

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

Revalidation of Advance Authorisation alongwith Bond Waiver

DGFT issues Public Notice allowing revalidation of advance authorisation alongwith bond waiver in one go. As a matter of simplification, DGFT has issued a Public Notice No. 17/2015-20 dt. 8th June 2016 allowing revalidation of Advance Authorisation along with bond waiver in one go. The above has been done by revising the existing para 4.47 (a) (ii) of the handbook of Procedure (Vol.1) of 2015-20. Extracts containing the operative part of the Public Notice No. 17 is reproduced below:

Extracts from Public Notice No.17/2015-20, dated 8th June, 2016

Subject: Amendment in Para 4.47(a)(ii) of Hand Book of Procedure 2015-20 for allowing revalidation of Advance Authorizations along with Bond waiver.

Existing Para 4.47(a)(ii):

While allowing waiver of Bond, Regional Authority may revalidate the Authorization in continuation for further six month from the date of endorsement provided applicant has made a specific request and paid requisite fee for revalidation.

Revised Para 4.47(a)(ii):

While allowing waiver of Bond for exports made first (before effecting imports) on pro-rata basis, Regional Authority may revalidate the Authorization in continuation for further six months for replenishment of inputs used in manufacture of export item/s from the date of endorsement provided applicant has made a specific request in ANF 4D and paid requisite fee for revalidation. It will be further subject to condition that the applicant had not obtained revalidation earlier in terms of Para 4.41(a) of HBP 2015-20.

Effect of Public Notice:

Revalidation under Para 4.47(a) (ii) of HBP 2015-20 shall not be available if revalidation has already been obtained under Para 4.41(a) of HBP 2015-20.

Impex # 2

Reduction in dwell time & cost of doing business of imports & exports

CBEC (Single Window Project) issues 'Instruction' on referral of imported consignments to PGAs (Partner Govt Agencies) under "Single Window Project".

The CBEC has operationalized the "Indian Custom's Single Window Project" to facilitate trade from 1st April 2016 at all EDI location throughout India. As a result the importers & exporters electronically lodge their custom clearances documents at a single point only with the customs. The required permission, if any from PGAs (Textile Committee is one of the PGAs) concerned is obtained online without the importer/exporter having to separately approach these agencies.

The Single Window (SWIFT) thus provides the importers & exporters a single point interface for clearance of import & export goods thereby reducing transaction cost.

A copy of the 'Instruction' dt 15-06-2016 referred to above is reproduced:

Extracts from Instructions dated 15th June, 2016

Subject: Referral of imported consignments to PGAs - Regarding

Kind reference is invited to Boards Circular No. 03/2016 dated 03.02.2016 and Circular No. 10/2016 dated 15.03.2016 regarding the Indian Customs Single Window. Board has operationalised the 'Indian Customs Single Window Project' to facilitate trade from 1st April 2016 at all EDI locations throughout India. As a result the importers and exporters electronically lodge their Customs clearance documents at a single point only with the Customs. The required permission, if any, from Partner Government Agencies (PGAs) such as Animal Quarantine, Plant Quarantine, Drug Controller, Food Safety and Standards Authority of India, Textile Committee etc is obtained online without the importer/exporter having to separately approach these agencies. The Single Window (SWIFT) thus provides the importers/exporters a single point interface for clearance of import and export goods thereby reducing dwell time and cost of doing business.

2. Under SWIFT, upon filing of the Integrated Declaration, the bill of entry is automatically referred to concerned agency(ies). The system automatically identifies import goods that require clearance by the Participating Government Agency (PGAs). Such selection is also risk based. There are still some cases noticed where the items are referred incorrectly to PGAs or not automatically referred in some cases that deserve to be referred. To identify such cases and to rectify the problems the Board has created a Working Group comprising representatives of PGAs and major Custom Houses. It may be noted that Compulsory Compliance Requirements (CCRs) have not been taken off from ICES. CCRs continue to be printed as part of the Bill of Entry so that officers can identify consignments that prima fade require PGA clearance but for some reason are not being routed by the system.

3. Presently cases that are referred by officers manually to PGA for obtaining their No Objection Certificate (NCC) are not recorded in the system, leaving no record of the PGA clearance in the system. All such cases would provide important information to the Single Window project team and the Risk Management Division in fine-tuning the automated routing process in the Single Window.

4. This problem is being felt acutely in the case of Food Safety & Standards Authority of India (FSSAI), which has discontinued the facility on its Food Import Clearance System (FICS) to directly receive online applications for NCC. Henceforth, FSSAI would only receive data from the Integrated Declaration of Single Window via ICEGATE. FSSAI further seeks not to entertain manual requests for NOC except in rare cases. In this context, FSSAI has recently raised the problem with the Board regarding the large number of manual references being made to their officers for issuance of NOC. Of course, Customs officers refer consignments to FSSAI manually when it is noticed that the system has failed to refer them to FSSAI online.

5. The Single Window project team and the Risk Management Division should promptly receive information in respect of all such consignments where Customs officers have manually referred for PGA clearances. This would help in closing gaps, if any, in the routing mechanism in the Single Window. At the same time, careful thought has to be given before referring consignments manually to PGAs. Therefore, it has been decided that for all consignments referred manually to PGAs:

- (a) The Superintendent/Appraiser should record reason as to why the item is being referred to the PGA manually and only with the approval of the concerned Assistant Commissioner/Deputy Commissioner forward the bill of entry manually for PGA NCC, with the endorsement of AC/DC.
- (b) The concerned Assistant Commissioner/ Deputy Commissioner should convey by email to Commissioner (Single Window) on a weekly basis the details of all such Bills of Entry along with reasons why they were referred to the PGA.
- (c) All such cases will be discussed in the Working Group established by the Board to streamline automated routing, and decisions taken in the Working Group will be implemented in the System.

Impex # 3

Increasing supply of bamboo and jiggit for manufacture of agarbattis

Ministry of Environment, Forest and Climate Change issues advisory to the Principal Secretary (Forests) of All States/UTs for relaxation of regulatory regime on jiggit (essential raw material for manufacture of Aggarbattis).

Small scale agarbatti manufactures in the unorganised sector are getting out of business because of unavailability of essential raw materials like bamboo, jiggit etc on account of regulatory regime on these two items. In order to solve the problems as detailed above, the Ministry of Environment, Forest & Climate Change has issued a copy of D.O. No. 7-8/2016 - FP dt 17-03-2016 to all the Principal Secretaries (Forest) of all states/union territories for relaxation of regulatory regime on jiggit. (Copy given on next page)

Copy of D.O. No. 7-8/2016 - FP dated: 17th March, 2016

Subject: Relaxation of regulatory regime on jiggit

I am directed to inform that the plight of small scale agarbatti manufacturers mostly in the organized sector who are being rendered out of business because of unavailability of essential raw material like bamboo, jiggit, etc. has been brought out in the notice of ministry for quite some time. Agarbatti industry is labor intensive and has been dominated by small scale manufacturers with people mostly from rural areas. The matter was examined in the Ministry.

Because of several restrictions on trade and transit of bamboo, most of these manufacturers are forced to import bamboo from other countries. The ministry has issued Advisory vide its letter dated 8-14-2011- FP dated 14-05-2013 for relaxation of regulatory regime in respect of bamboo growth on private lands. Some states have taken the action to this effect for providing an enabling environment for the bamboo grower.

Moreover, Ministry is also in receipt of suggestions for encouraging production of Jiggit and supply of raw material such as jiggit. The jiggit is an adhesive wood bark powder, and essential ingredient in agarbatti manufacturing, which can be abundantly grown in jungles of north east and south India. The States are requested to explore the possibility of cultivation of jiggit in suitable areas and relaxation of felling and transit rules with reference to this species to encourage cultivation and unification in private sector. The action taken report may kindly be communicated to the Ministry.

Question : We are merchant exporters and our turnover for preceding 3 years is more than 3 millions US dollars, Kindly let us know whether we are entitled for One Star house?

Answer : You are eligible to become One Star Export House since your aggregate exports in preceding three financial years (April/March) plus current year is over USD 3 Million.

Question : One of our domestic suppliers has been issued advance release order (ARO) and he has given us the ARO in original. We want to know whether we can apply for issuance of Advance Authorisation against this ARO?

Answer : Advance Authorisation will not be available against supply effected under ARO. If you want your inputs duty free under Advance Authorisation, you may inform the exporter to apply for invalidation letter instead of ARO. Against invalidation letter, you can claim Advance Authorisation.

Question : On our exports to Nigeria, we were required to pay commission to foreign agent which could not be declared on the shipping bill. Can we make take RBI approval to remit commission now?

Answer : As per Para C.25 of RBI Master Circular on Exports, in case, where commission have not been declared on the shipping bill (EDF), remittance may be allowed by the concerned bank after satisfying the reasons given by the exporter for not declaring the commission before the custom authority provided a valid agreement or written understanding exists between exporter and buyer.

Question : Can the shipping bill be amended after the clearance of goods from the the customs area?

Answer : As per section 149 of the Customs Act, 1962, No amendment of a bill of entry or a shipping bill or bill of export shall be authorised to be amended after the imported goods have been cleared for home consumption or deposited in a warehouse, or the export goods have been exported, except on the basis of documentary evidence which was in existence at the time the goods were cleared, deposited or exported, as the case may be. The act allows amendment to a shipping bill even after the clearance of goods but only on the basis of documents that existed at the time of the clearance of goods.

Question : We imported the goods from Brazil which were found to be defective on examination. The buyer is willing to send us a replacement but is not keen to take the defective goods as the freight cost is too high. Can we import the replacement goods without paying the customs duty?

Answer : If the defective goods are destroyed or rendered commercially valueless in the presence of proper officer of the customs within the time limit stipulated in Section 26A of the Customs Act, you can claim refund of the duty paid on such goods. You may follow the procedure and take refund of the duty paid on the good which were found to be defective and thus destroyed. The duty so claimed can be used for payment of duty on the replaced goods.