

Foreign Trade Policy

1st September 2004-31st March 2009

w.e.f. 1.4.2006

	3.10	FOCUS PRODUCT SCHEME
<i>Objective</i>	3.10.1	The objective is to incentivise export of such products which have high employment intensity in rural and semi urban areas so as to offset the inherent infrastructure inefficiencies and other associated costs involved in marketing of these products.
<i>Eligibility</i>	3.10.2	Exports of notified products to all countries shall be entitled for duty credit scrip equivalent to 2.5% of the FOB value of exports for each licensing year commencing from 1 st April, 2006. However only 50% of the export turnover of such products shall be counted for benefits under the Scheme. The scrip and the items imported against it would be freely transferable.
	3.10.2.1	Under the Scheme, export of such products as given in Appendix-37-D of Handbook of Procedures (Vol. I) shall qualify for export benefits as per Para 3.10.2 above.

- 3.10.2.2 The following exports shall not be taken into account for calculation of export performance or for computation of entitlement under the scheme:
- a. Export of imported goods covered under Para 2.35 of the Foreign Trade Policy or exports made through transshipment.
 - b. Exports turnover of units operating under SEZ Scheme and 100% EOU Scheme or products manufactured by them and exported through DTA units.
 - c. Deemed Exports.
- 3.10.2.3 Exporters shall have the option to apply for benefit either under the Focus Market Scheme or under the Focus Product Scheme or under Vishesh Krishi and Gram Udyog Yojana in respect of the same exported product/s.
- Imports allowed*
- 3.10.3 The Duty Credit may be used for import of inputs or goods including capital goods, provided the same is freely importable under ITC(HS).
- Imports from a port other than the port of export shall be allowed under TRA facility as per the terms and conditions of the notification issued by Department of Revenue.
- Cenvat /Drawback*
- 3.10.4 Additional customs duty/excise duty paid in cash or through debit under this scrip shall be adjusted as CENVAT Credit or Duty Drawback as per rules framed by the Department of Revenue.
- Special provisions*
- 3.10.5 Government reserves the right in public interest, to specify from time to time the export products or exports to such countries, which shall not be eligible for calculation of entitlement.

Handbook of Procedures-(Vol. I)

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FOCUS PRODUCT SCHEME

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

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

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

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

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

Port of Registration

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

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

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| <i>Facility for Split Scrips</i> | 3.21.5 | For each duty credit entitlement certificate, split certificates subject to a minimum of Rs 5 lakh each and multiples thereof may also be issued. A fee of Rs 1000/- each shall be paid for each split certificate. However, a request for issuance of split certificate(s) shall be made at the time of application only and shall not be considered at a later stage. The split certificate will have the same port of registration for the purposes of imports as appearing in the main certificate. |
| <i>Import from private/
public bonded warehouses</i> | 3.21.6 | The entitlement can be used for import from private/public bonded warehouses subject to the fulfillment of provision of paragraph 2.28 of Foreign Trade Policy and the terms and conditions of the notification issued by Department of Revenue from time to time in respect of private/public bonded warehouses. |
| <i>Re-export of goods
imported under the
Scheme</i> | 3.21.7 | Goods imported under the scheme, which are found defective or unfit for use, may be re-exported, as per the guidelines issued by the Department of Revenue. In such cases 98% of the credit amount debited against the scrip for the export of such goods, shall be generated by the concerned Commissioner of Customs in the form of a Certificate, containing the amount generated and the details of the original Scrip. Based on the certificate, fresh Scrip shall be issued by the concerned Regional Authority. The fresh Scrip, so issued, shall have the same port of registration and shall be valid for a period equivalent to the balance period available on the date of import of such defective/unfit goods. |
| <i>Validity Period</i> | 3.21.8 | The duty credit entitlement certificate shall be valid for a period of 24 months.

Revalidation of duty credit entitlement certificate shall not be allowed. |