

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

Budget 2022 restores the import of goods (without payment of basic duty) when imported by bonafide exporter for use in the manufacture of handicraft items for exports

On the above subject CBIC issues Custom Notification No.02/2022 - Customs dt 01.02.2022 by adding S No. 257A in Custom Notification No. 50/2017 - Custom duty 30.06.2017.

Import of goods (trimmings and embellishment) are quite essential for manufacture of handicrafts for exports. The import of the same duty free was disallowed some time past. Now CBIC has issued Custom Notification No. 2/2022- Customs dt 01.02.2022 inserting S.No.257A at S.No.70 of the above notification. By this insertion nine goods as detailed under the above serial number shall be allowed basis custom duty free.

Relevant portion of the above notification is reproduced below:

Custom Notification No.02/2022-Customs, New Delhi, Dt 1st February, 2022

G.S.R.(E).- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) and sub-section (12) of section 3 of the Customs Tariff Act, 1975 (51 of 1975), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 50/2017-Customs, dated the 30th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 785(E), dated the 30th June, 2017, namely:-

In the said notification, -

I. in the Table, -

(70) after S. No. 257 and the entries relating thereto, the following S. Nos. and entries shall be inserted, namely:-

257A.	39, 48 or any other Chapter	The following goods, when imported by bonafide exporters for use in the manufacture of handicraft items for export, namely:	Nil	-	9 and 108
		(a) back of photo frames, fittings for photo frame / box (b) motifs for attachment on export products (c) decorative paper for lamp shade (d) prints for photo frames (e) hardware brass and metal fittings for furniture (f) handles/blades for cutlery (g) inlay cards, sensors, stickers, poly bags, alarm tags, alarm chips, security chips (h) zipper, zipper head, fasteners, pullers, sliders, end stoppers, eyelets, hooks, eyes, rivets, studs, buttons, magnet buttons, buckles, fusible embroider prints, sequins, metal chain, dog hook, 'D' ring, 'O' ring, bridge fitting, metal frame / bag frame, metal letters /interior plate/ logo (i) faucet / lotion pump for dispensers of plastic/stainless steel/metal			

DGFT issues Public Notice amending the revised composition of Standing Committee by including other agencies including EPCs etc. on the subject.

It is a constant endeavor of DGFT that its importers and exporters suffer on account of strict application of import and export policy and procedure.

To achieve the above objective DGFT has a standing committee in H. Q. and its regional licensing offices as given in para 9.08 of Handbook of Procedure (Vol. 1).

Now DGFT has issued a Public Notice No. 44/2015-20dt05.01.2022 amending the para 9.08 to make it more broader bases so that the matter can be dealt with inclusively and deeply.(Copy reproduced below).

Copy of DGFT Public Notice No.44/2015-2020, Dt 5th January, 2022

Subject: Amendment in Para 9.08 of Handbook of Procedures - 2015-20 Inclusion of new agencies in Standing Grievance Committee - reg.

In exercise of powers conferred under paragraph 2.04 of the Foreign Trade Policy 2015-2020, the Director General of Foreign Trade hereby makes amendment in Para 9.08 of Handbook of Procedures - 2015-20 as under: (changes made are indicated in bold letters).

Existing Para 9.08 of HBP	Revised Para 9.08 of HBP
Standing Grievance Committee	Standing Grievance Committee
For speedy redressal of genuine grievances of trade and industry trade pertaining to FTP and Procedure, Grievance Committees have been constituted constituted chaired by (i) DGFT at and Headquarters and (ii) head(s) of RA(s)Grievance in regional offices. Grievance of Committee will include representatives of Federation of Indian Export Organisations (FIEO), Export Promotion Councils/ Commodity Authorities, Boards, Development Authorities, and Government Departments/ technical Agencies/Councils, authorities as their members.	For speedy redressal of genuine grievances of and industry pertaining to Export and Foreign Trade, Grievance Committees have been chaired by (i) DGFT at Headquarters (ii) head(s) of RA(s) in regional offices. Committee will include representatives Federation of Indian Export Organisations (FIEO), Export Promotion Councils/ Commodity Boards, Development Authorities, and Government Departments/ technical authorities, Custom GST Authorities, DGARM, Banks (Public and Private Sectors), Export Inspection ECGC, Industries Commissioner (State/UT), Export Commissioner (State/UT), General Manager (GM) District Industries Centre (DIC) as their members.

2. Effect of this Public Notice: Para 9.08 of HBP 2015-20 has been amended to revise the composition of Standing Grievance Committee by including other relevant Central/State Government agencies such as Customs/ GST Authorities, Banks, GM DICs etc. to address the grievances /complaints of the industry members at one platform.

DGFT issues Trade Notice to continue of operation of the 'DGFT COVID-19 helpdesk' for international trade related issues.

COVID-19 has played havoc in the world with all aspects of human lives, health, trade and industry etc.

DGFT on its part has been doing its best to help exporters and importers solve problems arising out of COVID-19 epidemic. Sometime back DGFT set up 'COVID-19 helpdesk'.

Since the epidemic has not subsided to the desired extent, DGFT has issued a Trade Notice No. 29/2021-22 dt 06.01.2022 for continuation of the helpdesk (copy reproduced below).

Copy of DGFT Trade Notice No.29/2021-2022, New Delhi Dated 06th January 2022

Subject: Continuation of operations of the DGFT 'COVID-19 Helpdesk' for International Trade related Issues'

Department of Commerce and DGFT have undertaken to monitor the status of export and imports and difficulties being faced by trade stakeholders in view of the surge of COVID-19 cases. DGFT has operationalised a '**COVID-19 Helpdesk to support and seek suitable resolutions to issues arising in respect of International Trade.**

2. The 'COVID-19 Helpdesk' would look into issues relating to Department of Commerce/DGFT, Import and Export Licensing Issues, Customs clearance delays and complexities arising thereon, Import/Export documentation issues, Banking matters etc. Helpdesk would also collect and collate trade related issues concerning other Ministries/ Departments/Agencies of Central Government and State Governments and will co-ordinate to seek their support and provide possible resolution(s).

3. **Export-Import community may submit information on the DGFT website** and submit information relating to their issues on which support is required using the following steps-

- i. Navigate to the DGFT Website (<https://dgft.gov.in>) -> Services -> DGFT Helpdesk Service
- ii. 'Create New Request' and select the Category as 'Covid-19'
- iii. Select the suitable sub-category, enter the other relevant details and submit.

Alternatively, you may send your issues to email id: dgftedi@nic.in with the subject header: Covid-19 Helpdesk, or call the Toll-Free No at 1800-111-550.

4. The status of resolutions and feedback may be tracked using the Status tracker under the DGFT Helpdesk Services. Email and SMS would also be sent as and when the status of these tickets are updated. Trade Community is requested to kindly make use of the given facilities suitably.

Impex # 4

De-activation of IEC not updated at DGFT

DGFT issues Trade Notice reminding IEC holders to update their IECs.

IECs become deactivated on account of their non-updation from time to time. The updation is required from time to time on account of change in address, composition, change of business etc.

In the past, DGFT has issued notifications etc to remind the IEC holders to update their IEC as and when required.

Now DGFT has issued a Trade Notice reminding IEC holders to update their IEC till 31.01.2022. Copy of this Trade Notice No.31/2021-22 dt 14.01.2022 is reproduced below:

Copy of DGFT Trade Notice 31/2021-22, New Delhi, Dated 14th January 2022

Subject: De-Activation of IECs not updated at DGFT

Reference is drawn to Notification No. 58/2015-2020 dated 12.02.2021, 11/2015-2020 dated 01.07.2021, 16/2015-2020 dated 09.08.2021, whereby it was mandated by DGFT to all IEC holders to ensure that details in their IEC is updated electronically every year during April-June period (for which no user charges were to be borne by the IEC holder). Based on representations received from the IEC holders who had not updated their IECs, the period of updation was extended upto 31.07.2021 and subsequently to 31.08.2021. Due intimations were also provided vide Trade Notice 18/

2021-2022 dated 20.09.2021 and Trade Notice 25/2021-22 dated 19.11.2021 prior to the phase-wise deactivation of the IECs not updated yet.

2. In continuation to the aforementioned notification(s) and Trade Notice(s) and as per para 2.05(e) of the Foreign Trade Policy (FTP), the third phase of deactivation of IECs which are not yet updated is being initiated.

3. **All IECs which have not been updated after 01.07.2020 shall be de-activated with effect from 01.02.2022.** The list of such IECs may be seen at the given link (<https://www.dgft.gov.in/CP/?opt=IECDL>). The concerned IEC holders are provided an opportunity to update their IEC in this interim period till 31.01.2022, failing which the given IECs shall be de-activated from 01.02.2022. Any IEC where an online updation application has been submitted but is pending with the DGFT RA for approval shall be excluded from the de-activation list.

4. It may further be noted that any IEC so de-activated, would have the opportunity for automatic re-activation without any manual intervention or any visits to the DGFT RA. For IEC re-activation after 31.01.2022, the said IEC holder may navigate to the DGFT website and update their IEC online. Upon successful updation the given IEC shall be activated again and transmitted accordingly to Customs system with the updated status.

Impex # 5

Questions & Answers

Question : What happens when the inputs are not received back from the job worker within a prescribed time period?

Answer : If the inputs are not received back by the principal from the place of business of job worker within the prescribed time limit of one year, it would be deemed that such inputs had been supplied by the principal to the job worker on the day when the said inputs were sent out by the principal (or on the date of receipt by the job worker where the inputs were sent directly to the place of business of job worker). Therefore, the principal would be liable to pay tax accordingly.

Question : Are we eligible for write-off of unrealized export bills? If so, what are the limits for the same?

Answer : The following is the limit of write-off permitted by the Reserve Bank of India:

Particulars	Limit	Limit (%) In relation to Self-write-off by an exporter
Self-write-off by an Exporter (Other than the Status Holder Exporter)	5%	Total export proceeds realized during the calendar year preceding the year in which the write-off is being done
Self-write-off by Status Holder Exporter	10%	
Write-off by AD Category-1 Bank	10%	

The above limits of self-write-off and write-off by the bank shall be reckoned cumulatively and shall be available subject to the following conditions:

- The relevant amount has remained outstanding for more than one year;
- Satisfactory documentary evidence is furnished indicating that the exporter had made all efforts to realise the export proceeds;
- The exporter is a regular customer of the bank for a period of at least 6 months, is fully compliant with KYC/AML guidelines, and the bank is satisfied with the bonafides of the transaction.

Question : What are the possible reasons for which write-off for exports can be applied and obtained from our bank?

Answer : The following situations are covered for such write off:

- The overseas buyer has been declared insolvent and a certificate from the official liquidator, indicating that there is no possibility of recovery of export proceeds has been produced.
- The unrealized amount represents the balance due in a case settled through the intervention of the Indian

Embassy, Foreign Chamber of Commerce, or similar Organization.

- iii. The goods exported have been auctioned or destroyed by the Port / Customs / Health authorities in the importing country.
- iv. The overseas buyer is not traceable over a reasonably long period of time.
- v. The unrealized amount represents the undrawn balance of an export bill (not exceeding 10% of the invoice value) remaining outstanding that turned out to be unrealizable despite all efforts made by the exporter.
- vi. The cost of resorting to legal action would be disproportionate to the unrealized amount of the export bill or where the exporter even after winning the Court case against the overseas buyer could not execute the Court decree due to reasons beyond his control.
- vii. Bills were drawn for the difference between the letter of credit value and actual export value or between the provisional and the actual freight charges but the amounts have remained unrealized consequent to dishonor of the bills by the overseas buyer with no prospects of realization.

Question : Why does the government provide the interest subvention on exports? What are the comparable rates in our competing countries?

Answer : The Interest Equalisation Scheme is aimed at providing competitiveness to Indian exports by reducing the cost of credit for exports as lending rates in India are relatively high. A comparison of the same is as follows:

Bank's Lending Rates	
Country	Rate of Interest (%)
Netherland	0.3
Japan	1
UK	1.1
Euro Areas	1.75
Taiwan	2.44
Canada	2.45
China	2.75
Singapore	3.07
Malaysia	3.42
India	8.88

Question : We do Merchanting Trade. Is it possible that we send import payments from one bank and receive exports payment in another bank?

Answer : No, it is not possible. The entire merchanting trade is to be routed through the same bank. The bank shall verify the documents like invoice, packing list, transport documents and insurance documents and satisfy itself about the genuineness of the trade. The bank may, if satisfied, rely on online verification of Bill of Lading/Airway Bill on the website of International Maritime Bureau or Airline web check facilities. However, the bank shall ensure that the requisite details are made available / retrievable at the time of Inspection/Audit/ investigation of the transactions.

Question : We are exporting garments as well as fabrics. Is it possible to generate scrip covering the shipments under the RoDTEP and shipments under RoSCTL?

Answer : While generating a scrip you have to select the Scheme. Therefore, if you select the RoDTEP scheme, only the shipping bill relating to RoDTEP can be taken into consideration for generating e-scrips. Similarly, while choosing the RoSCTL scheme, you will be able to generate a RoSCTL scrip. Therefore, scrip generation can be for the specific scheme and the two schemes cannot be clubbed to generate a scrip.