

# Policy

	3.8	<p><b>VISHESH KRISHI AND GRAM UDYOG YOJANA (VKGUY)</b></p> <p><b>(SPECIAL AGRICULTURE AND VILLAGE INDUSTRY SCHEME)</b></p>
<i>Objective</i>	3.8.1	<p>Objective of VKGUY is to promote exports of</p> <ul style="list-style-type: none"> <li>(i) Agricultural Produce and their value added products;</li> <li>(ii) Minor Forest Produce and their value added variants; for exports w.e.f 1.4.2004;</li> <li>(iii) Gram Udyog Products, for exports w.e.f 01.04.2006;</li> <li>(iv) Forest Based Products, for exports w.e.f 01.04.2007; and</li> <li>(v) Other products, as notified from time to time.</li> </ul> <p>Such products shall be listed in Appendix 37A of HBP v1.</p>
<i>Entitlement</i>	3.8.2	<p>Duty Credit scrip benefits are granted with an aim to compensate high transport costs. Exporters, of products notified in Appendix 37A of HBP v1, shall be entitled for Duty Credit scrip equivalent to 5% of FOB value of exports (realized in free foreign exchange).</p> <p>However, Duty Credit scrip benefits shall be granted only at a reduced rate of 3.5% of FOB value of exports (realized in free foreign exchange) in such cases where exporter has availed benefits under Chapter 4 of FTP for import of Agriculture Inputs (other than catalysts, consumables and packing materials) relating to export item under this scheme.</p> <p>However, for exports made w.e.f. 1.4.2008, Flowers, Fruits and Vegetables, as listed in Table 13 of Appendix 37A, shall be entitled to an additional duty credit scrip equivalent to 2.5% of FOB value of exports; over and above the 5% / 3.5% VKGUY entitlement.</p> <p>Period of exports for which entitlement is granted is given in Appendix 37A of HBP v1. However, New additional products notified / clarified in Appendix 37A of HBP v1 shall be entitled for Duty Credit Scrip on exports, w.e.f 1.4.2008, unless otherwise specified.</p>
	3.8.2.1	<p>Exports made by EOUs / BTPs who do not avail direct tax benefits/ exemption shall be eligible, provided the same is not covered under Paragraph 3.8.2.2.</p>
	3.8.2.2	<p>Following exports shall not be taken into account for Duty Credit scrip entitlement.</p> <ul style="list-style-type: none"> <li>(a) (i) Export of imported goods covered under Para 2.35 of FTP;</li> <li>(ii) Exports through transshipment, meaning thereby that exports originating in third country but transhipped through India;</li> </ul>

- (b) Deemed Exports;
- (c) Exports made by SEZ units; and
- (d) Items, which are restricted or prohibited for export under Schedule-2 of Export Policy in ITC (HS).

3.8.3 Deleted

to

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3.8.6 For exports during 2008-09, all Status Holders (having status recognition w.e.f 1.4.2008) exporting products covered under ITC HS Chapters 1 to 24, shall be incentivized with duty credit scrip equal to 10% of FOB value of agricultural exports (including benefits entitled under paragraph 3.8.2) provided that the total benefits for all status holders put together does not exceed Rs 100 Cr (i.e. Rs 50 Cr for each half year) and the conditions specified in Para 3.19.10 of HBP v1 (RE2008) are satisfied. Zonal Office CLA, New Delhi shall be the licensing office for grant of the benefit to all status holders.

The following capital goods / equipments shall be permitted for import:-

- (i) Cold storage units including Controlled Atmosphere (CA) and Modified Atmosphere (MA) Stores, pre-cooling Units and mother storage for onions etc.;
- (ii) Pack Houses (including facilities for handling, grading, sorting and packaging etc.);
- (iii) Reefer Van / Containers; and
- (iv) Other Capital Goods / Equipments as may be notified in Appendix 37F.

Imported capital goods/equipment shall be utilized for storage, packing etc. (as in (ii) above) and transportation of agricultural products (including agro-processed perishable products).

This additional benefit shall be subject to actual user condition and hence non-transferable.

	3.12	<b>COMMON PROVISIONS FOR SCHEMES UNDER THIS CHAPTER, EXCEPT WHERE SPECIFICALLY PROVIDED FOR.</b>
<i>CENVAT / Drawback</i>	3.12.1	Additional customs duty/excise duty paid in cash or through debit under Duty Credit scrip shall be adjusted as CENVAT Credit or Duty Drawback as per DoR rules, except under SFIS.
<i>Special Provisions</i>	3.12.2	Government reserves right in public interest, to specify export products or services or exports to such countries, which shall not be eligible for computation of entitlement.  Further Government reserves right to change ceiling on Duty Credit scrip under this chapter.  Similarly, Government may also notify goods (in Appendix 37B of HBP v1), which shall not be allowed for import under Duty Credit scrips.
<i>TRA Facility</i>	3.12.3	Utilization of Duty Credit Scrip for imports from a port other than port of registration shall be allowed under Telegraphic Release Advice (TRA) facility as per DoR notification.
<i>Imports Allowed</i>	3.12.4	Duty Credit Scrip may be used for import of inputs or goods including capital goods, provided same is freely importable under ITC (HS). However, import of items listed in Appendix 37B of HBP v1 shall not be permitted to be debited.
<i>Free Transferability</i>	3.12.5	Duty Credit scrip and items imported against it would be freely transferable, except under SFIS.
<i>Exclusivity of Entitlement</i>	3.12.6	For a shipment, benefit under any one of schemes covered in this Chapter can alone be claimed, at exporter's option.
<i>Import under Lease financing</i>	3.12.7	Utilization of Duty Credit scrip shall be permitted for payment of duty in case of import of capital goods under lease financing in terms of provision in Para 2.25 of FTP.
<i>Transfer of Export Performance</i>	3.12.8	Transfer of export performance from one to another shall not be permitted. Thus, a shipment bill containing name of applicant shall be counted in export performance / turnover of applicant only if export proceeds from overseas are realized in applicant's bank account and this shall be evidenced from BRC / FIRC.

# Producers

## 3.19 VISHESH KRISHI AND GRAM UDYOG YOJANA (VKGUY)

- 3.19.1 Policy pertaining to VKGUY is given in Chapter 3 of FTP. Appendix 37A contains the list of VKGUY items. Application for grant of Duty Credit scrip under VKGUY for export made from 1.4.2008 onwards shall be made to RA concerned in ANF 3C along with documents prescribed therein.

Applicant may file one or more applications subject to condition that each application shall contain not more than 50 shipping bills. All shipping bills in any one application must relate to exports made from one Customs House only, which shall be the port of registration for Duty Credit Scrip. For exporter with more than 50 shipping bills in one year, multiple applications can be filed and supplementary cut (para 9.4 of HBPv1) shall not be applicable.

3.19.2 Deleted

3.19.3 Deleted.

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- 3.19.10 Policy pertaining to the VKGUY benefits under Para 3.8.6 is given in Para 3.8.6 of Chapter 3 of FTP (RE2008), as amended. All Status Holders may apply for grant of Duty Credit scrip for export made during 2007-08 to RA, CLA, New Delhi in 'ANF 3G - ANF for Para 3.8.6' along with documents prescribed therein.

Applicants may file one application before the last date prescribed for each half year period (Apr-Sep / Oct-Mar). Applications for exports during Apr-Sept 2008 shall be filed from 15.1.2009 till 15.2.2009 and for exports during Oct-Mar 2009 applications shall be filed from 1.5.2009 till 31.5.2009.

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



of exports shall be determined in terms of Para 9.12. Application fee shall be the same as it is for VKGUY benefits under Para 3.8.2.

The allocation of duty credit scrips by RA, CLA, New Delhi, under Para 3.8.6 of FTP (RE2008), shall be done proportionate to the eligible claims of individual applications, vis-à-vis the total eligible claims of all the status holders put together, received for each half year (Apr-Sep 2008 / Oct-Mar 2009) period, in such a way that the total benefits granted for all status holders put together does not exceed the limit prescribed for each half year in Para 3.8.6 of FTP (RE2008). Accordingly if the total eligible claim of all the status holders put together is, say, Rs 200 Cr, each applicant status holder would be granted one-fourth of the claim an applicant is eligible for.

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

*Jurisdictional RA / RA Concerned*

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

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

*Port of Registration*

3.23.3 Duty Credit scrip (including splits) shall be issued with a single port of registration as per choice of applicant. Before registration, authorities shall verify genuineness of Duty Credit scrip, from RA concerned, until EDI system of message exchange is put in place.

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

<i>Facility for Split Scrips</i>	3.23.4	<p>Split certificates of Duty Credit scrip subject to a minimum of Rs 5 lakh each and multiples thereof may also be issued, on request at the time of application with different port of registration. A fee of Rs 1000/- each shall be paid for each split certificate. After issue, request of splits shall be permitted with same port of registration as appearing on the original scrip.</p> <p>The above procedure shall be applicable only in respect of EDI enabled ports. In case of exports through non-EDI ports, the facility of splits shall not be allowed, after issue of scrip.</p>
<i>Import from private / public bonded warehouses</i>	3.23.5	<p>Entitlement can be used for import from private / public bonded warehouses subject to fulfillment of paragraph 2.28 of FTP and terms and conditions of DoR notification.</p>
<i>Re-export of defective / unfit goods</i>	3.23.6	<p>Goods imported which are found defective or unfit for use, may be re-exported, as per DoR guidelines. Where Duty Credit scrip has been used for imports, Customs shall issue a certificate containing particulars of scrip used, date of import of re-exported goods and amount debited while importing such goods. Based on this certificate, upon application, a fresh Scrip shall be issued by concerned RA to extent of 98% of debited amount, with same port of registration and valid for a period equivalent to balance period available on date of import of the defective / unfit goods.</p>
<i>Validity Period &amp; Revalidation</i>	3.23.7	<p>Duty Credit scrip shall be valid for a period of 24 months. Revalidation of Duty Credit scrip shall not be allowed.</p>
<i>Declaration of Intent on Free Shipping Bills</i>	3.23.8	<p>For export shipments filed under Free Shipping Bill category, for exports after 31.5.2008 of products / markets eligible under Chapter 3 of FTP (Appendix 37A, 37C, 37D, 37E), the exporter shall state the intention to claim benefits under chapter 3 of FTP by declaring on the Free Shipping Bills as under:</p> <p>'I/We, hereby, declare that I/We shall claim the benefits, as admissible, under Chapter 3 of FTP'.</p> <p>This declaration shall not be required for export shipments under any of the schemes of Chapter 4 (including drawback) or Chapter 5 of FTP.</p>

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

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

*Utilization of Duty Credit Scrips under Chapter 3 for payment of duty under EPCG Scheme*

3.23.9 From 1.1.2009, the duty credit scrips issued under Chapter 3 of FTP can also be utilized for payment of duty against imports under EPCG Scheme.

*Last date of filing of application for Duty Credit Scrips, except Para 3.8.6*

3.23.10 Application for obtaining Duty Credit scrip shall be filed within a period of twelve months from date of exports or within six months from date of realization, or within three months from date of printing / release of shipping bill, whichever is later, in respect of shipments for which claim is being filed. For SFIS, last date shall be 31<sup>st</sup> December.

**ANF 3C**  
**For Vishesh Krishi And Gram Udyog Yojana (VKGUY) applications**  
**(for exports during 2004-05/2005-06/2006-07/2007-08/2008-09)**

(Please note that application for VKGUY benefits for exports made during 2004-05/2005-06/2006-07 and 2007-08 and 2008-09 cannot be clubbed into one application. Separate applications are required to be filed for separate years.)

(Please note that export shipments from all EDI ports can be filed in one application while for export shipments from each Non-EDI ports, separate application is required to be filed.)

1. IEC Number
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2. Applicant Details	
i. Name	
ii. Address	

3. RCMC Details			
i. RCMC Number		ii. Date of issue	
iii. Issuing Authority		iv. Valid upto	
v. Products for which registered			

4. Details of export made during the year 2004-05/2005-06/2006-07/2007-08/2008-09. (strike out the years not relevant)

S No	SB no	SB date	Date of Let Export	BRC No	BRC date	Invoice No	S No of Invoice	Product Group	ITC(HS) code	Item Description
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

FOB Value in free foreign exchange (Inclusive of commission)	Exchange Rate on date of let export	FOB Value (in Rs)	VKGUY Entitlement rate (5%) (3.5% for exports covered under Chapter 4 of FTP (including drawback) for import of relevant agricultural inputs)	Entitlement (without cut)	Cut applicable (if any)	VKGUY Entitlement
(12)	(13)	(14) = (12) * (13)	(in %) (15)	(in Rs) (16) = (14) * (15) / 100	(in %) (17)	(18) = (16) * [1 - ((17)/100)]

5. Port of Registration (for purpose of Imports):

6. Number of Split Certificates required (in multiples of Rs 5 lakhs each):

7. Application Submission Details (In case of electronically submitted applications)	8. Application Fee Details
i. ECOM Reference Number	(i) Amount (Rs):
ii. Date of Submission on Server	(ii) Demand Draft / Bank Receipt / Electronic Fund Transfer No
iii. Submitted to which Regional Authority	(iii) Date of Issue
iv. File Number	(iv) Name of the Bank on which drawn
v. Date of Issue	(v) Bank Branch on which drawn

**DECLARATION/UNDERTAKING**

- I hereby declare that particulars and statements made in this application are true and correct and nothing has been concealed or held therefrom. I fully understand that any information furnished in application if found incorrect or false will render my firm / company and me liable for any penal action or other consequences as may be prescribed in law or otherwise warranted.
- I hereby certify that none of Proprietor/ Partner(s) / Director(s) / Karta / Trustee of firm / company, as the case may be, is a Proprietor / Partner(s) / Director(s) / Karta / Trustee in any other firm / company which has come to adverse notice of DGFT. I further declare that under Foreign Trade (Development and Regulation) Act (FTDR Act) 1992, my firm / company have not



been debarred in person from undertaking any export import business or activity by way of suspension or cancellation of IEC number. [If so debarred under FTDR Act, details of said order and period for which the same is operational may be provided].

3. I hereby certify that my firm / company has not defaulted in fulfilling export obligation under any provisions of FTP and has not been placed under the Denied Entity List (DEL). [If under DEL List, kindly furnish details of order, current status etc.]
4. I hereby declare that details of exports of goods of my firm / company are true and correct and in accordance with accounts maintained in my firm / company.
5. I hereby declare that the export product is covered under Appendix 37A and the export, for which this application is being filed, are made on or after the respective admissible date of export, as indicated in Appendix 37A.
6. I hereby declare that export product for which VKGUY benefit is being claimed at 5% does not contain any shipment for which benefit under chapter 4 (including drawback) of FTP 2004-09 in respect of exports from 01.04.2006 has been claimed for such relevant agricultural inputs.
7. I hereby declare that no benefit under VKGUY Scheme was availed previously against Shipping Bills currently included in this application.
8. I hereby declare that in terms of Para 3.12.6 of FTP, this application does not contain any exports for which benefit under any other promotional scheme under Chapter 3 of FTP has been / will be claimed.
9. I hereby declare that export product for which VKGUY benefit is being claimed does not contain any shipment made w.e.f 1.4.2007/1.4.2008 (as the case may be) from such EOU / BTP Units, on which direct tax exemption is / will be availed and further that these exports are not covered under Sr. No. 10 below.
10. I hereby declare that export product for which benefit is being claimed does not include
  - i) Export of imported goods covered under Para 2.35 of FTP;
  - ii) Exports originating in third country and transshipped through India;
  - iii) Deemed exports;
  - iv) Exports made by SEZs units; and
  - v) Items, which are restricted or prohibited for export under Schedule 2 of Export Policy in ITC (HS).
11. I hereby declare that export / supplies do not include any disclaimed third party exports. Thus I hereby declare that in terms of Para 3.12.8 of FTP, this application does not contain any exports in contravention to this provision.
12. I undertake to abide by provisions of FTDR Act, 1992, Rules and Orders framed there under, and the FTP.

Place: _____	Signature: _____
Date: _____	Name: _____
<b>Documents to be submitted</b>	Designation: _____
1. Export promotion (EP) copy of Shipping Bill / Bill of Export (including in case of exports through Land Customs or supply to SEZ)	Official Address: _____
2. Relevant Original Bank Certificate of Exports and Realisation - Appendix 22A / Foreign Inward Remittance Certificates (FIRC) or offsetting of export proceeds with approval of RBI (Appendix 22D).	Residential Address: _____
In case of FIRC, a declaration from exporter that remittance is in respect of Shipping Bill(s) No _____ dtd _____ shall also be furnished.	Telephone: _____
<b>Note:</b> 1. Each individual page of application has to be signed. One Copy of ANF3C duly signed in provided space. Copy of Updated Profile in ANF1 only if any changes have taken place and updated, along with Copy of Valid RCMC. RCMC for MFP and their value added variants should be from SHEFEXIL.	Email Address: _____
2. In cases where original EP copy of Shipping Bill(s) / Bill of export and/or Bank Realisation Certificates has been submitted under any other scheme of FTP, a self attested photocopy(s) of EP copy of the same be attached, quoting Reference File no. & concerned Regional Authority where original documents have been submitted.	