

DIRECTORATE GENERAL OF FOREIGN TRADE
UDYOG BHAVAN, NEW DELHI - 110107

POLICY CIRCULAR NO 20 DATED 5.12.2007

Subject: Norms Committee - Para 4.7 cases Guidelines

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Work distribution in existing 7 Norms Committees (NC) is as per Indian Trade Classification (Harmonized System) – ITC (HS) of export products (Annexure A).

2 Time schedule is notified for fixation of norms, after issue of Advance Authorisation (AA) as under:

- (i) 4 months for adhoc norms fixation (Handbook of Procedures, Volume1 (HBPv1): Para 4.7.6),
- (ii) 12 months validity of such fixed adhoc norms (Public Notice 37 dt 23.8.07), and
- (iii) Efforts to be made to convert adhoc norms to Standard Input Output Norms (SION) within 6 months, and positively within 12 months from date of ratification of adhoc norms.

3.1 Major causes for delay in ratification of adhoc norms are as under:

- (i) Receipt of application from RA and subsequent taking up in NC;
- (ii) Availability of technical opinion from competent authority; and
- (iii) Adequacy / Completeness of information supplied by AA applicant.

3.2 For expeditious disposal and adherence to above time schedule, action must be initiated by Regional Authorities (RAs) and NCs in a time bound manner as per Action Calendar annexed herewith (Annexure B).

NCs meet on a weekly basis and action points for RAs / NCs are given starting with 'Week 0', when AA is issued.

3.3 Presently, technical departments in Government are referred to for advice on admissibility of import / export requirements for fixation of adhoc norms. NCs decide such Para 4.7 applications based on technical information. NCs should decide permissible quantities based on "average" yields / efficiency, process requirements, past production, consumption data etc.

Chairperson(s) of NC may also associate other competent technical authorities (like CSIR institutions, IIT departments etc) for advice, keeping in view delay in deciding such applications, wherever necessary.

3.4 Most exporters / industrial manufacturers prepare a project report, which include details

- establishing profitability, based on output sale proceeds and input cost forecasts, and
- outlining basic manufacturing process, giving quantitative details of inputs

Such project reports can also be submitted by exporters along with the adhoc norm applications. This will expedite decision making for fixation of adhoc norms. In specific cases, RAs may also seek such reports to facilitate early fixation of adhoc norms.

3.5 Norms Committees need to mention export / import item details in generic terms, with detailed technical nomenclature and specifications (rather than brand names); to the extent possible. This would enable its application to other cases also.

3.6 Adhoc norms, once fixed, would be put on DGFT website. These adhoc norms may form the basis of further AAs, to any other applicant, (without reference to DGFT / NCs) while these await changes / confirmation and conversion to SION.

Necessary changes are being made in DGFT website and EDI database for this. Adhoc norms, fixed henceforth, would be uploaded on DGFT website on a monthly basis by the respective NCs.

3.7 In cases, where AAs are issued for components on net to net basis, they need not be forwarded to NC for finalization / ratification.

3.8 Quite often, adhoc norms cannot be finalised for want of information from concerned applicant / firm. For example: Application for paints / surface coatings / printing inks must contain details (amongst others)

- (a) solid resin content (in %),
- (b) pigment content (in %), and
- (c) volatile content in the export product (in %).

If such details (as outlined for different products in Appendix 33) are not given by applicant, licence / AA should not be issued by RAs to start with. Suitable amendments may also be made from time to time by Policy Division in Appendix 33, specifying additional information required to be submitted by Para 4.7 applicants. This would avoid recurrence of such cases in future.

At times, Technical Authorities seek additional information directly from AA applicant. In all such cases, NC must issue a deficiency letter also. Wherever additional information requested by Technical Authority / NC is not furnished within a reasonable period by Para 4.7 applicant and the application cannot be finalised for want of technical information / advice, in such cases the AA application shall be rejected by NC.

3.9.1 Wherever, a SION exists and an application under Para 4.7 is made for higher quantity of imported inputs (than the same fixed under SION), such requests can be entertained for SION revision only. That is, such applications cannot be considered under HBPv1 – 4.7 for adhoc norms, and AA in such cases must be issued only as per the then prevailing SION.

3.9.2 In cases, where a SION exists and an application is made for additional inputs, other than those specified in SION, AA may be issued under Para 4.7.

4.1 After fixation of adhoc norms, the same needs to be converted into SION with changes, if necessary.

Following steps need to be taken in this respect :

- (i) All suggestions received from different stakeholders consequent to uploading on DGFT website (as in Para 3.6 above) must be taken into account while finalizing SION; and
- (ii) All adhoc norms fixed after 1.4.2004 (when the then existing SIONs were last made available as a published document) would be uploaded on DGFT website during the current financial year 2007-08, and accordingly, the case should be finalised and notified into SION positively by July, 2008.

4.2 An exercise to review all SIONs (as to quantities fixed) which have been notified before 1.4.2004 (and where further AAs have been issued) may be initiated on an sustained / regular basis. This is necessary in view of ongoing technological advancements and industrial process developments.

4.3 Exporters, aggrieved with decisions of NC, can represent again to concerned NC within 4 months from date of decision on adhoc norm fixation. All such representations must be made directly to NC (with a copy to jurisdictional RA) and NC shall decide such representations within 4 months thereafter.

5 For trade facilitation, information regarding status of Para 4.7 cases can be accessed by RAs and individual exporters on DGFT website (dgft.gov.in)

(R.S. Gujral)
Director General of Foreign Trade

ANNEXURE A

NORMS COMMITTEE NO & CHAIRPERSON	PRODUCT GROUP HANDLED	COMMODITY COVERAGE OF NORMS COMMITTEE RELATING TO ITC(HS) CHAPTER (CHAP) NO OF EXPORT PRODUCT	DES DIVISION
NC 1 ADG(MDK)	ENGINEERING PRODUCTS GR 'B'	CHAP 72-75, 84-85 (OTHER THAN ITEMS COVERED BY NC 2) and CHAP 86-93	DES I
NC 2 JDG(OPH)	ENGINEERING PRODUCTS GR 'A'	ITEMS {ALUMINIUM SEMIS and MANUFACTURED THEREOF, BICYCLE and BICYCLE PARTS, POWER EQUIPMENTS- (TRANSFORMERS ETC), TELECOM EQUIPMENTS (CABLES ETC), ELECTRONICS} RELATING TO CHAP 76, 84 AND 85	DES II

NC 3 EC(SR)	PHARMACEUTICAL PRODUCTS	CHAP 30 and PHARMACEUTICAL ITEMS INCLUDING BULK DRUGS AND DRUG INTERMEDIATES COVERED UNDER CHAP 29	DES III
NC 4 ADG(SKP)	CHEMICAL PRODUCTS	CHAP 28, 29 (OTHER THAN PHARMACEUTICAL ITEMS INCLUDING BULK DRUGS and DRUG INTERMEDIATES), CHAP 31-38, 44-49 and 68-71	DES IV
NC 5 JDG(AKS)	TEXTILE & LEATHER	CHAP 41-43 and 50-67	DES V
NC 6 JDG(AA)	MARINE, FOOD, SPORTS AND MISC PRODUCTS	CHAP 1-27, and 94-98	DES VI
NC 7 ADG(SA)	PLASTIC & RUBBER	CHAP 39 and 40	DES VII (ERSTWHILE DES VIII)

ANNEXURE B**ACTION CALENDAR FOR 4.7 NORMS FIXATION**

<u>S NO</u>	<u>ACTIVITY</u>	<u>ACTION BY</u> <u>RA</u>	<u>ACTION BY</u>
<u>NC</u>			
1	Issue of Licence / Advance Authorisation (AA) with ITC (HS) code numbers	Week 0	-
1.1	Online Transmission of AA to DGFT server	By next working day from date of issue of AA	-
1.2	Despatch of hard copy by speed post for all AAs issued during week of Thursday – Wednesday to concerned NCs (FTDO) as per Annexure A along with a summary statement	every Friday	-
2	Downloading Para 4.7 applns from DGFT server Note: (i) All cases where SION / adhoc norm exists may be disposed off on file by Chairperson, NC (ii) Cases relating to other NCs may be transferred on file by Chairperson, NC	-	Week 0

2.1	Generation of NC Agenda (without waiting for hard copy)	-	Week 1
3	Finalisation of NC Decision		
3.1	NC Meeting	-	Week 1
3.2	Preparation & Approval of Minutes	-	Week 2
3.3	Issue of Minutes & Uploading on DGFT Website with simultaneous despatch to RAs thro' DGFT server	-	Week 3
3.4	Ratification of issued minutes in NC Meeting	-	Week 4
3.5	Dispatch of NC Decision in hard copy to RAs / Exporters	-	Week 5
3.6	Rejection of AAs by NC months	-	within 4
4	Follow Up Action on NC Decision by RAs	Week 6 - 7	-
5	NC Minutes would be issued in the format, as given in SION book		