

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

DGFT Accedes to the Major Demands of EPCH under MEIS

DGFT issues Public Notice Containing additions and amendments in MEIS benefitting export of many handicraft items.

A large number of the exporters of handicraft were not happy with the newly introduced scheme of MEIS (Merchandise Exports Incentive Scheme) in the new FTP of 2015-20. The unhappiness was on account of three counts as detailed below.

1. Many export item did not appear in the MEIS.
2. The maximum incentive on export item was 5 per cent in MEIS against 7% available under FPS (Focus Product Scheme) of earlier FTP of 2009-14.

3. No 'generic entry without an ITC (HS) code as existed in the FTP of 2009-14 was there in the FTP of 2015-20.

Another big setback was the handicraft sector in the new FTP was that the handicraft item ceased to be recognized under a distinct and separate category of 'Handicraft Products with the result that incentive or an export item was the same regardless of the fact that it was an handicraft item also i.e. no weightage of was given for higher incentive on account of the item being handicraft.

EPCH represented to DGFT and also met him in a delegation to explain all the above.

DGFT found a lot of merit and justification in the representation of EPCH and since issued a Public Notice No. 27 dt 14-07-2015 accepting major demands of EPCH by making additions/ amendments in Table-2 of MEIS (Appendix-3B) of H.B. of P. (Vol.1) of 2015-20 as detailed below:

1. Handicraft items have been given higher rate of incentives.
2. The rates of incentives of 63 items of handicrafts have been amended.
3. 30 handicraft item have been added to the MEIS schedule.

Extracts from Public Notice 27 dt 14-07-2015 referred to above are given below:

II- Additions/amendments in Table 2 [containing ITC (HS) code wise list of products with reward under MEIS]

C-The rates of the following 63 lines are amended as under. If any doubt arises on the issue (whether or not a product is a handicraft item), the DC (Handicrafts)/ Export Promotion Council for Handicrafts shall certify that the exported product is a handicraft product.

S.No.	ITC (HS) Code	Description of goods	Existing Rates			New Rates					
			All Products			For items other than Handicraft			For Handicraft items		
			Country Group			Country Group			Country Group		
			A	B	C	A	B	C	A	B	C
1545	33019031	Attars of all kinds in fixed oil base	2	2	0	2	2	0	5	5	5
1585	33074900	Other odoriferous preparations used for deodorizing room (excl agarbatti)	3	3	0	3	3	0	3	3	3
1621	34060010	Candles	2	2	0	2	2	0	5	5	5
1800	39231020	Watch box jewellery box and similar container of plastics	2	2	0	2	2	0	5	5	5
1821	39264019	Other bangles	3	3	0	3	3	0	5	5	5

1927	42022220	Hand bags/shopping bags of cotton	2	*	0		2	*	0		3	3	3
1957	44140000	Wooden frames for paintings photographs mirrors or similar objects	3	3	0		3	3	0		5	5	5
1966	44201000	Statuets and other ornaments of wood	3	3	0		3	3	0		5	5	5
1967	44209090	Others	3	3	0		3	3	0		5	5	5
1978	48021010	Handmade paper	3	3	0		3	3	0		5	5	5
1979	48021020	Hand-made paperboard	2	2	0		2	2	0		5	5	5
2447	58043000	Handmade lace	2	*	0		2	*	0		5	5	5
2459	58109210	Embroidery badges, motifs and the like	2	*	0		2	*	0		3	3	3
2521	61043200	Jackets of cotton	2	*	0		2	*	0		3	3	3
2601	61171040	Shawl, scarves, muffler etc of man-made fibres	2	*	0		2	*	0		5	5	5
2715	62141020	Scarves of silk measuring 60 cm/less, hand printed	2	*	0		2	*	0		5	5	5
2719	62142020	Scarves of wool	2	*	0		2	*	0		3	3	3
2724	62149032	Odhani, cotton, white bleached	2	*	0		2	*	0		3	3	3
2821	63079011	Dress materials of cotton hand printed	2	*	0		2	*	0		3	3	3
2822	63079012	Dress materials of silk, hand printed	2	*	0		2	*	0		3	3	3
2823	63079013	Dress materials of man-made fibres, hand printed	2	*	0		2	*	0		3	3	3
2845	64032040	Kolapuri chappals and similar footwear	3	3	0		3	3	0		5	5	5
2871	64061010	Embroidered uppers of textile materials	0	2	0		0	2	0		3	3	3
2928	69111011	Tableware of bon china and soft porcelain	2	2	0		2	2	0		5	5	5
2929	69111019	Tableware of other than bone china and soft porcelin	2	2	0		2	2	0		5	5	5
2930	69111021	Kitchenware of bon china and soft porclin	2	2	0		2	2	0		5	5	5
2931	69120040	Clay articles as tableware, kitchenware etc	3	3	0		3	3	0		5	5	5
2932	69120090	Others	3	3	0		3	3	0		5	5	5
2933	69141000	Other ceramic articles of porcelain/china	2	2	0		2	2	0		5	5	5
2934	69149000	Other ceramic articles excl of porcelain/china	3	3	0		3	3	0		5	5	5
2951	70133700	Other	2	2	0		2	2	0		3	3	3
2959	70181010	Bangles	3	3	0		3	3	0		5	5	5
2960	70181020	Beads imtn prls imtn prcs and semi prcs stns	3	3	0		3	3	0		5	5	5
2961	70181090	Others	3	3	0		3	3	0		5	5	5
2962	70189010	Glasss statue of Other artcle of hdg 7018	2	2	0		2	2	0		5	5	5

2963	70189090	Other thn glass statue of Other article of hdg 7018	3	3	0	3	3	0	3	3	3
2972	70200019	Other glass shells	3	3	0	3	3	0	3	3	3
2973	70200029	Other glass chimeneys	3	3	0	3	3	0	5	5	5
2974	70200090	Other articles of glass nes	3	3	0	3	3	0	5	5	5
3325	73239190	Other utensils of cast iron not enamelled	2	2	0	2	2	0	5	5	5
3326	73239200	Other household articles of cast iron, enameld	2	2	0	2	2	0	5	5	5
3329	73239420	Utensils	2	2	0	2	2	0	3	3	3
3330	73239490	Other household articles of iron n.e.s. other than cast iron)or steel, enamelled	2	2	0	2	2	0	3	3	3
3332	73239990	Other household utensils and its parts n.e.s	2	2	0	2	2	0	3	3	3
3340	73259930	Other cast artcles stainless steel malleable	2	2	0	2	2	0	3	3	3
3352	73269099	All other articles of iron/steel nes other steering or rudder equipment for ships and boats, n.e.s.	2	2	0	2	2	0	3	3	3
3370	74181021	Of brass	0	2	0	0	2	0	3	3	3
3375	74199920	Articles of copper alloys electroplated with nickel-silver	0	2	0	0	2	0	5	5	5
3376	74199930	Articles of brass	0	2	0	0	2	0	5	5	5
3377	74199940	Copper worked articles	0	2	0	0	2	0	5	5	5
3400	76042100	Hollow profiles of aluminium alloys	0	2	0	0	2	0	3	3	3
3439	76151030	Other table, kitchen or other household articles	0	2	0	0	2	0	5	5	5
3445	76169990	Others articles of aluminium n.e.s.	0	2	0	0	2	0	5	5	5
3530	83061000	Bells gongs and the like	0	2	0	0	2	0	5	5	5
3531	83062990	Others	0	2	0	0	2	0	5	5	5
3532	83063000	Photograph,picture/ similar frames, mirrors	0	2	0	0	2	0	5	5	5
4397	85366190	Lamp holders of Other materials	0	2	0	0	2	0	3	3	3
4769	92029000	Other string musical instruments	2	2	0	2	2	0	3	3	3
4770	92060000	Percussion musical instrument (for example, drum, xylophones, cymbals, castanets, maraccas)	3	3	0	3	3	0	3	3	3
4773	93070000	Swords, cutlasses, bayonets, lances and similar arms and parts thereof and scabbards and sheaths	2	2	0	2	2	0	5	5	5

4807	94051010	Hanging lamps complete fittings	0	2	0	0	2	0	3	3	3
4808	94051020	Wall lamps	0	2	0	0	2	0	3	3	3
4813	94055010	Hurricane lanterns	3	3	0	3	3	0	3	3	3

* The ITC (HS) code for which a * is marked will get MEIS rewards @2% for exports to Japan. For other countries in the Group B, the rewards will not be available.

D-The following 30 lines are added to the MEIS Schedule. The MEIS benefits for these lines shall, however, be admissible only for the Handicrafts products. If any doubt arises on the issue (whether or not a product is a handicraft item), the DC (Handicrafts) / Export Promotion Council for Handicrafts shall certify that the exported product is a handicraft product. For the non-Handicraft lines of the HS codes, MEIS benefit shall not be available.

S.No.	ITC (HS)	Description of goods Code	Country Group		
			A	B	C
4915	39264011	Bangles of polyurethane foam	5	5	5
4916	44209010	Wood marquetry and inlaid wood	5	5	5
4917	58050010	Tapestries handmade or needle worked by hand of cotton	3	3	3
4918	61043100	Jackets of wool or fine animal hair	3	3	3
4919	61171020	Shawal, scarves, muffler etc of wool	3	3	3
4920	69111029	Kitchenware of Other than bone china and soft porcelain	5	5	5
4921	69119010	Toilet articles of porcelain china	5	5	5
4922	69119020	Water filter of capacity not exceeding 40lts of porcelain	5	5	5
4923	69119090	Other household and toilet articles of porcelain	5	5	5
4924	69120010	Ceramic tableware (e.g. of imitation porcelain/or semi-porcelain)	5	5	5
4925	69120020	Ceramic kitchenware	5	5	5
4926	69120030	Toilet articles Other than porcelain/china	5	5	5
4927	69131000	Statuettes etc of porcelain/china	5	5	5
4928	69139000	Other statuette etc(excl of porcelain/china)	5	5	5
4929	70200011	Globes for lamps and lanterns	5	5	5
4930	74181024	E.P.N.S. Ware	5	5	5
4931	74181031	Of E.P.N.S.	5	5	5
4932	74181039	Other utensils	5	5	5
4933	83062190	Other ornament plated with precious metal	5	5	5
4934	83062910	Other statuettes(excluding works of art)	5	5	5
4935	83089020	Imitation zari spangles	5	5	5
4936	83089031	Beads and spangles of base metal for garments made ups, knitwear, plastic and leather goods	5	5	5
4937	83089039	Other beads and spangles of base metal	5	5	5
4938	92059010	Flutes	3	3	3
4939	92059090	All other wind musical instruments	3	3	3
4940	94015100	Of bamboo or rattan	5	5	5
4941	94053000	Lighting sets of a kind used for Christmas tree	5	5	5
4942	95059010	Magic Equipments	5	5	5
4943	96089910	Pen holders and similar holders	5	5	5
4944	97011020	Kalamkari paintings(on textiles)	5	5	5

While thanking the DGFT for the things done, EPCH has represented to DGFT for things as detailed below:

1. The amended incentives should be available not from the date of Public Notice (14-07-2015) but from 01-04-2014 which in the date of announcement of the FTP of 2015-20.
2. The incentive of 3% in respect of many items should be enhanced to 5%
3. The left over items of handicraft items should be added to the MEIS schedule.
4. A generic entry as was there in the FTP of 2009-14 should also be available in the FTP of 2015-20. The entry may read something like "Handicraft items not covered elsewhere" in the Table without any ITC (HS) code. This is essential as handicraft sector is always an evolving and innovative sector where new and improved products get added from time to time.

Impex # 2

Questions & Answers

Question : What is the last date of filing the status holder application under the new Foreign Trade Policy?

Answer : Please refer to Public Notice 17 dated 4th June, 2015 which has stated that as a measure of transitional arrangement, exporters may file application for Status Holder Certificate in ANF 3C manually till EDI online module is ready, or upto 30th September, 2015 whichever is earlier.

However, Status Certificates issued under FTP 2009-14 to an IEC holder shall remain valid till 30th September 2015 or till the issuance of status certificate to such IEC holder under FTP 2015-20, whichever is earlier.

Question : For regularization of default in our Export Promotion Capital Goods (EPCG) authorization, can we purchase duty credit scrips issued under Status Holder Incentive Scheme (SHIS) from the market and pay the duty through that scrip?

Answer : As per Para 3.16.3 of the Foreign Trade Policy (FTP) 2004-09, SHIS scrips can be transferred only to a manufacturer group company or status holder manufacturer. Secondly, SHIS can be used for import of capital goods (CG) relating to the sectors specified in Para 3.16.4 of the FTP and Para 3.10.6 of the Handbook of Procedures, Vol. 1 (HB-1). Only in respect of CG imported earlier, up to 10 per cent of the value of the duty credit scrip can be used for import of components / spares / parts of such CG. So, if you are eligible to get the SHIS transferred in your favour and the goods imported under EPCG are eligible for import under SHIS scheme also then you can seek payment of customs duties towards EO default through debit to SHIS transferred in your favour.

Question : What is the time limit for making remittances for imports effected by an Indian Company?

Answer : 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. However, banks may permit settlement of import dues delayed due to disputes, financial difficulties, etc. Interest in respect of delayed payments, usance bills or overdue interest for a period of less than three years from the date of shipment may be permitted in terms of the stipulations specified by RBI.

Question : DGFT has issued Public Notice No. 27 dt. 14-07-2015 making a large number of addition/ amendments in MEIS Schedule of FTP of 2015-20. Are these changes applicable from 01-04-2015 which is the date of announcement of the new FTP of 2015-20?

Answer : The additions/amendments are not applicable from 01-04-2015 but from the date of issue of Public Notice i.e. 14-07-2015. EPCH has, however made a detailed representation to DGFT on the additions/ amendments in the public notice. The representation also includes the point that the amendments/ additions should be applicable from 01-04-2015.