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Government of India
Ministry of Commerce and Industry
Department of Commerce
Directorate General of Foreign Trade

Public Notice No. 46 /2015-2020
New Delhi, Dated the 15 November, 2018

Subject:-Amendments in Para 2.79A and 2.79B of Handbook of Procedures for issue of export authorization for "Stock and Sale" of SCOMET items.

In exercise of the powers conferred under Paragraph 1.03 of the Foreign Trade Policy, 2015-20, the Director General of Foreign Trade, hereby makes amendments to Paragraph 2.79A and 2.79B (Stock and Sale) of the Handbook of Procedures (HBP) of the Foreign Trade Policy (FTP) 2015-20, with immediate effect.

2. The paragraphs 2.79A and 2.79B of the Handbook of Procedures (HBP) of the Foreign Trade Policy (FTP) 2015-20 are substituted to read as under:

"2.79 A Issue of export authorization for "Stock and Sale" of SCOMET items

Application for grant of authorization for bulk export of SCOMET items (excluding Category 0, Category 3A4001, Category 6 and transfer of technology under any category) from an Indian exporter to an entity abroad (hereinafter referred to as 'stockist') for subsequent transfer to the ultimate end users shall be considered by IMWG, on the following conditions:

Applicability and scope of policy

- a. 'Stockist' refers to the entity abroad to whom the SCOMET items are originally exported by Indian principal/wholly owned subsidiary. The Stockist entity should be a subsidiary/principal company abroad of the Indian exporter;
- b. Export shall be permitted only from the principal company/the wholly owned subsidiary in India (exporter) to their subsidiaries/principal company abroad (stockist) on the basis of an End Use declaration from the stockist, through the specified End User Certificate (EUC) for 'stock & sale' purpose;

Application for export to stockist abroad and transfer to end users in specific countries

- c. The exporter shall submit application in prescribed proforma (ANF-2 O) alongwith following documents from the stockist:
 - i. Documentary proof regarding corporate relationship between the Indian exporter and stockist;
 - ii. End-use/End-user Certificate from stockist entity abroad in Appendix-2S (iii);
 - iii. List of countries (in the EUC) to which the items imported from India would be exported by the stockist;
 - iv. Purchase Order(s)/Invoice(s) or a document in lieu thereof;
 - v. Technical specifications of the product(s);
 - vi. Copy of Internal Compliance Program (if applicant exporter/ stockist entity has one)

In-principle approval for export to the stockist, and, for sale by stockist within the country of the stockist, and, for re-export by stockist to end user in other countries

- d. The application would be assessed for grant of authorization for export to the stockist, and, for grant of in-principle approval for re-export to specified countries of ultimate end use approved by the IMWG;
- e. No authorization would be required for transfer from the stockist to the ultimate end user(s) within the country of the stockist and for re-export to end users in such approved countries ;
- f. Re-export to such approved countries would be subject to the export control regulations of the country of the stockist;
- g. Country would denote an independent sovereign entity which is a distinct national entity in political geography. Hence, transfers within an economic union or a customs union would not qualify as "same country transfers";

Post-reporting for same country transfer and re-export to pre-approved countries by the stockist

- h. In case of sale/transfer by the stockist within the same country and for re-export/re-transfer to the end users in countries, for which, in-principle approval has been granted, the Indian exporter/licensee shall submit details of all such transfers to SCOMET Division of DGFT(Hqrs) in ANF-2 O(a), including EUCs [Appendix-2S (i) /2S(ii), as applicable] from all ultimate end users and Bill of Entry into the ultimate destination countries(for export outside the country of stockist), within 3 months of every such transfer;

Application for re-export to other countries (other than pre-approved)

- i. In respect of re-export/re-transfer of items from the stockist entity to the end users outside the country of the stockist, for which, in-principle approval has not been granted at the initial stage, the Indian exporter (stock and sale authorization holder) shall submit application for re-export/re-transfer to SCOMET Division in DGFT (Hqrs), in ANF 2O(a), through email (scomet-dgft@nic.in), after obtaining following documents from the stockist entity:
 - i) End-use/End-user Certificate from each link in the supply chain as per Appendix-2S (i) /2S(ii), as applicable;
 - ii) Purchase Order(s)/Invoice(s) or a document in lieu thereof ;
 - iii) Technical specifications of the product to be transferred (only if there is any value addition in the product by the stockist)
- j. IMWG shall consider export authorizations for allowing such re-export/re-transfer based on end use/end user verification;

Repeat Order cases

- k. Applications for re-export/re-transfer of SCOMET items from the stockist entity to the end-users for repeat orders shall be considered by IMWG in accordance with paragraph 2.79 of HBP;

Annual reporting on inventory of the stockist and transfers/re-exports

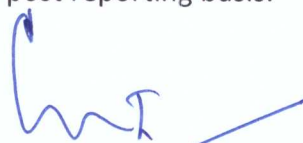
- l. The Indian exporter (Stock & Sale Authorization holder) shall submit a statement of exports made from India to the stockist, transfers made by the stockist to the final end-users and inventory with the stockist, as on 31st December of each calendar year, by 31st January of the following year. A failure to do so may entail imposition of penalty and /or cancellation of authorization under the stock and sale policy;
- m. The items exported to the stockist entity under the stock and sale authorization should be transferred to the final end-user(s) within the validity period of the authorization as in paragraph 2.16 of HBP;
- n. The authorization may be revalidated as per the procedure mentioned in paragraph 2.80 of HBP;

2.79 B Issue of export authorisation for spare parts of SCOMET items under stock and sale

At the request of the applicant, export permission for spare parts covered under SCOMET may be considered by IMWG along with the application for the main item/equipment which shall be considered on the same conditions, as applicable for the main item/component. Accordingly, the applicant seeking permission for export of spare parts, under stock and sales arrangement, may indicate the requirement of spare parts in the application for main item/equipment after judicious and reasonable assessment thereof, and provide the justification of the same. "

3. Effect of this Public Notice:

The existing "Stock and Sale" policy under Paragraph 2.79A and 2.79B of the Handbook of Procedures (HBP) of the Foreign Trade Policy (FTP) 2015-20 has been amended to allow re-transfer / re-export of SCOMET items within the country of the stockist and to the end users in other specified countries approved by IMWG, on post reporting basis.



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