

*This column is compiled by Consultant [EXIM Policy] of EPCH. It contains recent Public Notices, Notifications and Circulars of DGFT, CBEC and Department of Revenue. If a handicraft exporter has question[s] to ask on Foreign Trade Policy, he/she may please write / e-mail to EPCH at policy@epch.com*

Impex # 1

## New Duty Drawback Rates Announced

Department of Revenue issues Notifications and Circulars Containing New rates of Duty Drawback effective from 22-11-2014.

Department of Revenue issues Notifications and Circulars Containing New rates of Duty Drawback effective from 22-11-2014. It is a declared policy of the Govt. India that there should be no incidence of custom duty excise duty, service tax, etc. on exports. Because if that happens then Indian exports will not be competitive in international markets.

In practice, it is however not possible to ensure that the goods to be exported should have no incidence of duties & taxes, etc. while being manufactured or traded, etc. The purpose of 'no incidence of duties and taxes, etc. on export is achieved by way of a mechanism known as 'Duty Drawback Scheme'. Under this scheme the duties and taxes, etc. are refunded by the Govt. of India after the exporters have made the exports.

The schedule of Duty Drawback containing the rates of duty drawback of various export products is announced by the ministry of Finance, Govt. of India sometime after the announcement of the union Budget. It is announced after the budget because the drawback rates are calculated after taking into account the changes in duties & taxes in the new budget.

The new rates of Duty Drawback have been announced by the Department of Revenue wide:

As before, the drawback rates have been determined on the basis of certain broad average parameters including, inter alia, prevailing prices of inputs, input output norms, share of imports in input consumption, the applied rates of central excise and customs duties, the factoring of incidence of service tax paid on taxable services which are used as input services in the manufacturing or processing of export goods, factoring incidence of duty on HSD/furnace oil, value of export goods, etc.

### **Announcement of All Industry Rates of Duty Drawback, 2014-15**

The new All Industry Rate of Duty Drawback for 2014-15 for various export product group including handicrafts have been announced by the Department of Revenue vide its Customs Notification No. 110/2014-Customs (N.T.) DT. 18.11.2014, 109/2014-Customs (N.T.) DT. 18.11.2014 and Circular No. 13/2014-Customs DT. 18.11.2014 w.e.f. 22.11.2014 as amended. As per the Department of Revenue, the rates for agarbathi, wooden frames, tableware and kitchenware of wood, wood marquetry, artware of wood, embroidery of silk, handicraft / artware of Iron & Steel, handicrafts/ artware of stainless steel, handcut crystal glassware, musical instruments and lamps have been increased however, for the remaining handicraft items rates have been kept the same as last year. Also description and duty drawback codes for certain items have been changed. The DBK code-wise list of handicrafts items with the drawback rates is available at [http://www.epch.in/policies/DBK\\_Circular.pdf](http://www.epch.in/policies/DBK_Circular.pdf).

**Extracts of New Drawback Rates taken from CBEC Website [www.cbec.gov.in](http://www.cbec.gov.in) notified by Department of Revenue, Ministry of Finance, Govt. of India vide Notification No.110/2014-Customs (N.T.) Dt. 18.11.2014, 109/2014-Customs (N.T.) Dt. 18.11.2014 and Circular No. 13/2014-Customs Dt. 18.11.2014 made effective from 22.11.2014 as amended.**

*(See table on next page)*

Tariff Item	Description of goods	Units	A Drawback when Cenvat facility has not been availed		B Drawback when Cenvat facility has been availed	
			Drawback Rate	Drawback cap per unit in Rs.	Drawback Rate	Drawback cap per unit in Rs.
1	2	3	8	9	10	11
<b>3307</b>	<b>Pre-shave, shaving or after shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included, prepared room deodorizers, whether or not perfumed or having disinfectant properties</b>					
330702	Perfumed Agarbatti / Incence Sticks / Dhoop / Loban	Kg	13%	49	4%	15.1
3307099	Others		1.9%		1.9%	
4414	Wooden frames for paintings, photographs, mirrors or similar objects		5.2%	31.5	1.9%	11.5
4419	Tableware and kitchenware, of wood		5.2%	31.5	1.9%	11.5
4420	Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, of wood; statuettes and other ornaments, of wood; wooden articles of furniture not falling in chapter 94		5.2%	31.5	1.9%	11.5
<b>4421</b>	<b>Other articles of wood</b>					
442101	Handicrafts / Artware of wood		5.2%	31.5	1.9%	11.5
442199	Others		1.9%		1.9%	
<b>4823</b>	<b>Other paper, paperboard, cellulose wadding and webs of cellulose fibres, cut to size or shape; other article of paper pulp, paper, paperboard, cellulose wadding or webs of cellulose fibres</b>					
482306	Decorative handicraft articles made of papier machie		6.3%	8	1.9%	2.4
482399	Others		1.9%		1.9%	
<b>5605</b>	<b>Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 5404 or 5405, combined with metal in the form of thread, strip or powder or covered with metal</b>					
			1.9%		1.9%	
<b>5804</b>	<b>Tulles and other net fabrics, not including woven, knitted or crocheted fabrics; lace in the piece, in strips or in motifs, other than fabrics of heading 6002 to 6006</b>					
		Kg	5.1%	33	1.4%	9

5808	<b>Braids in the piece; ornamental trimmings in the piece, without embroidery, other than knitted or crocheted; tassels, pompons and similar articles</b>	Kg	5.1%	33	1.4%	9
5809	<b>Woven fabrics of metal thread and woven fabrics of metallised yarn of heading 56 05, of a kind used in apparel, as furnishing fabrics or for similar purposes, not elsewhere specified or included</b>		1.9%		1.9%	
5810	<b>Embroidery in the piece, in strips or in motifs</b>	Kg				
581001	Of Silk	Per Kg. of Silk Content	8.8%	745	7.7%	651.9
581099	Others	Kg	5.1%	33	1.4%	9
5811	<b>Quilted textile products in the piece, composed of one or more layers of textile materials assembled with padding by stitching or otherwise, other than embroidery of heading 5810</b>	Kg	4.3%	19	1.9%	8.4
5905	<b>Textile wall coverings</b>					
590501	Of man made fibers	Kg	8.2%	64	1.9%	14.8
590502	Of cotton and others	Kg	5.1%	33	1.4%	9
680204	Artistic & Decorative crafted stone products (Handicrafts) made out of granite.		1.4%		1.4%	
7013	<b>Glassware of a kind used for table, kitchen, toilet, office, indoor decoration or similar purposes (other than that of heading 7010 or 7018)</b>					
701301	Hand cut lead crystal Glass ware	Kg	6%	26	1.9%	8.2
701303	Jars, perfume bottle, candle plate/coasters, votive, lotion bottle/soap dish, ornamental spheres/stars/bells	Kg	6%	26	1.9%	8.2
7020	<b>Others articles of Glass</b>					
702001	Glass Artware / Handicrafts	Kg	7%	64	1.9%	17.4
702002	Glass Artware / Handicrafts made of two or more ply glass with or without metallic fusion	Kg	7.5%	100	1.9%	25.3
702003	Glass Refills Silver Coated for Vacuum Flasks	Kg	6%	26	2.4%	10.4
702099	Others		1.9%		1.9%	
7117	<b>Imitation Jewellery</b>					
711701	Brass Jewellery	Kg	7.2%	140	1.9%	36.9
711702	Aluminium Jewellery	Kg	5.5%	37	1.9%	12.8
711703	Plastic Imitation Jewellery With or Without embellishments	Kg	4.4%	9	1.9%	3.9

711704	Plastic Bangles with or without embellishments	Kg	4.4%	18	1.9%	7.8
711705	Stainless steel Jewellery	Kg	6.1%	51	1.9%	15.9
711706	Iron Jewellery	Kg	6.1%	19	1.9%	5.9
711707	Glass Jewellery	Kg	5.7%	17	2.8%	8.4
<b>7326</b>	<b>Other articles of Iron and Steel</b>					
732601	Handicrafts / Artware of Cast Iron or Iron or steel, with or without plating / coating / galvanizing/ brass	Kg	9%	40	1.9%	8.4
732602	Handicraft/Artware of stainless steel	Kg	9%	80	1.9%	16.9
732699	Others	Kg	7%	14	1.9%	3.8
7418	Table, kitchen or other household articles and parts thereof, of copper; pot scourers and scouring or polishing pads, gloves and the like, of copper; sanitary ware and parts thereof, of copper	Kg	11.5%	105	2.2%	20.1
<b>7419</b>	<b>Other articles of copper</b>					
741901	Artware / Handicrafts of Brass	Kg	12%	176	2.3%	33.7
741902	Artware / Handicrafts of Copper	Kg	12%	213	2.3%	40.8
741909	German silver scrap artwares excluding EPNS Wares		1.7%		1.7%	
741998	Other articles of Brass	Kg	11.5%	105	2.2%	20.1
741999	Other articles of Copper	Kg	11.5%	130	2.2%	24.9
<b>7616</b>	<b>Other articles of Aluminium</b>					
761601	Aluminium Artware / Handicrafts	Kg.	6.6%	61	1.9%	17.6
761699	Others	Kg.	6.6%	28	1.9%	8.1
<b>8306</b>	<b>Bells, gongs and the like, non-electric, of base metal; statuettes and other ornaments, of base metal; photograph, picture or similar frames, of base metal; mirrors of base metal</b>					
830601	Of brass and other copper alloys	Kg	12%	176	2.3%	33.7
830602	Of Copper	Kg	12%	213	2.3%	40.8
830603	Of Iron and Steel	Kg	9%	40	1.9%	8.4
830604	Of Aluminium	Kg	6.6%	61	1.9%	17.6
830699	Others	Kg	7%	14	1.9%	3.8
<b>92</b>	<b>Musical Instruments; parts and accessories of such articles</b>					
9201	Pianos, including automatic pianos; harpsi-chords and other keyboard stringed instruments		5%		1.9%	
9202	Other string musical instruments (for example guitars, violins, harps)		5%		1.9%	
9205	Wind musical instruments (for example, keyboard pipe organs, accordions, clarinets, trumpets, bagpipes) other than fairground organs and mechanical street organs		5%		1.9%	

9206	Percussion musical instruments (for example, drums, xylophones, cymbols, castanets, maracas)		5%		1.9%	
9207	Musical instruments, the sound of which is produced, or must be amplified, electrically (for example, organs, guitars, accordions)		5%		1.9%	
<b>9403</b>	<b>Other furniture and parts thereof</b>	Kg	5%	20	1.9%	7.6
<b>9405</b>	<b>Lamps and Lighting fittings including searchlights and spotlights and parts thereof, not elsewhere specified or included; illuminated signs , illuminated name-plates and the like, having a permanently fixed light source, and parts thereof not elsewhere specified or included</b>					
940501	Of Brass	Kg	11.5%	105	2.2%	20.1
940502	Of Copper	Kg	11.5%	130	2.2%	24.9
940503	Of Wrought Iron	Kg	9%	40	1.9%	8.4
940504	Of Aluminium	Kg	6.6%	61	1.9%	17.6
940505	Of Glass	Kg	7%	64	1.9%	17.4
940599	Others	Kg	5%	26	1.9%	9.9
<b>9504</b>	<b>Video game consoles and machines, articles of funfair, table or parlour games, including pintables, billiards, special tables for casino games and automatic bowling alley equipment</b>					
950401	Carrom Board, with or without coins and strikers	Piece	7%	96	1.9%	26.1
<b>9505</b>	<b>Festive, Carnival or other entertainment articles, including conjuring tricks and novelty, jokes</b>		1.9%		1.9%	

## Impex # 2

## Declaration of UQC & complete description of Export Goods

Office of the Commissioner of Customs (Export), IGIA, New Delhi has issued an important Public Notice No. 12/2014 dated 27th October 2014 drawing attention of the Trade, relating to the observance of Standard Unit Quantity Codes during exports of goods, in the absence of which will lead to delay in clearance and/or cancellation of exports on scrutiny. A copy of the Public Notice appears below, which needs to be strictly followed by the exporters/CHAs. Para-3 & 4 of the PN exemplify the system to be followed for the description and the valuation. Last few lines at the end of the Notification lay that in case of deviation from the prescribed norms besides the delayed clearance and/or cancellation, the matter may need investigation with penal actions.

## Copy of Public Notice No. 12 / 2014, dated 27th October 2014

Attention of Exporters / Customs Brokers is invited to the C.B.E.C's Circular No. 26/2013-Customs dated 19.07.2013 wherein the Board has, inter alia, observed that Standard Unit Quantity Codes (UQC) indicated in the Customs Tariff Act, 1975 are not being uniformly declared by exporters for the same items across different Customs locations. This impacts data quality and makes comparisons and aggregations difficult. The use of non-uniform UQC's for the same items also vitiates the quality of NIDB data and reduces its utility in ascertaining the contemporaneous values or assessment practice of a given item in different Customs locations.

2. The Customs Tariff Act, 1975 prescribes only a single 'Unit Quantity Code(UQC)' against each Tariff item and it is the requirement of the law that the same is properly declared by exporters / Customs Brokers in the Shipping Bills.

3. Further, Directorate General of Valuation has observed that description of goods mentioned by the exporters in the Shipping Bills / invoices are either vague, incomplete or are not standard. It is emphasized that the detailed description of goods including parameters having a bearing on value, viz, composition/percentage of the product, grade, configuration, denier, gsm, size, type/brand, machine / hand made, other special attributes, etc., should be declared in the Shipping Bills and export invoices. It has been noticed that exporters of carpets are declaring generic description in shipping bills as HAND KNOTTED WOOLEN CARPET with similar UQC, Drawback serial no., Scheme code, country of destination but having large variations in price. It is also emphasised that complete description of carpet should have type of product, i.e., 'HAND KNOTTED/HAND WOVEN/MACHINE MADE, composition of the product, size, type/brand, etc.' in the shipping bill.

4. It is, therefore, brought to the notice of all the Exporters / Customs Brokers that they should declare complete & relevant description of the export goods in the shipping bills, including vital parameters which influence the valuation of the goods, viz., composition/ percentage of the product, grade, configuration, denier, gsm, size, type / brand, machine made or handmade, etc. with the correct and prescribed Standard Unit Quantity Codes (UQC) as per the Customs Tariff Act, 1975. Deviation from the prescribed norms may lead to delayed clearance and / or cancellation of exports due to consequential scrutiny and investigation with penal actions.

### Impex # 3

### Questions & Answers

**Question :** What is the time limit for imports payment?

**Answer :** In terms of the RBI regulations, remittances against imports should be completed not later than six months from the date of shipment, except in cases where amounts are withheld towards guarantee of performance, etc.

**Question :** To save on banking charges, we want importer to send the documents directly to us rather than sending through Banks. Are we allowed to do it?

**Answer :** Generally, Import bills and documents should be received from the banker of the supplier by the banker of the importer in India. Banks, therefore, do not make remittances where import bills have been received directly by the importers from the overseas supplier, except:

- i) Where the value of import bill does not exceed USD 3,00,000.
- ii) Import bills received by wholly owned Indian subsidiaries of foreign companies from their principals.
- iii) Import bills received by Status Holder Exporters, 100 per cent Export. Oriented Units or Units in Special Economic Zones, Public Sector Undertakings
- iv) Import bills received by all limited companies namely public limited, deemed public limited and private limited companies.

**Question :** Can we make advance remittance for imports? If so what are the conditions attached to such advances?

**Answer :** Banks may allow advance remittance for import of goods without any ceiling subject to the conditions:

- i) If the amount of advance remittance exceeds USD 200,000 or its equivalent, an unconditional, irrevocable standby Letter of Credit or a guarantee from an International bank of repute situated outside India or a guarantee of a bank in India, if such a guarantee is Issued against the counter-guarantee of an international bank of repute situated outside India, is obtained.
- ii) In cases where the importer (other than a Public Sector Company or a Department and Undertaking of the Government of India and State Government (s) is unable to obtain bank guarantee from overseas suppliers and the bank is satisfied about the track record and bonafides of the importer, the requirement of the bank guarantee and stand by Letter of Credit may not be Insisted upon for advance remittances up to USD 50,00,000 AD.

However, advances for import of rough diamonds and services are governed by separate stipulation.

**Question :** We have imported capital goods under EPCG Scheme but now want to transfer to another unit of the company. Will it be permitted by DGFT and if so what would be the procedure?

**Answer :** DGFT may allow transfer of the Capital Goods imported under EPCG If both the addresses of the unit that is the unit where the capital goods are installed and the unit where the capital goods are to be shifted are incorporated in the IEC and RCMC. The firm should produce copies of Installation Certificates confirming installation at the former unit. The applicant should furnish fresh installation certificate to the RA concerned within 6 months from the date of shifting of CG.

**Question :** What is the Accredited Clients programme? What is its benefit?

**Answer :** The Accredited Client Programme (ACP) Is a major element of the risk management strategy. Under this programme, clients who are assessed as highly compliant are given assured facilitation by the RMS. Excepting a few occasions when their consignments will be randomly selected for checks by Customs officers, the Customs EDI System will accept the declared classification and valuation and assess duty on the basis of importers' self-declaration. The import consignments of ACP client will also not be subjected to examination.

### Export Factoring Facility offered by ECGC

ECGC Ltd. (formerly Export Credit Guarantee Corporation of India Ltd), wholly owned by Govt. of India, has launched its Export Factoring Facility on 1- October, 2014, to enable MSMEs to raise collateral free working capital and also to get their exports fully covered against non-payment risks. This facility also offers other ancillary services such as sales ledger maintenance, collection of export receivables and recovery of undisputed unpaid bills. The salient features of the Export Factoring Facility are as under:

Eligibility:

- Micro, Small & Medium Enterprises (MSME), as defined in MSMED Act 2006.
- Minimum three years' experience in exports with good track record
- Satisfactory business / financial performance of the exporter for the previous three years
- Exports to acceptable buyers from A1 and A2 countries.
- Exports on Open Account terms up to a credit period of 180 days
- Commodities other than Gold, Diamond, Gems, Jewellery, Iron Ore, Granite and Software.
- Assignment of accounts receivables.