance of BG/LUT	<b>3</b>
	Redemption/EODC of Advance Authorisation/ DFIA	<b>15</b>
	Redemption of EPCG Authorisations and release of BG /LUT.	<b>30</b>
	Issuance/renewal of status certificate	<b>3</b>
	Amendment of any category of Authorisation	<b>3</b>
	Miscellaneous	<b>10</b>
	Refund of DBK/ TED under deemed export	<b>30</b>
	<b>Fixation of Brand Rate for duty drawback</b>	<b>30</b>

In all the above cases, the number day is counted from the date of submission of complete application. Cases of undue delay in disposal of applications may be brought to notice of head of regional offices by way of a written representation, which shall be promptly enquired into and responded to.

### **11.11 Date of shipment/Dispatch in respect of Imports**

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

<b>S.No.</b>	<b>Mode of Transportation</b>	<b>Date of Shipment / Dispatch</b>
(i)	By Sea	The date affixed on the Bill of Lading
(ii)	By Air	Date of relevant Airway Bill provided this represents date on which goods left last airport in the country from which the import is effected.

(iii)	From land-Locked Countries	Date of dispatch of goods by rail, road or other recognised mode of transport to consignee in India through consignment basis.
(iv)	By Post Parcel	Date stamp of office of dispatch on the packet or dispatch note
(v)	By Registered Courier Service	Date affixed on Courier Receipt / Waybill
(vi)	Multimodal Transport	Date of handing over goods to first carrier in a combined transport Bill of Lading

### 11.12 Date of Shipment/ Dispatch in respect of Exports

a) Date of shipment/despatch for exports will be reckoned as under:

Sl. No.	Mode of Transportation	Date of Shipment / Dispatch
(i)	By Sea	<p>(a) For bulk cargo, date of Bill of Lading or date of mate receipt, whichever is later?</p> <p>(b) For containerised cargo, date of "Onboard Bill of Lading", or "Received for Shipment Bill of Lading", where the L/C provides for such Bill of Lading. For exports by containers from Inland Container Depot (ICD), date of Bill of Lading issued by shipping agents at the time of loading of export goods in ICD after customs clearance.</p> <p>(c) For Lash barges, date of Bill of Lading evidencing loading of export goods on board.</p>
(ii)	By Air	Date mentioned by appropriate Officer of Customs on Shipping Bill, evidencing loading or handing over of goods to air cargo complex, which are not international airports, or by way of rotation of flight number and date.
(iii)	By Post Parcel	Date stamped on postal receipt
(iv)	By Rail	Date of RR (Railway Receipt)
(v)	By Registered Courier Service	Date affixed on Courier Receipt/ Waybill.

(vi)	By Road	Date on which goods crossed Indian border as certified by Land Customs Authorities.
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- b) However, wherever Procedural / Policy provisions have been modified to disadvantage of exporters, the same shall not be applicable to consignments already handed over to Customs for examination and subsequent exports up to Public Notice / Notification date.
- c) Similarly, in cases where goods are handed over to the customs authorities before expiry of export obligation period but actual Exports take place after expiry of the export obligation period, such exports shall be considered within export obligation period and taken towards fulfilment of export obligation.
- d) However, for benefit under FTP, Let Export Order (LEO) date shall be the date of reckoning of export.

### **11.13 General Power of Review**

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