

Impex # 1

Much awaited Foreign Trade Policy announced

Ministry of Commerce announces the foreign Trade policy for 2015-20

The long awaited Foreign Trade Policy for 2015-20 was released by the Union Minister for Commerce & Industry (Independent charge) in New Delhi on 1st April, 2015.

The highlights of the new FTP in relation to handicraft sector (directly or indirectly) are given below:

1. Exports from India Scheme (New name)

The name of Chapter -3 of the erstwhile FTP 2009-14 namely 'Promotional Measures' has been changed to 'Exports from India Scheme' in the newly announced FTP 2015-2020. It has been divided into two categories as detailed below:-

- 1) Merchandise Exports from India Scheme (MEIS)
- 2) Service Exports from India Scheme (SEIS)

The main features of the MEIS are given below:

- (a) Earlier there were 5 different schemes (Focus Product Scheme, Market Linked Focus Product Scheme, Focus Market Scheme, Agri. Infrastructure Incentive Scrip, VKGUY) for rewarding merchandise Exports with different kinds of duty scrip with varying conditions (sector specific or actual user only) attached to their use. Now all these schemes have been merged into a single scheme, namely Merchandise Export from India Scheme (MEIS) and there would be no conditionality attached to the scrips issued under the scheme. The main features of MEIS, including details of various groups of products supported under MEIS and the country groupings are at Annexure-1(not reproduced)
- (b) Rewards for export of notified goods to notified markets under 'Merchandise Exports from India Scheme (MEIS) shall be payable as percentage of realized FOB value (in free foreign exchange). The debits towards basic customs duty in the transferable reward duty credit scrips would also be allowed adjustment as duty drawback. At present, only the additional duty of customs/ excise duty/service tax is allowed adjustment as CENVAT credit or drawback, as per Department of Revenue rules.

2. Duty Credit scrips to be freely transferable and usable for payment of custom duty, excise duty and service tax.

- (a) All scrips issued under MEIS and SEIS and the goods imported against these scrips would be fully transferable.
- (b) Scrips issued under Exports from India Schemes can be used for the following:-
 - (i) Payment of customs duty for import of inputs / goods including capital goods, except items listed in Appendix 3 A.
 - (ii) Payment of excise duty on domestic procurement of inputs or goods, including capital goods as per DoR notification.
- (b) Scrips issued under Exports from India Schemes can be used for the following:-
- (c) Basic Customs Duty paid in cash or through debit under Duty Credit Scrip can be taken back as Duty Drawback as per DoR Rules, if inputs so imported are used for exports.

3. e-Commerce Exports (Handicrafts Covered)

- (a) Goods falling in the category of handicraft items / products, handloom products, books/ periodicals, leather footwear, toys and customized fashion garments, having FOB value to Rs. 25000 per consignment (finalized using e-Commerce platform) shall be eligible for benefits under FTP. Such goods can be exported in manual mode through Foreign Post Offices at New Delhi, Mumbai and Chennai.
- (b) Export of such goods under Courier Regulations shall be allowed manually on pilot basis through Airports at Delhi, Mumbai and Chennai as per appropriate amendments in regulations to be made by Department of Revenue. Department of Revenue shall fast track the implementation of EDI mode at courier terminals.

4. Status Holders

The scheme of status holder has been continued in the new FTP 2015-20 but with different status categories namely one star export house, two star export house, three star export house and five star export house depending upon the export performance.

5. Trade Facilitation and Easy Doing Business

There is already facility of online filling of various types of applications under FTP 2009-14. Shortly online filling documents like Certificates issued by Chartered Accountant etc. will be possible. Henceforth hard copies of applications and specified documents would not be required to be submitted.

6. Simplification of procedures/ Process digitization and e-governance

A number of steps have been taken on the above subject as detailed in the policy.

7. Global Support Has Been Granted To Many Categories Of Exports

Handicrafts is one of the categories to which global support in the new FTP 2015-20 has been granted.

Impex 2

Questions & Answers

Question 1 :It is said that the high transaction cost in imports & exports is also on account of high documentation in the two activities. Has the new FTP of 2015-20 announced on 01-04-2015 lessened the same?

Answer : The DGFT recognized the fact that heavy documentation increases the transaction cost and has been taking steps to reduce the same.

Before the announcement of the new FTP on 01-04-2015, DGFT issued a Notification No. 114 on 12-03-2015 reducing the mandatory documents in exports & imports to three only. The same provision appears in the new FTP as it is in Para 2.06 - as below:

2.06 Mandatory documents for export/import of goods from/into India

[Note: *(i) As per CBEC Circular No. 01/15-Customs dated 12/01/2015. (ii) Separate Commercial

(a) Mandatory documents required for export of goods from India: (b) Mandatory documents required for import of goods into India

- | | |
|---|---|
| 1. Bill of Lading/Airway Bill | 1. Bill of Lading /Airway Bill |
| 2. Commercial Invoice cum Packing List* | 2. Commercial Invoice cum Packing List* |
| 3. Shipping Bill/Bill of Export | 3. Bill of Entry |

Invoice and Packing List would also be accepted.]

- (c) For export or import of specific goods or category of goods, which are subject to any restrictions/policy conditions or require NOC or product specific compliances concerned may notify additional documents for purposes of export or import.

(d) In specific cases of export or import, the regulatory authority concerned may electronically or in writing seek additional documents or information, as deemed necessary to ensure legal compliance.

(e) The above stipulations are effective from 1st April, 2015

Question 2 :It is said that there is lot of automation of procedure and use of technology for communication in DGFT for facilitation of imports & exports. Can you enumerate the same?

Answer : The same are given below:

Automation of Procedures & Use of Technology for Communication

Trade Facilitation through EDI and E-governance	<p>a) DGFT endeavors to deliver its services in a transparent and efficient manner using tools such as Online Filing of Application, and Electronic fee Payments. The use of EDI at DGFT has enabled faster processing/processing status.</p> <p>b) All the DGFT Regional Authorities are EDI-enabled and connected with the DGFT Central Server to provide online connectivity to the export-import community in a 24x7 environment.</p>
Facility of online filing of applications	<p>The facility of online filing of application is presently available to all applicants for the following export promotion schemes:</p> <ol style="list-style-type: none"> i. Importer Exporter Code Number(IEC) ii. Advance authorization scheme, Annual Advance authorization scheme, DFIA iii. EPCG scheme, Annual EPCG scheme iv. FPS, FMS, MLPS, VKGUY, SFIS, SHIS, Incremental Export Incentivisation Scheme v. Registration Certificate for cotton, cotton Yarn etc. vi. Authorization for items falling under Restricted (imports /exports) or SCOMET (exports) list.
Use of Digital signatures eBRC	<p>DGFT allows filing of online applications (except IEC) with class-II digital signatures with IEC number embedded in it.</p> <p>Electronic Bank Realization Certificate (eBRC) system allows electronic transmission of export-related Foreign Exchange Realization information from the respective Banks to the DGFT's server. DGFT operationalized the eBRC project on 5 June 2012. eBRC was made mandatory with effect from 17 August, 2012. The project created an integrated platform for receipt, processing and subsequent use of with Government organizations. So far 1.2 crore eBRCs have been uploaded by 90 banks onto the DGFT server. The eBRC data is being shared with 12 State governments and the Enforcement Directorate.</p>

Question 3 :Government has allowed transport service tax exemption for movement of goods from factory to land customs stations. Will it include airport and seaports of exemption or is it only for land locked country exports?

Answer : The Service Tax exemption on movement of export goods by road from factory to ports was already available. Some disputes were raised that ports include only seaport and airport. Land customs stations are important exit points for trade with land locked countries. The new announcement in the budget addresses this anomaly. Now movement of exports goods from factory to ports/airport/land customs station through road has been exempted from Service Tax.

Specific documents required for Export and Import

Copy of DGFT Notification No.114(RE-2013)/2009-2014, Dated 12th March, 2015

In exercise of the power conferred by Section 5 of the Foreign Trade (Development and Regulation) Act, 1992 read with Para 2.1 of the Foreign Trade Policy, 2009-2014, the Central Government hereby inserts a new Para 2.53 of Foreign Trade Policy, 2009-14:

2. Para 2.53: The following mandatory documents are prescribed for exports and imports of goods from/into India:
 - (a) Mandatory documents required for export of goods from India:
 1. Bill of Lading/Airway Bill
 2. Commercial Invoice cum Packing List*
 3. Shipping Bill/Bill of Export
 - (b) Mandatory documents required for import of goods into India
 1. Bill of Lading/Airway Bill
 2. Commercial Invoice cum Packing List*
 3. Bill of Entry

[Note: *(i) As per CBEC Circular No.01/15-Customs dated 12/01/2015.
(ii) Separate Commercial Invoice and Packing List would also be accepted.]

 - (c) For export or import of specific goods or category of goods, which are subject to any restrictions/policy conditions or require NOC or product specific compliances under any statute, the regulatory authority concerned may notify additional documents for purposes of export or import.
 - (d) In specific cases of export or import, the regulatory authority concerned may electronically or in writing seek additional documents or information, as deemed necessary to ensure legal compliance.
 - (e) This Notification shall come into effect from 1st April, 2015.
3. Effect of this Notification: Only three documents each {as in para 2.(a) & (b above)} would be mandatory for exports and imports.

ATTENTION MEMBERS

Renewal of Annual Membership Subscription for 2015-16

Payable on 1st April, 2015

Annual Membership of the Council for the year 2014-15 will expire on 31st March 2015. The Annual Membership subscription for the year 2015-16 will become payable on 1st April 2015. (Last date for renewal of membership is 30th June, 2015). You are therefore requested to renew your Membership for the year 2015-16 by remitting the Renewal Amount of **Rs.2,809/- [Rupees two thousand eight hundred nine only including service tax 12.36% (subject to revision to 14%, once notified)]**, by a Cheque/ Demand Draft/ Banker's Cheque/RTGS in favour of "Export Promotion Council for Handicrafts" payable at New Delhi. Also forward your Export Performance for the last 3 years.