

*This column is compiled by Consultant [EXIM Policy] of EPCH. It contains recent Public Notices, Notifications and Circulars of DGFT, CBIC 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

## Verification of authenticity of licences etc. issued by DGFT

DGFT issues Trade Notice for verification of licences, authorisations, certificates, instruments issued by DGFT using the UDIN.

It is desirable that one buys licences, authorisations, certificates, instruments etc issued by DGFT, they are genuine and not fake. To ensure it DGFT has issued a Trade Notice No. 09/2024-25 dt 23.07.2024 informing that a Unique Document Identification number (UDIN) is embossed anti top right corner for all electronically issued documents. The given UDIN may be keyed on the given DGFT website to find the genuineness of the document.

Copy of DGFT Trade Notice dt 23-07-2024 referred to above is given below:

Trade Notice No.09/2024-25-DGFT | Dated : 23rd July 2024

### **Subject: Verification of authenticity of Licences, Authorisations, Scrips, Certificates, Instruments etc. issued by DGFT using the UDIN -reg**

Reference is drawn to the requests received from time-to-time for verification of authorisation of Licences, Authorisations, Scrips, Certificates, Instruments etc. issued by DGFT. In this regard, it is informed that the provision for verification of authenticity of electronically-issued documents is already implemented on the DGFT Website for all stakeholders.

2. A Unique Document Identification Number (UDIN) is embossed at the top-right corner for all electronically-issued documents. The given UDIN may be keyed in on the DGFT Website (<https://dgft.gov.in>) - > Services - > Info for Customs Authorities - > Verify UDIN. No specific website login credentials are required for verification of the On entering the UDIN, the complete electronic document shall be available for download. For verification of authenticity of any paper copy of a document, the details may be compared with the electronic copy downloaded vide the UDIN.
3. The given facility for verification of authenticity may be informed to all concerned and requests for verification of authenticity of a document may not be referred to DGFT.

Impex # 2

## Composition fee on advanced authorization reduced

DGFT issues Public Notice reducing composition fee (penalty) from 3% to 1% on shortfall of export obligation of advance authorization.

In spite of best of efforts many exporters fail to fulfil the export obligation against the advance authorisations. For this failure the authorization holder has to pay the prescribed penalty (composition fee). Previously it was 3% of the shortfall in FOB Value in respect of FOB value in value terms.

Now DGFT has issued a Public Notice No. 14/2024-25 dt 16.07.2024 by which the composition fee has been reduced from 3% to 1% (copy below).

Public Notice: No. 14/2024-25- DGFT | Dated: 16.07.2024

### **Subject: Amendment in Para 4.49 (b) of the Handbook of Procedures, 2023**

In exercise of powers conferred under paragraph 1.03 and 2.04 of the Foreign Trade Policy 2023, as amended from time to time, the Director General of Foreign Trade hereby makes the following amendments in the provisions of Para 4.49 (b) of the Handbook of Procedures 2023:

Existing para 4.49 (b)	Amended para 4.49 (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 3% of shortfall in FOB value in Indian Rupee, online through DGFT website.	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.

Effect of the Public Notice: Para 4.49 (b) of the Handbook of Procedures, 2023 has been amended, reducing the composition fee, for ease of doing business and reducing compliances.

Impex # 3

### Clarification issued on 'Interest Equalisation Scheme'

DGFT has issued a Trade Notice No. 07/2024-25 dt 28.06.2024 by which the 'Interest Equalisation Scheme' has extended by two months beyond 30.06.2024. Now three clarifications have been issued on the above trade notice.

DGFT has issued Trade Notice No. 08/2024-25 dt 10.07.2024 containing three clarifications in its Trade Notice No. 07/2024-25 dt 28.06.2024 relating to 'Interest Equalisation Scheme' (copy below)

The clarifications relate to threshold limit. Inclusion of MSME merchant exports and requirement of revised UIN.

Trade Notice No. 08/2024-2025 Dated: 10th July 2024

#### **Subject: Clarification to the Trade Notice No. 07/2024-2025 - reg.**

This is in reference to the Trade Notice No. 07/2024-2025 dated 28.06.2024 vide which the Interest Equalisation Scheme (IES) for Pre and Post shipment Rupee Export Credit was extended for two months beyond 30th June, 2024.

2. In this regard, it is noticed that banks are facing difficulties on the applicability of the Trade Notice No. 07/2024-2025.

3. In view of the above, the issues raised are accordingly clarified as follows:

Sr. No.	Issue raised	Clarification
1	<b>Threshold Limit for the extended period:</b> Whether there is any threshold limit of Interest Equalisation per IEC for the period from 1st July 2024 to 31st August 2024.	The Interest Equalisation will be capped at Rs. 1.66 Cr per IEC for the period from 1st July 2024 to 31st August 2024.
2	<b>Inclusion of MSME Merchant Exporters:</b> Whether the scheme is applicable only to MSME Manufacturer Exporters, who are eligible for IES benefit of 3%, or if it is also applicable to MSME Merchant Exporters, who are eligible for IES benefit of 2% under 410 HS Lines as advised in circular RBI/2021-22/180DOR. STR.REC.93/04.02.001/2021-22.	The scheme extended vide Trade Notice No. 07/2024-2025 dated 28.06.2024 is applicable only to MSME Manufacturer Exporters, who are eligible for IES benefit of 3%.
3.	<b>Requirement of Revised UIN:</b> Whether clients would be required to generate revised UIN for the extended period as the existing UINs have a validity till 31.03:2025.	Applicants would not be required to generate revised UIN for the extended period if the applicants have already generated UIN for the FY 2024-2025. 4. This issues with the approval of the Competent Authority.

DGFT issues Public Notice containing six amendments to the existing provisions in the EPCG procedures.

EPCG (Export Promotion Capital Goods) schemes is popular scheme of FTP and has been in existence for decades by now. Over this it has seen sea change. Now DGFT has issued a Public Notice No. 15/2024-25 containing six amendments in the EPCG procedures (copy below) to reduce compliances and enhance ease of doing business.

Public Notice No. 15/2024-25- DGFT | 25th July, 2024

**Subject: Amendments in Chapter 5 of the Handbook of Procedures (HBP) 2023, related to Export Promotion Capital Goods Scheme to reduce 'Compliance Burden' and enhance 'Ease of doing Business' - reg.**

In exercise of powers conferred under Paragraphs 1.03 and 2.04 of the Foreign Trade Policy, 2023, as amended from time to time, the Director General of Foreign Trade hereby makes the following amendments in Chapter 5 of the HBP 2023 with immediate effect.

S. No.	Para No.	Existing Provision	Revised Provision
1.	5.04(a)	Authorisation holder shall produce, within six months 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 at factory/ premises of authorisation holder or his supporting manufacturer(s). The RA may allow one time extension of the said period for producing the certificate by a maximum period of 12 months with a composition fee of Rs. 5000/-. 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 authorisation 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 authorisation holder subject to production of fresh installation certificate to the RA concerned within six months of the shifting.	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.
2.	5.04(b)	In the case of import of spares, the installation certificate shall be submitted by the Authorisation holder within a period of three years from the date of import.	Deleted
3.	5.13(c)	Request for extension of Export Obligation period of first block shall be submitted within	Request for extension of Export Obligation period of first block shall be submitted within 6

6 months from the date of expiry of first block EO period along with composition fee of 2% on duty saved amount proportionate to unfulfilled portion of EO pertaining to the block. 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 a late fee of Rs. 10,000/- per authorisation. Application made beyond 6 years, for extension of block-wise EO period for regularization purpose, shall also be considered by RA concerned, with an additional late fee of Rs. 5,000/- for each year per authorisation. This late fee is in addition to the composition fee that may be payable on account of shortfall in export obligation. 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.

months from the date of expiry of first block EO period along with composition fee as under :-

Duty Saved value of EPCG Authorisation issued	Composition fee to be levied (in Rupees)
Up to Rs. 2 Crores	5,000
More than Rs.2 Crores to 10 Crores	10,000
Above Rs.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 :-

Duty Saved value of EPCG Authorisation issued	Composition fee to be levied (in Rupees)
Up to Rs. 2 Crores	5,000
More than Rs.2 Crores to 10 Crores	20,000
Above Rs.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:-

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

No refund of earlier paid Composition Fee shall be admissible.

Where EO of the first block is nonfulfilled 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.

4.	5.13(e)	New provision	Notwithstanding sub-para (d) above, sub-para (c) above shall also be applicable for authorisations issued under FTP (2015-20).								
5.	5.16(b)	In case of extension of Export obligation period beyond 6 years, two extensions, from date of expiry, of one year each may be considered by RA concerned, on payment of composition fee equal to 2% of proportionate duty saved amount on unfulfilled export obligation for each year of extension However, minimum composition fee shall be Rs. 10,000/-.	<p>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 :-</p> <table border="1"> <thead> <tr> <th>Duty Saved value of EPCG Authorisation issued</th> <th>Composition fee to be levied (in Rupees)</th> </tr> </thead> <tbody> <tr> <td>Up to Rs. 2 Crores</td> <td>20,000</td> </tr> <tr> <td>More than Rs.2 Crores to 10 Crores</td> <td>30,000</td> </tr> <tr> <td>Above Rs.10 Crores</td> <td>60,000</td> </tr> </tbody> </table> <p>No refund of earlier paid Composition Fee shall be admissible.</p>	Duty Saved value of EPCG Authorisation issued	Composition fee to be levied (in Rupees)	Up to Rs. 2 Crores	20,000	More than Rs.2 Crores to 10 Crores	30,000	Above Rs.10 Crores	60,000
Duty Saved value of EPCG Authorisation issued	Composition fee to be levied (in Rupees)										
Up to Rs. 2 Crores	20,000										
More than Rs.2 Crores to 10 Crores	30,000										
Above Rs.10 Crores	60,000										
6.	5.16(e)	New provision	<p>For implementation of all ARC 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 :-</p> <table border="1"> <thead> <tr> <th>Duty Saved value of EPCG Authorisation issued</th> <th>Composition fee to be levied (in Rupees)</th> </tr> </thead> <tbody> <tr> <td>Up to Rs. 2 Crores</td> <td>30,000</td> </tr> <tr> <td>More than Rs.2 Crores to 10 Crores</td> <td>60,000</td> </tr> <tr> <td>Above Rs.10 Crores</td> <td>1,00,000</td> </tr> </tbody> </table> <p>No refund of earlier paid Composition Fee shall be admissible.</p>	Duty Saved value of EPCG Authorisation issued	Composition fee to be levied (in Rupees)	Up to Rs. 2 Crores	30,000	More than Rs.2 Crores to 10 Crores	60,000	Above Rs.10 Crores	1,00,000
Duty Saved value of EPCG Authorisation issued	Composition fee to be levied (in Rupees)										
Up to Rs. 2 Crores	30,000										
More than Rs.2 Crores to 10 Crores	60,000										
Above Rs.10 Crores	1,00,000										

Effect of this Public Notice: With a view to enhance ease of doing business and reduce the compliance burden, certain provisions of Chapter 5 related to the Export Promotion Capital Goods Scheme of the Handbook of Procedures, 2023 are amended for EPCG authorizations issued under Foreign Trade Policy.

**Question : What is the procedure for claiming duty drawback?**

**Answer :** Duty drawback, either all industry rate or brand rate, may be claimed on the shipping bill at the time of export and requisite particulars filled in the prescribed format of shipping bill/bill of export. In the case of exports under the electronic shipping bill, the shipping bill itself is treated as the claim for drawback. In case of manual export, a triplicate copy of the Shipping Bill is treated as claim for drawback. The claim is complete only when accompanied by prescribed documents described in the Drawback Rules 2017.

**Question : Our shipping bill has been transmitted by GSTN to Customs and there is no error in the refund claim also. The refund, however, has not yet been received in the bank account. What should we do?**

**Answer :** SB000 (successfully validated) is the response code which comes when all the decided parameters like GST1N, shipping bill (SB) number, invoice number etc. match between GSTN and customs databases. This code implies that the SB is ready for inclusion in the IGST refund scroll. However, it might happen that even with SB000, the SB does not appear in the refund scroll. This could be due to: (i) The exports might have been made under Bond or LUT, hence not eligible for IGST refund. (ii) If a shipping bill covers multiple invoices, few of the invoices might have been successfully validated with code SB000, whereas other invoices might be containing other types of error/s. (iii) Where the IGST claimed amount is less than Rs. 1000/-. In all the above cases, the scroll amount shall automatically become zero and the SBs shall not be included in the refund scroll. (iv) This could happen if there is an alert/suspension on the IEC in ICES or if the account of the IEC is not validated by PFMS.

**Question : What is the Gold Card Scheme for Exporters?**

**Answer :** The Government (Ministry of Commerce and Industry), in consultation with the RBI, had indicated in the Exim Policy 2003-04 that a Gold Card Scheme would be worked out by RBI for creditworthy exporters with a good track record for easy availability of export credit on best terms. Accordingly, in consultation with select banks and exporters, a Gold Card Scheme has been drawn up.

**Question : What are the criteria for issuance of the Gold Card?**

**Answer :** All creditworthy exporters, including those in small and medium sectors with good track record would be eligible for issue of Gold Card by individual banks as per the criteria to be laid down by the latter. The scheme will not be applicable for exporters blacklisted by ECGC or having overdue bills in excess of 10% of the previous year's turnover.

**Question : Can you let me know the benefits of the Gold card?**

**Answer :** Banks would clearly specify the benefits they would be offering to Gold Card holders. It includes the following:

- I. Requests from card holders would be processed quickly by banks;
- II. In-principle limits would be set for a period of 3 years with a provision for stand-by limit of 20 per cent to meet urgent credit needs;
- III. Card holders would be given preference in the matter of granting of packing credit in foreign currency;
- IV. Banks would consider waiver of collaterals and exemption from ECGC guarantee schemes on the basis of card holder's creditworthiness and track record and
- V. The concessive rate of interest on post-shipment rupee export credit applicable up to 90 days may be extended for a maximum period up to 365 days.