

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

Mid-Term Review of Foreign Trade Policy of 2015-20 released

Highlights of Mid-Term Review of Foreign Trade Policy of 2015-20

At the time of release of FTP (Foreign Trade Policy) of 2015-20 on 01-04-2015, it was announced that there will be no 'Annual Supplements' of the FTP of 2015-20 and only 'Mid-Term Review' shall be released after two and a half years from 01-04-2015. The 'Mid-Term Review' became due in October 2017 but not announced on account of introduction of GST on 01-07-2017. The delayed 'Mid-Term Review' was released on 5th December 2017. The main & specific gain of the handicraft sector is the increase in MEIS Rates of 121 items of handicrafts. The gain is uniformly of two per cent in their existing entitlement rates. The full details of the increases are given below:

GST Related Reforms

- Issue of working capital blockage of the exporters due to upfront payment of GST on inputs has been addressed. Now, under Advance Authorization, Export Promotion of Capital Goods and 100% EOU scheme, exporters have been extended the benefit of sourcing inputs/capital goods from abroad as well as domestic suppliers for exports without upfront payment of GST. Further, an 'E-Wallet' will be launched from 1st April 2018 to make these schemes operational from 1st April 2018.
- Merchant exporters have been allowed to pay nominal GST of 0.1% for procuring goods from domestic suppliers for export.

Encouraging exports by MSMEs and Labour Intensive industries

- Across the board increase of 2% in existing MEIS incentive for exports by MSMEs / labour intensive industries involving additional annual incentive of 4567 Crore. Major sectors covered are leather, agriculture, carpets, hand-tools, marine products, rubber products, ceramics, sports goods, medical and scientific products and electronic and telecom components. (Though 'handicrafts' is not mentioned in the official release but the sector is very much covered in as much as 121 handicraft items have been given a raise of 2% each. The details are given in the next write-up).
- The validity period of the Duty Credit Scrips has been increased from 18 months to 24 months to enhance their utility in the GST framework.
- GST rate for transfer/sale of scrips has been reduced to zero from the earlier rate of 12%.

New trust based Self-Ratification Scheme for Duty Free Import of Raw Material

- New trust based Self Ratification Scheme introduced to allow duty free inputs for export production under duty exemption scheme with a self-declaration. Under this scheme, instead of getting a ratification of the Norms Committee for inputs to be used in the manufacture of export products, exporters will self-certify the requirement of duty free raw materials/ inputs and take an authorization from DGFT. The scheme would initially be available to the Authorized Economic Operators (AEOs).
- The scheme will expedite export of new products by decreasing product turn-around time, particularly in sectors such as pharmaceuticals, chemicals, textiles, engineering and high technology which have dynamic raw material requirements.

Simplification of Procedure & Processes

- PAN is now being used as IEC. Procedure for application for IEC being further simplified.
- The procedure for export obligation (EO) period extension, installation of machinery and block-wise extension under EPCG Scheme has been simplified and delegated to regional offices.
- Shifting of capital goods allowed from one unit of the IEC holder to the other.

- Clubbing of EPCG authorizations has been allowed in respect of those authorizations also where EO period has expired.
- For clarity, a negative list of capital goods which are not permitted under EPCG scheme has been notified.
- EOU / EHTP / STP / BTP units may import and/or procure from bonded warehouse in DTA or from international exhibition held in India without payment of Customs Duties and Integrated Tax and GST Compensation Cess.
- The concept of DTA sale from EoU on concessional and full duty has been removed and hence, the limit on entitlement of DTA sale has also been removed. Consequently, restriction on DTA sale of motor cars, alcoholic liquors, books and tea has been removed.
- Inter Unit Transfer from one EOU / EHTP / STP / BTP unit to another unit has been allowed on payment of applicable duties and/or taxes.
- Consignment of goods or parts thereof on being exported and found defective/damaged or otherwise returned by the importer shall be allowed clearance by Customs authorities.
- Second Hand Goods imported for the purpose of repair/ refurbishing/re-conditioning or re-engineering have been made free, thereby facilitating generation of employment in the repair services sector.
- "Export of Replacement Goods" has been eased for issuing export license on replacement items which are Restricted /or in SCOMET list.

Impex # 2

MEIS Rates of Handicraft Items raised

DGFT issues Public Notice increasing MEIS Rates of a large number of items including 121 items of handicrafts

The 'implementation' of GST with effect from 1st July 2017 caused many problems and difficulties for exporters including handicraft exporters. Blockage of working capital, increase in transaction cost and cess and ease of doing business, were major problems. Compliance with GST provisions was also an issue.

EPCH took up all the above issues very forcefully with all the authorities concerned. It was a major demand of EPCH that MEIS Rates should be increased immediately so

that the exporters get some tangible and direct relief immediately.

It is a matter of satisfaction to EPCH that its demand has been accepted and DGFT has issued a Public Notice No. 44/2015-20 dt. 05-12-2017 increasing MEIS Rates of 121 items. MEIS Rates of 121 items of handicrafts have also been increased uniformly by 2%. A comparative statement of the increase (item-wise) prepared in EPCH is given below:

FTP 2015-20

Sl. No.	ITC HS Code	Description	After mid term review		
			Public Notice Number	Sl. No.	Rate
1	33074100	Agarbatti" & Othr Odoriferous Prpns Whichoperate By Burning	44	2232	7
2	33074900	Other Odoriferous Prpns Usd For Deodorizing Room (Excl Agarbatti)	44	2233	5
3	42022910	Handbags Of Other Materials Excluding Wicker Work Or Basket Work	44	2892	7
4	42023110	Jewellery Box - Surface Of Leather	44	2894	5
5	42023910	Jewellery Box - Other Surface Of Leather	44	2899	7
6	44209010	Wood Marquetry & Inlaid Wood	44	2953	7
7	46019900	Plnts & Smlr Prdcts Of Platng Matrls Plats& Smlr Prdcts Placd Side By Side & Bound Together In Form Of Sheets (E.G.Mats Etc)	44	2968	7
8	46021100	Basketwork, Wickerwork And Other Articles, Of Bamboo.	44	2969	7

9	46021911	Palm Leaf Basket, etc.	44	2970	7
10	46021919	Palm Leaf Items Other Than Basket	44	2971	7
11	46021990	Other Wicker/Basket Work Articles	44	2972	7
12	56050020	Imitation Zari Thread	44	3652	7
13	56050090	Others	44	3653	7
14	58041090	Tulls And Other Made Fabrics Of Other Text Matr	44	3768	7
15	58050010	Hand Wooven Tapestries Hand Made Or Needle Worked By Hand, Of Cotton - Embrodiery	44	3774	5
16	58081090	Braids, In Pcs Other Than Of Cotton	44	3787	7
17	58090010	Zari Borders	44	3793	7
18	58090090	Others	44	3794	7
19	58101000	Emboridery In The Piece, In Strips Or In Motifs - Embrodiery Without Visible Ground	44	3795	7
20	58109210	Embroidery Badges, Motifs And The Like	44	3797	5
21	58110010	Kantha - Embroidery	44	3801	7
22	58110020	Quilt Wadding - Embroidery	44	3802	7
23	61043100	Ensambles Of Wool Or Fine Animal Hair - Crocheted	44	3909	5
24	61171020	Shawls Of Wool	44	4027	5
25	63041100	Bedspreads, Knitted Or Crocheted	44	4273	7
26	63049190	Other - Furnishing Articl,Kntd/Crocheted	44	4281	7
27	63079011	Dress Material Handprinted Of Cotton	44	4331	5
28	63079012	Dress Material Handprinted Of Silk	44	4333	5
29	63079013	Dress Material Handprinted Of Man Made Fiber	44	4335	5
30	63079019	Dress Material Handprinted Others	44	4337	7
31	63079020	Made Up Articl Of Cotton	44	4338	7
32	63079090	Dress Material Handprinted Others	44	4339	7
33	64061010	Embroidered Uppers Of Textile Materials	44	4401	5
34	65040000	Hats & Othr Headgear Pltd/Made By Assmblngstrips Of Any Matrls W/N Lind/ Trmmd	44	4419	7
35	66020000	Walking Sticks, Seat Sticks, Whips, Riding Crops, And The Like	44	4427	7
36	67029090	Artificial Flowers Etc Of Other Materials	44	4434	7
37	68159990	Others-Other Artcls Of Stones/Othr Minrls	44	4498	7
38	69111029	Kitchenware Of Other Than Bone China & Soft Porcelain	44	4545	7
39	69119010	Toilet Articles Of Porcelain China	44	4546	7
40	69119020	Others -Water Filters Of A Capacity Not Exceeding 40 Ltrs. Of Porcelain	44	4547	7
41	69119090	Other Of Other Hsehld & Tolt Artcls Of Prcln	44	4548	7
42	69120010	Ceramic Tableware (E.G. Of Imitation Porcelain/Or Semi-Porcelain)	44	4549	7
43	69120020	Ceremic Kitchenware	44	4550	7
44	69120030	Toilet Articles Other Than Porcelain /China	44	4551	7
45	69131000	Statuettes Etc Of Porcelain/China	44	4556	7
46	69139000	Other Statuette Etc (Excl Of Porclain /China	44	4557	7
47	70133700	Others -Glsswr Fr Tbl Ktchn,Tolt,Offc Indor Dcortion (Excl Goods Of Hdg No 7010/7018)	44	4609	5

48	70200011	Globes For Lamps & Lanterns	44	4650	7
49	71171100	Cufflings And Studs	44	4659	7
50	71171910	Bangles	44	4660	7
51	71171920	German Silver Jewellery	44	4661	7
52	71171990	Others - Immitation Jewellery Category	44	4662	7
53	71179010	Jewellery Studded With Imitation Perals Or Imitation Or Syn. Stones	44	4663	7
54	71179090	Others - Immitation Jewellery For Personal Adornment	44	4664	7
55	73239420	Utensils - Other Household Articles Of Iron (Other Than Cast Iron)Or Steel, Enamelled	44	5248	5
56	73239490	Other Household Articles Of Iron N.E.S. (Other Than Cast Iron)Or Steel, Enamelled	44	5250	5
57	74181021	Utensils Of Brass	44	5326	5
58	74181024	EPNS Wares	44	5329	7
59	74181031	Of EPNS	44	5330	7
60	74181039	Other Table, Kitchen Or Other Household Articles	44	5331	7
61	83062190	Other Ornmnt Plted With Prcs Metal	44	5616	7
62	83062910	Othr Statuettes (Excluding Works Of Art)	44	5617	7
63	83089020	Imitation Zari Spangles	44	5631	7
64	83089031	Beads & Spangles Of Base Metal For Garments Made Ups, Knitwear, Plastic & Leather Goods	44	5632	7
65	83089039	Other Beads And Spangles Of Base Metal	44	5633	7
66	92029000	Other String Musical Instruments	44	7660	5
67	92059010	Flutes	44	7663	5
68	92059090	Others Wind Musical Instruments	44	7664	5
69	92060000	Percussion Musical Instruments (E.G. Drums, Xylophones, Cymbols, Castenets, Maracas)	44	7665	5
70	94038900	Other - Furniture Of Other Materials, Including Cane, Osier, Bamboo Pr Similar Materials	44	7715	7
71	94039000	Parts Of Furnitures Of Heading 9403	44	7716	7
72	94049099	Handmade Pouffes/Articles Of Bedding, Cushions, etc.	44	7727	7
73	94051010	Hangng Lmps Complete Fitngs	44	7728	5
74	94051020	Wall Lamps	44	7730	5
75	94053000	Lghtng Sets Of A Kind Usd Fr Christms Tree	44	7735	7
76	94055010	Hurricane Lanterns	44	7738	5
77	95030010	Dolls Of Wood	44	7750	7
78	95030090	Others	44	7753	7
79	95051000	Aricles Of Christmas	44	7761	7
80	95059010	Other Magical Equipments	44	7762	7
81	96011000	Workd Ivory & Artcles Of Ivory	44	7800	7
82	96019010	Wrkd Tortoise-Shell And Artcls Thereof	44	7801	7
83	96019020	Wrkd Mothr Of Pearl & Artcls Therof	44	7802	7
84	96019030	Wrkd Bone(Excl Whale Bone)& Artcls Throf	44	7803	7
85	96019040	Wrkd Hrn,Corl Etc Anml Crvng Mtrl & Artcls	44	7804	7

86	96019090	Othr Under Hdng 9601 - Wrkd Ivory,Bone,Tortoise-Shell,Horn,Antlrscorl,Mthr Of Pearl And Othr Anml Crvng Mtrl And Artcls Of These Matrls(Incl By M	44	7805	7
87	96020010	Worked Vegetable Carving Material & Articles Thereof	44	7806	7
88	96020020	Mould/Crvd Artcls Of Wax, Stearn, Ntrl Gums And Resins And Other Mould/Crvd Artcls	44	7807	7
89	96020040	Othr Artcls Of Unhrdnd Gelatin	44	7809	7
90	96020090	Othr Under Hdng 9602 - Wrkd Vgtbl/Mnrl Crvng Mtrl And Artcls Of These Mtrls;Crvd Artcls Of Wax,Of Stearn, Of Ntrl Gums Etc;N.E.S.;Wrkd Unhrdnd	44	7810	7
91	96031000	Brooms & Brushes,Constng Of Twigs/Othr Vgtbl Mtrls Bound Togthr,Wth/Wtht Hndls	44	7811	7
92	96062200	Buttons Of Base Metal Not Covered With Textile Material	44	7827	7
93	96089910	Pen Holders Pencil Holders And Similar Holders	44	7857	7
94	96140000	Smoking Pipes (Including Pipe Bowls) & Cigars And Ciggerate Holders And Parts Thereof	44	7875	7
95	97011010	Madhubani Paintings(On Txtls)	44	7893	7
96	97011020	Kalamkari Paintings(On Txtls)	44	7894	7
97	97011030	Rajasthani Paintings(On Txtles)	44	7895	7
98	97011090	Others-Paintings,Drawings & Pastels	44	7896	7
99	97019091	Domestic Articles Of Wood Hand Decorated	44	7897	7
100	97019092	Restaurant Decoration Of Plastics	44	7898	7
101	97019099	Other Hand Decorated Manufactured Articles	44	7899	7
102	97020000	Orignl Engrvngs,Prnts & Lithogrphs	44	7900	7
103	97030010	Original Sculpture & Statuary In Metal	44	7901	7
104	97030020	Orignl Sclptrs & Statuary In Stone	44	7902	7
105	97030090	Orignl Sclptrs & Statuary In Othr Matrls	44	7903	7
106	97040010	Used Postl Stamp	44	7904	7
107	97040090	Othr Under Sub Heading 970400	44	7905	7
108	42022220	Hand Bags/Shopping Bags Of Cotton	44	2887	5
109	61043200	Jackets Of Cotton	44	3910	5
110	62142020	Scarves Of Wool	44	4203	5
111	62149032	Odhani, Cotton, White Bleached	44	4212	5
112	70189090	Other Thn Glass Statue Of Other Artcle Of Hdg 7018	44	4637	5
113	70200019	Other Glass Shells	44	4652	5
114	73239990	Other Household Utensils And Its Parts N.E.S	44	5254	5
115	73259930	Other Cast Artcles Stainless Steel Malleable	44	5263	5
116	73269099	All Other Articles Of Iron/Steel Nes Other Steering Or Rudder Equipment For Ships And Boats, N.E.S.	44	5283	5
117	76042100	Hollow Profiles Of Aluminium Alloys	44	5378	5
118	85366190	Lamp Holders Of Other Materials	44	6996	5
119	39264011	Bangles Of Poly Urethane Foam	44	2678	7
120	70133300	Glassware- Of Lead Crystal	44	4608	4
121	70139100	Other Glassware Of Lead Crystal	44	4613	4