

*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](mailto:policy@epch.com)*

Impex # 1

## Interest Equalization Scheme previously know as 'Interest Subvention Scheme'

Circular No. DBR. Dir. BC No.62/04.02.001/2015-16 dt Dec, 4, 2015 (RBI/2015-16/259) under the new name of "Interest Equalization Scheme'.

The salient features of the scheme are given below:

As per the circular, the rate of interest equalization @3% per annum will be available on Pre Shipment Rupee Export Credit and Post Shipment Rupee Export Credit and the scheme would be applicable w.e.f. 01.04.2015 for 5 years (Government, however, reserve the right to modify/amend the Scheme at any time). The scheme will be available to all export under 416 tariff lines [at ITC (HS) code of 4 digit] as per Annexure And exports made by Micro, Small & Medium Enterprises (MSMEs) across all ITC (HS) codes. The Scheme would not be available to merchant exporters.

EPCH has taken up the matter with the concerned department for inclusion of 'merchant exporters'

The scheme is available on '<http://www.epch.in/policies/scheme2015.pdf>'.

Impex # 2

## Declaration of intent under 'Merchandise Exports from India Scheme'

DGFT issues Public Notice containing the procedure to claim the benefit of MEIS where exports have been made between 01-06-2015 to 30-09-2015 and where the exporter has inadvertently marked 'N' in the 'reward item box' but has declared his intention in the affirmative on the shipping bill.

DGFT by Public Notice No. 40 dated 09th October 2015, had prescribed a procedure to be followed for claiming reward under MEIS where exports had been made through EDI generated shipping bills between 01-04-2015 to 31-05-2015 and the exporter had inadvertently marked 'N' in the 'reward item box' and wished to seek MEIS benefit.

Soon after the issue of the above Public Notice, there were representation to DGFT that such procedure should also be made applicable to exports made beyond 31-05-2015.

After consideration of the requests as above, DGFT has issued a Public Notice No. 47/2015-20 dt 08-12-2015 extending the period from 01-06-2015

to 31-09-2015. The Public Notice also contains the procedure to be followed in the respect.

The procedure from the said Public Notice is reproduced below:

(Extracts)

4. The concerned RA will consider such applications for issue for scrip subject to the following conditions.
  - (a) Item level details for Shipping Bills related to exports from 01-06-2015 to 30-09-2015 that were not transmitted to DGFT (due to declaring 'N' at item level and thus showing negative intent for the Reward Schemes) shall be identified and transmitted by Director General (Systems) to Director General of Foreign Trade (DGFT). This would enable exports to file reward applications electronically with DGFT in such cases. Physical Export Promotion (EP) copy of each Shipping Bill will be submitted by the exporters to concern Regional Authority (RA) (in all cases of 'N' declaration) to verify that the declaration of intent was made by exporter as provided in Para 03.14 of Handbook of Procedure (HBP) 2015-20 before allowing reward, subject to other provisions of FTP/HBP.

(b) Where Shipping Bills for exports from 01-06-2015 to 30-09-2015 have been otherwise transmitted to DGFT/ being Advance Authorisation (AA)/ Export Promotion Capital Goods (EPCG)/Duty Free Import Authorisation (DFIA) scheme Shipping Bills) but 'N' has been declared in the 'Reward item' field, the exporter shall submit EP copy of shipping bills and reward may be issued by concerned RA after confirming declaration of intent on physical EP copy of the shipping bills as provided in Para 3.14 of HBP 2015-20.

**Effect of the Public Notice:**

Shipping bills, where declaration of intent 'Y' has not been marked and 'N' has been ticked inadvertently in the 'reward item box' while filing shipping bills in Customs for exports made between 01-06-2015 to 30-09-2015, shall be transmitted by CBEC to DGFT.

**Impex # 3 Article of 'paper machie' included in Merchandise Exports Scheme**

DGFT issues Public Notice to include 'paper machie articles' in Merchandise Exports from India Scheme (MEIS).

As a result of efforts of EPCH, DGFT has included 'paper machie' in the MEIS Schedule. This has been done by adding S.No. 4979 (ITC HS Code 48237030) in Table-2 of MEIS Schedule. The complete entry reads as "Article of Paper Mache other than Artware and Moulded/Pressed of Wood Pulp.

The above item is an important handicraft of Jammu and Kashmir.

**Impex #4 Entrepreneur's Memorandum (Part I & II) replaced by Udyog Aadhar Memorandum in MSME's registration**

Ministry of Micro, Small and Medium Enterprises notifies the 'Udyog Aadhaar Memorandum (UAM), a simplified one-page online registration form for MSME's.

In order to promote 'ease of doing business' in MSME sector, the Ministry of Micro, Small and Medium Enterprises has notified a simplified one page on line registration form named 'Udyog Aadhaar Memorandum (UAM) under the MSMED Act, 2006.

The said 'UAM' replaces the filing of 'Entrepreneur's Memorandum Part I & II. The filing of UAM can be done on "<http://udyogaadhaar.gov.in>"

The 'UAM' referred to above was notified in The Gazette of India on 18th Sept, 2015. Copy of the notification is reproduced below:

**Ministry of Micro, Small and Medium Enterprises, New Delhi, Dated 18th September, 2015**

S.O (E). -- In exercise of the powers conferred by sub-section (2) of the section 8 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) and in supersession of the notification number S.O. 1643(E), dated the 29th September, 2006, published in Part II, Section 3, Sub-section (ii) of the Gazette of India, Extraordinary, dated 30th September, 2006, the Central Government, after obtaining the recommendations of the Advisory Committee in this behalf, specifies that every micro, small and medium enterprise shall file Udyog Aadhaar Memorandum in the form appended to this notification as Annexure 1 and follow the following procedure for filing the Udyog Aadhaar Memorandum, namely:

- (1) There shall be no fee for filing the Udyog Aadhaar Memorandum;
- (2) Udyog Aadhaar Memorandum shall be filed online at <http://udyogaadhaar.gov.in>, the Udyog Aadhaar Portal maintained by the Ministry of Micro, Small and Medium Enterprises, by every micro, small and medium enterprise, but in exceptional cases where online filing is not possible for any reasons, a hard copy of the form as in Annexure 1,

duly filled in may be submitted to the concerned District Industry Center which shall file the Udyog Aadhaar Memorandum online, on the behalf of such enterprise;

- (3) Udyog Aadhaar Acknowledgement as per Annexure 2 appended to this notification, shall be generated and mailed to the email address provided in the Udyog Aadhaar Memorandum which shall contain unique Udyog Aadhaar Number;
- (4) Existing enterprises, which have filed Entrepreneurship Memorandum-I or Entrepreneurship Memorandum-II or both, or the holders of Small Scale Industry registration, prior to the coming into force of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) shall not be required to file Udyog Aadhaar Memorandum, but if they so desire, they may also file the Udyog Aadhaar Memorandum;
- (5) In the Udyog Aadhaar Memorandum, the Aadhaar Number shall be of the managing partner, in case of proprietary enterprise, of the authorized partner, in case of partnership enterprise, and of the authorised person, in case of other forms of enterprises;
- (6) There shall be no restriction on filing more than one Udyog Aadhaar Memorandum using the same Aadhaar Number;
- (7) The Udyog Aadhaar Memorandum shall be filed on self-declaration basis, and no supporting document is required to be uploaded or submitted while filing the Udyog Aadhaar Memorandum, but the Central Government or the State Government or such person as may be authorized in this behalf may seek documentary proof of information provided in the Udyog Aadhaar Memorandum, wherever necessary.

#### Impex # 5

#### Questions & Answers

**Question :** While making payments for our imports, what is the minimum value above which we have to furnish form A1 bank?

**Answer :** Earlier, the threshold limit was fixed at USD 5000 but with a view to further liberalize and simplify the procedure, now Form A1 has been dispensed for making payments towards imports into India. Banks may however, obtain all the requisite details from the importers and satisfy itself about the bonafides of the transactions before affecting the remittance for imports.

**Question :** We are doing major business with European Companies and are getting payment in Euros. Due to impending imports from Europe, we want to keep Euros in EEFC A/c for 3 months. Is it permitted?

**Answer :** Credit of 100 per cent foreign exchange earnings into the EEFC account is allowed to exporters subject to the condition that subtotal of the accruals in the account during a calendar month should be converted into Rupee on or before the last day of the succeeding calendar month. Therefore, you would not be permitted to keep it for 3 months to pay for your imports.

**Question :** As a SSI manufacturing unit, are we required to give bond or bank guarantee while importing against advance authorization?

**Answer :** As SSI unit, you are required to give bond as well as Bank guarantee. The bond shall cover the duty ordinarily leviable on the goods but for the exemption. The bond should be backed by a Bank Guarantee. The Bank Guarantee should be as per the following norms for the purpose of permitting clearance of imported goods under Advance License Schemes.

Category of Importer	Quantum of Bank Guarantee/ cash security
a) All exporters who have an export turnover (physical exports) of Rs 5 crores in current or preceding financial year and having a good track record of three years of exports	Nil
b) Public Sector Undertaking	Nil
c) Star Export House	Nil
d) Manufacturer exporters registered with Central Excise, who have been exporting during the previous two financial years and have minimum export of Rs. 1 crore or more during the preceding financial year.	Nil
e) Manufacturer exporters registered with Central Excise, who has paid central excise duty of INR 1 crore or more during the preceding financial year.	Nil
f) Manufacturer exporters who are not covered under (a), (b), (c), (d) and (e) above.	25 per cent
g) Others	100 percent

The above information is as per custom Circular No. 58/2004 dt 21-10-2014 (as amended from time to time)

**Question :** Please guide whether supplies made to SEZ unit in rupee terms will be counted for recognition as a One Star Exports House?

**Answer :** Exports to SEZ is considered as physical exports where payment has to be in free foreign exchange. Therefore, exports to SEZ in Indian rupee will not be counted towards recognition for grant of One Star Export House.

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