

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

New Duty Drawback Rates announced

Department of Revenue announces the new All Industry Rates (AIRs) of duty Drawback on export items applicable from 15.11.2016.

The Department of Revenue notifies the AIRs of Duty Drawback every year. This year the Department has notified the same vide its Custom Notification No. 131/216-Customs (N.T.) dt. 31.10.2016. Simultaneously the Department has issued a Custom Circular No. 50/2016-Customs dt. 31.10.2016 containing the highlights of some of the changes in the rates.

These AIRs take into account relevant broad average parameters including, inter alia, prevailing prices of inputs, input output norms, share of imports in input consumption, the rates of central excise and customs duties, incidence of service tax paid on taxable services which are used as input services in the manufacturing or processing of export goods, incidence of duty on HSD/ furnace oil, value of export goods, etc. Some of the changes are highlighted below:

As per the Department of Revenue, the rates for Glass artware, Papier Machie, Lace and Lace goods and Stone Artware have been increased marginally, however, for the remaining handicraft items the rates have been marginally decreased on percentage basis or kept the same as last year.

A new entry i.e Glass Artware / Handicrafts with glass chatons (702005) has been added in the drawback schedule. The DBK code-wise list of handicrafts items with the drawback rates is available at http://www.epch.in/policies/DBK_Circular.pdf.

Para 3 (i) and part of para 12 (b) of the said notification which are important for handicraft exporters are reproduced below:

(3) Notwithstanding anything contained in the said Schedule, -

(i) all art-ware or handicraft items shall be classified under the heading of art-ware or handicraft (of constituent material) as mentioned in the relevant Chapters;

Part of 12 (b)

Provided that the certificate regarding non-availment of Cenvat facility shall not be required in the case of exports of handloom products or handicrafts (including handicrafts of brass art-ware) or finished leather and other export products which are unconditionally exempt from the duty of Central Excise.

Also reproduced below is para 6 of Custom Circular No. 50/2016 referred to earlier:

6. Apart from revisions in the AIRs, the Central Government has also amended the Customs, Central Excise and Service Tax Drawback Rules, 1995 vide Notification No. 132/2016-Customs (NT) dated 31.10.2016 for the purpose of deleting sub-rule (1) of rule 8 which did not allow AIR or Brand Rate drawback to exports (other than postal exports or exports under advance authorization) if the amount of drawback is less than 1% of F.O.B. value of export, except where the amount of drawback per shipment exceeded Rs.500. This deletion takes effect from 15.11.2016.

A statement of last year's rates alongside new rates is reproduced on the following pages:

Extracts of new Drawback Rates taken from CBEC website www.cbec.gov.in notified by Department of Revenue, Ministry of Finance, Govt. of India vide Notification No.131/2016-Customs (N.T.) dt. 31.10.2016, Circular No. 50/2016-Customs dt. 31.10.2016 made effective from 15.11.2016 as amended appear below:

Tariff Item	Tariff Item	Unit	Existing drawback rates Till 14.11.2016				New drawback rates w.e.f. 15.11.2016				
			A		B		A		B		
			Drawback when Cenvat facility has not been availed		Drawback when Cenvat facility has been availed		Drawback when Cenvat facility has not been availed		Drawback when Cenvat facility has been availed		
			Draw-back Rate	Draw-back cap per unit in Rs.	Draw-back Rate	Draw-back cap per unit in Rs.	Draw-back Rate	Draw-back cap per unit in Rs.	Draw-back Rate	Draw-back cap per unit in Rs.	
1	2	3	4	5	6	7	8	9	10	11	
3307	Pre-shave, shaving or after shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included, prepared room deodorizers, whether or not perfumed or having disinfectant properties	Kg.									
330701	Perfumed Agarbatti / Incence Sticks / Dhoop / Loban	Kg.	13.5%	51	4%	15.1	13.4%	57	3.7%	15.7	
330799	Others		1.9%		1.9%		15%		1.5%		
4414	Wooden frames for paintings, photographs, mirrors or similar objects	Kg.	5%	33	1.9%	12.5	5%	33	1.9%	12.5	
4419	Tableware and kitchenware, of wood	Kg.	5%	33	1.9%	12.5	5%	33	1.9%	12.5	
4420	Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, of wood; statuettes and other ornaments, of wood; wooden articles of furniture not falling in chapter 94		5%	33	1.9%	12.5	5%	33	1.9%	12.5	
4421	Other articles of wood										
442101	Handicrafts / Artware of wood	Kg.	5%	33	1.9%	12.5	5%	33	1.9%	12.5	
442199	Others		1.9%		1.9%		1.5%		1.5%		
4823	Other paper, paperboard, cellulose wadding and webs of cellulose fibres, cut to size or shape; other article of paper pulp, paper, paperboard, cellulose wadding or webs of cellulose fibres										
482302	Decorative handicraft articles made of papier mache	Kg.	5%	50	1.5%	15	6.3%	69	1.7%	18.6	
482399	Others		1.9%		1.9%		1.5%		1.5%		
5605	Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 5404 or 5405, combined with metal in the form of thread, strip or powder or covered with metal		1.9%		1.9%		1.5%		1.5%		

5804	Tulles and other net fabrics, not including woven, knitted or crocheted fabrics; lace in the piece, in strips or in motifs, other than fabrics of heading 6002 to 6006	Kg.	5%	34	1.6%	10.9	5.1%	36	1.3%	9.2
5808	Braids in the piece; ornamental trimmings in the piece, without embroidery, other than knitted or crocheted; tassels, pompons and similar articles	Kg.	5%	34	1.6%	10.9	5.1%	36	1.3%	9.2
5809	Woven fabrics of metal thread and woven fabrics of metallised yarn of heading 56 05, of a kind used in apparel, as furnishing fabrics or for similar purposes, not elsewhere specified or included		1.9%		1.9%		1.5%		1.5%	
5810	Embroidery in the piece, in strips or in motifs									
581001	Of Silk	Per Kg. of Silk Content	8%	690	7%	603.8	8%	816	6.9%	703.8
581099	Others	Kg	5%	50	1.4%	14.0	5%	50	1.3%	13
5811	Quilted textile products in the piece, composed of one or more layers of textile materials assembled with padding by stitching or otherwise, other than embroidery of heading 5810	Kg	4.3%	19	1.4%	6.2	4.3%	21	1.3%	6.3
5905	Textiles wall coverings									
590501	Of manmade fiber	Kg	7.9%	45	1.9%	10.8	8.2%	50	1.8%	11
590599	Of cotton and others	Kg	5%	34	1.6%	10.9	5.1%	36	1.3%	9.2
680204	Artistic & Decorative crafted stone products (Handicrafts)		1.4%		1.4%		1.8%	9	1.8%	9
7013	Glassware of a kind used for table, kitchen, toilet, office, indoor decoration or similar purposes (other than that of heading 7010 or 7018)									
701301	Hand cut lead crystal Glass ware	Kg	6%	26	1.9%	8.2	6%	26	1.5%	6.5
701303	Jars, perfume bottle, candle Plate)coasters, votive, lotion bottle/soap dish, ornamental spheres/stars/bells	Kg	6%	26	1.9%	8.2	6%	26	1.5%	6.5
7020	Others articles of Glass									
702001	Glass Artware / Handicrafts	Kg	7%	64	1.9%	17.4	7.3%	64	1.5%	13.2
702002	Glass Artware / Handicrafts made of two or more ply glass with or without metallic fusion	Kg	7.5%	73	1.9%	18.5	7.8%	77	1.5%	14.8
702003	Glass Refills Silver Coated for Vacuum Flasks	Kg	7.5%	25	1.9%	6.3	7.8%	23	1.5%	4.4
702004	Glass Artware / Handicrafts with silver coating	Kg	7.5%	73	1.9%	18.5	7.8%	77	1.5%	14.8
702005	Glass Artware / Handicrafts with glass chatons			New Entry			7.8%	77	1.5%	14.8
702099	Others		1.9%		1.9%		1.5%		1.5%	
7117	Imitation Jewellery									

711701	Brass Jewellery	Kg	7%	150	1.9%	40.7	7%	150	1.5%	32.1
711702	Aluminium Jewellery	Kg	7%	50	1.9%	13.6	7%	50	1.5%	10.7
711703	Plastic Imitation Jewellery With or Without embellishments	Kg	4.4%	25	1.9%	10.8	4.4%	25	1.5%	8.5
711704	Plastic Bangles with or without embellishments	Kg	4.4%	25	1.9%	10.8	4.4%	25	1.5%	8.5
711705	Stainless steel Jewellery	Kg	7%	50	1.9%	13.6	7%	50	1.5%	10.7
711706	Iron Jewellery	Kg	7%	50	1.9%	13.6	7%	50	1.5%	10.7
711707	Glass Jewellery	Kg	7%	50	1.9%	13.6	7%	50	1.5%	10.7
7326	Other articles of Iron and Steel									
732601	Handicrafts / Artware of Cast Iron or Iron or steel, with or without plating /coating /galvanizing/ brass	Kg	9%	40	2%	8.9	9%	30	2%	6.7
732602	Handicraft/Artware of stainless steel	Kg	9%	80	2%	17.8	9%	80	2%	17.8
732699	Others	Kg	7%	11.5	2%	3.3	7%	17	2%	4.9
741803	Electro plated nickel silver ware (EPNS)	Kg	11%	95	2.5%	21.6	10.3%	95	2.2%	20.3
7419	Other articles of copper									
741901	Artware / Handicrafts of Brass	kg	11.5%	160	2.5%	34.8	10.8%	174	2.2%	35.4
741902	Artware / Handicrafts of Copper	Kg	11.5%	190	2.5%	41.3	10.8%	190	2.2%	38.7
741998	Other articles of Brass, including bushes	Kg	11%	95	2.5%	21.6	10.3%	95	2.2%	20.3
741999	Other articles of Copper, including bushes	Kg	11%	115	2.5%	26.1	10.3%	115	2.2%	24.6
7616	Other articles of Aluminium									
761601	Aluminium Artware/ Handicrafts	Kg	7%	63	1.9%	17.1	7%	63	1.5%	13.5
761699	Others	Kg.	7%	28	1.9%	7.6	7%	28	1.5%	6
8306	Bells, gongs and the like, non-electric, of base metal; statuettes and other ornaments, of base metal; photograph, picture or similar frames, of base metal; mirrors of base metal									
830601	Of brass and other copper alloys	Kg.	11.5%	160	2.5%	34.8	10.8%	174	2.25	35.4
830602	Of Copper	Kg	11.5%	190	2.5%	41.3	10.8%	190	2.2%	38.7
830603	Of Iron and Steel	Kg	9%	40	2%	8.9	9%	30	2%	6.7
830604	Of Aluminium	Kg.	7%	63	1.9%	17.1	7%	63	1.5%	13.5
830699	Others	Kg.	7%	14	2%	4	7%	14	2%	4
92	Musical Instruments; parts and accessories of such articles									
9201	Pianos, including automatic pianos; harpsi-chords and other keyboard stringed instruments		5%		1.9%		5%		1.5%	
9202	Other string musical instruments (for example guitars, violins, harps)		5%		1.9%		5%		1.5%	
9205	Wind musical instruments (for example, keyboard pipe organs, accordions, clarinets, trumpets, bagpipes) other than fairground organs and mechanical street organs		5%		1.9%		5%		1.5%	
9206	Percussion musical instruments (for example, drums, xylophones, cymbals, castanets, maracas)		5%		1.9%		5%		1.5%	

9207	Musical instruments, the sound of which is produced, or must be amplified, electrically (for example, organs, guitars, accordions)		5%		1.9%		5%		1.5%	
9403	Other furniture and parts thereof	Kg.	5%	20	1.9%	7.6	5%	20	1.5%	6
9405	Lamps and Lighting fittings including searchlights and spotlights and parts thereof, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like, having a permanently fixed light source, and parts thereof not elsewhere specified or included									
940501	Of Brass	Kg	11%	95	2.5%	21.6	10.3%	95	2.2%	20.3
940502	Of Copper	Kg	11%	115	2.5%	26.1	10.3%	115	2.2%	24.6
940503	Of Wrought Iron	Kg	9%	40	2%	8.9	9%	30	2%	6.7
940504	Of Aluminium	Kg	7%	63	1.9%	17.1	7%	63	1.5%	13.5
940505	Of Glass	Kg	7%	64	1.9%	17.4	7%	64	1.5%	13.7
940599	Others	Kg	5%	20	1.9%	7.6	5%	20	1.5%	6
9504	Video game consoles and machines, articles of funfair, table or parlour games, including pintables, billiards, special tables for casino games and automatic bowling alley equipment									
950401	Carrom Board, with or without coins and strikers	Kg	7%	96	1.9%	26.1	7%	96	1.5%	20.6
9505	Festive, Carnival or other entertainment articles, including conjuring tricks and novelty, jokes	Piece	1.9%		1.9%		1.5%			

Impex # 2

Procedure for import of Metal Scrap amended from 01.04.2017

DGFT issues a Public Notice and CBEC issue a Custom Circular governing the procedure of import of un-shredded metallic waste and scrap with effect from 01.04.2017.

A lot of exported 'Artmetal Ware' is manufactured out of imported metallic waste and scrap. To ensure that the imported metallic waste and scrap are not radio-active, it is essential that they are screened for the same. To implement the screening DGFT has issued a Public Notice No. 38 dt. 06.10.2016 and CBEC has issued a Custom Circular No. 48 dt. 26.10.2016. Copies of both reproduced below:

Copy of DGFT Public Notice No. 38 dt. 06.10.2016

In exercise of powers conferred under paragraph 2.04 of the Foreign Trade Policy, (2015-2020), the Director General of Foreign Trade hereby inserts a new para (v) detailing the conditions governing clearance of imports of un-shredded scrap (HMS- I & HMS- II) by sea ports under Para 2.54 - Import of Metallic Waste and Scrap in the Handbook of Procedures, 2015-2020 as under:

2.54 (d) (v): Henceforth, only entry sea ports will be designated and notified for import of un-shredded metallic scrap subject to the following:

Any sea port to be designated for import of un-shredded metallic scrap will be required to install Radiation Portal Monitors and Container Scanner with adequate security. The sea port having completed the above shall approach jurisdictional Customs for inspection and certification. Customs may give necessary clearance on receipt of certification from AERB. On getting clearance from Customs, DGFT will notify such a port as designated port for import of un-shredded scrap.

The existing designated sea ports namely Chennai, Cochin, Ennore, JNPT, Kandla, Mormugao, Mumbai, New Mangalore, Paradip, Tuticorin, Vishakhapatnam, Pipava, Mundra and Kolkata will be allowed to import un-shredded scrap till 31st March, 2017, by which time they are required to install and operationalize Radiation Portal Monitors and Container Scanner. Such sea ports which fail to meet the deadline will be de-recognized for the purpose of import of un-shredded metallic scrap w.e.f 1.4.2017.

Further, any ICD can handle clearance of un-shredded metallic scrap provided the same passes through any of the designated sea ports as mentioned above or any new ports to be notified/designated from time to time, where Radiation Portal Monitors and Container Scanner are in operation and the consignment is subjected to risk based scanning/ monitoring as per the protocol laid down by Customs.

Notwithstanding the above, import consignments shall be subject to pre-inspection certificate from the country of origin in supersession of the provision in Public Notice No. 23/2015-20 dated 30th June, 2015. However, requirement of Pre-Shipment Inspection Certification (PSIC) will be reviewed with the operationalisation of the above mechanism governing the clearance of imports of un- shredded metal scrap, based on assessment of risk associated with un-shredded metal scrap imports.

2. Effect of this Public Notice: The procedure for designating ports for imports of un-shredded metallic scrap and handling of un-shredded scrap by ICDs is prescribed.

Copy of CBEC Circular No. 48 dt. 26.10.2016

Subject: Clearance of import of metal scrap-Procedure-regarding

I am directed to say that the following Circulars have been issued relating to the procedure for clearance of imported metal scrap namely:-

(i) 56/2004-Cus. dated 18.10.2004, (ii) 02/2005-Cus. dated 12.01.2005, (iii) 10/2005-Cus. dated 22.02.2005, (iv) 24/2005-Cus. dated 24.05.2005, (v) 32/2005-Cus. dated 28.07.2005, (vi) 35/2005-Cus. dated 22.08.2005, (vii) 28/2007-Cus. dated 14.08.2007

2. The issue has been reviewed in the light of the changed scenario. The Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India has issued a Public Notice No. 38/2015-2020 dated 06.10.2016 (followed by a Corrigendum by way of a Public Notice No. 40/2015-2020 dated 25.10.2016) governing import of un-shredded Metallic Waste and Scrap under Para 2.54 of Handbook of Procedures (2015-2020). 2. With the approval of the competent authority, it has been decided to withdraw the aforesaid Circulars with immediate effect.

3. It has been further decided that the following procedure for clearance of imported metal scrap (both ferrous and non-ferrous) shall be adopted:

(i) Import of metal scrap in shredded form will be permitted through all ports/ICDs/CFSS/LCSs without any pre-shipment certificate as per the existing practice

(ii) Import and clearance of un-shredded compressed or loose metallic scrap, shall be subject to the guidelines issued the Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India under Public Notice No. 38/2015-2020 dated 06.10.2016 (followed by a Corrigendum by way of a Public Notice No. 40/2015- 2020 dated 25.10.2016) and as per the following procedure:

(a) The consignments of un-shredded, compressed or loose scrap shall be cleared only through those EDI ports where Risk Management Module is operational. These consignments will be subjected to documentary or physical check on the basis of selection done by Risk Management System.

(b) All the designated sea ports as specified in the DGFT Public Notice No. 38/2015-2020 dated 06.10.2016 are expected to install and operationalize Radiation Portal Monitors and Container Scanners by 31.03.2017 and till such time, the consignments of un-shredded, compressed or loose scrap shall be subjected to scanning based on risk assessment at those ports where such facilities for scanning are currently existing.

(c) Depending upon the congestion at the Port/ICD, the availability of manpower and the antecedents of the importer, the concerned Principal Commissioner/Commissioner of Customs or Principal Commissioner/Commissioner of Central Excise, as the case may be, may permit the importer to remove the sealed container at his own risk and cost to his factory premises under re-warehousing procedure. This would be subject to conditions specified in (a) & (b) above.

4. These instructions may be implemented with immediate effect.

Impex # 3

Questions & Answers

Question : How much foreign exchange can be carried in cash for travel abroad?

Answer : Travellers going to all countries other than (a) and (b) below are allowed to purchase foreign currency notes/coins up to \$3,000 per visit. Balance amount can be carried in the form of traveller's cheque or banker's draft. Exceptions to this are (a) travellers proceeding to Iraq and Libya can draw foreign exchange in the form of foreign currency notes and coins not exceeding \$5,000 or its equivalent; (b) travellers proceeding to the Islamic Republic of Iran, Russian Federation and other Republics of Commonwealth of Independent States can draw entire foreign exchange in the form of foreign currency notes or coins.

For travellers proceeding for Haj/ Umrah pilgrimage, full amount of BTQ entitlement (USD 250, 000) in cash or up to the cash limit as specified by the Haj Committee of India, may be released by the ADs and FFCs.

Question : What are the rules prescribed by the Government for consignment-wise sale?

Answer : When goods have to be exported on consignment basis, the bank, while forwarding shipping documents to his overseas branch / correspondent, should instruct the latter to deliver them only against receipt / undertaking to deliver sale proceeds by a specified date within the period prescribed for realization of proceeds of the export. This procedure should be followed even if, according to the practice in certain trades, a bill for part of the estimated value is drawn in advance against the exports. The agents / consignees may deduct from sale proceeds of the goods expenses normally incurred towards receipt, storage and sale of the goods, such as landing charges, warehouse rent, handling charges, and other, and remit the net proceeds to the exporter. The account sales received from the Agent / Consignee should be verified by the banks.

Deductions in Account Sales should be supported by bills / receipts in original except in case of petty items like postage / cable charges, stamp duty, etc. In case the goods are exported on consignment basis, freight and marine insurance must be arranged in India. Banks may allow the exporters to abandon the books, which remain unsold at the expiry of the period of the sale contract. Accordingly, the exporters may show the value of the unsold books as deduction from the export proceeds in the Account Sales.

Question : Whether Merchant exporters procuring goods from manufacturers will be exempted from GST, else it will affect the liquidity of small merchant exporters?

Answer : The draft New GST Model Law only refers to refund and no exemption. Therefore the draft law does not allow exemption from IGST to a Merchant Exporter procuring goods for exports.

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

Answer : As per Para C.25 of RBI Master Circular on Exports, in cases where the commission has 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 customs authority, provided a valid agreement or written understanding exists between exporter and buyer.