

*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

## 'Transitional arrangement' amended

### DGFT issues Public Notice amending the 'Transitional arrangements' in the Handbook of Procedure (Vol. 1) of 2015-20 for filing application for chapter 3 benefits on exports made prior to 01-04-2015.

Whenever a new incentive scheme is introduced, a corresponding new application form and software are also made available to enable the exports of claim the benefits electronically. Old scheme benefits cannot claimed in the new application form & new software.

To enable the exports to claim their pending claim of FPS/MLFPS/FMS/VKGUY/SFIS/SHIS/IEIS etc. of FTP of 2009-14 which are entirely on a different footing then the newly introduced MEIS of FTP of 2015-20 DGFT had made transitional arrangement in para 3.05 of the H.B. of P. (Vol. 1) of 2015-20.

The para 3.05(b) of the H.B. of P. (Vol. 1) of 2015-20 provided that after 01-07-2015, the exporters while have to file their pending claim of 2009-14 in the application form contained in the newly announced H.B. of P. (Vol. 1) of 2015-20, obviously it cannot be done as the application form (and softwares) of the two eras are different. Not compatible with each other.

To take care of the above problem, DGFT has issued a Public Notice No. 29 dt 04-08-2015 deleting para 3.05(b) of the H.B. of P. (Vol. 1) of 2015-20. Para 3.05(c) of this Handbook has also been changed slightly.

A copy of DGFT Public Notice dt 04-08-2015 referred to above is reproduced below:

(Extract)

#### Subject: **Amendment in paragraph 3.05 of Handbook of Procedures of FTP, 2015-2020.**

In exercise of powers conferred under paragraph 2.04 of the Foreign Trade Policy, 2015-2020, the Director General of Foreign Trade hereby makes the following amendments in paragraph 3.05 of Handbook of Procedures 2015-2020, which shall be effective from 1.07.2015:

1. Amended paragraph 3.05 shall read as under:

#### **3.05 Transitional Arrangement**

- (a) For the goods exported or services rendered upto the date of notification of current Foreign Trade Policy, which were otherwise eligible for issuance of scrip under erstwhile Chapter 3 of the earlier Foreign Trade Policy (ies) and scrip is applied on or after the date of notification of current Foreign Trade Policy against such export of goods or services rendered, the application shall be made to jurisdictional RA in the form with documents as prescribed in the Hand Book of Procedures, vl 2009-2014.
- (b) **Deleted.**
- (c) Applicants shall continue to file applications in respect of **FPS/ MLFPS/FMS/VKGUY/SFIS/SHIS/IEIS** and Agri Infrastructure Incentive Scheme Scrip in the application form and manner prescribed in the corresponding Hand Book of Procedures.

#### **Effect of this Public Notice:**

Facility has been provided for exporters to continue to file applications for benefits under Chapter 3 schemes of the earlier Foreign Trade Policy (ies), as per procedures prescribed in the corresponding HBPs.

**Question : What are the mandatory (minimum) documents for export/imports?**

Answer : The list of documents for the purpose are given in para 2.06 of the FTP of 2015-20 which is reproduced below:

**Mandatory documents for export/import 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) The above stipulations are effective from 1st April, 2015.

**Question : Please inform what is the maximum percentage for commission permitted by RBI?**

Answer : FIEO: There is no restriction on commission under FEMA but it has to be declared on shipping bill filed with the Customs authority. Moreover, commission may have to be deducted from FOB value for claiming exports benefits. In certain cases, commission upto 12.5% is considered as part of FOB value for Duty Drawback Purposes.

**Question : How can I liquidate my packing credit?**

Answer : The packing credit/pre-shipment credit granted to an exporter may be liquidated out of proceeds of bills drawn for the exported commodities on its purchase, discount etc., thus converting pre-shipment credit into post-shipment credit. Further, with mutual agreement between the exporter and the banker it can also be repaid/ prepaid out of balances in Exchange Earners Foreign Currency A/c (EEFC A/c) as also from rupee resources of the exporter to the extent exports have actually taken place.

**Question : Are we required to file SDF form for shipment up to USD 25,000?**

Answer : RBI has recently dispensed with the SDF in case of exports taking place through the EDI ports vide Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2015' and A.P. (DIR Series) Circular No. 101, dated 14.05.2015. Consequently, exporters are required to give the following declaration in the Shipping Bill. "I/We undertake to abide by provisions of Foreign Exchange Management Act, 1999, as amended from time to time, including realization / repatriation of foreign exchange to / from India."

**Question : What is the import policy for second hand goods?**

Answer : The important policy for second hand goods is given in para 2.31 of the FTP of 2015-20 which is reproduced below:

**Import Policy for Second Hand Goods:**

**2.31 Second Hand Goods**

S.No.	Categories of Second Hand Goods	Import Policy	Conditions, if any
I	Second Hand Capital Goods		
(a)	i. Personal computers/laptops including their refurbished/re-conditioned spares ii. Photocopier machines/Digital multifunction Print & Copying Machines iii. Airconditioners iv. Diesel generating sets	Restricted	Importable against authorization
(b)	Refurbished/re-conditioned spares of Capital Goods	Free	Subject to production, of Chartered Engineer certificate to effect that such spares have at least 80% residual life of original spare.
(c)	All other second hand capital goods {other than (a) & (b) above}	Free	
(d)	Second Hand Goods other than capital goods	Restricted	Importable against Authorization

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CRAFTCIL is the monthly official publication of the **Export Promotion Council for Handicrafts (EPCH)** reaching all its members (8500 copies) besides other recipients and subscribers.

Full Page Print Area: 20cm(H) x 26cm(V); Publication Trim Size: 21cm(H) x 28cm(V)  
Half Page Horizontal: 18.5cm(H) x 11.5cm(V) ; Half Page Vertical: 23cm(V) x 9cm(H)

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