Sub: Amendments in Chapter-4 of Hand Book of Procedures 2015-2020, related to
clubbing of Advance Authorisations, extension of Export Obligation period and
regularisation of bonafide default in the cases where Authorisations were issued for
import of drugs from unregistered sources with pre import condition- reg

In exercise of powers conferred under Para 2.04 of the Foreign Trade Policy 2015-2020,
as amended from time to time, the Director General of Foreign Trade, in public interest,
makes the following amendments in Hand Book of Procedures 2015-2020 as under:

1) Para 4.38 of handbook of procedures 2015-20 is amended to read as under:

"4.38 Facility of Clubbing of Authorisations

(i) No clubbing of Authorisations issued on or before 31st March, 2009 shall
be allowed.

(ii) Request for clubbing shall be made in ANF - 4C to the concerned RA who
has issued the Authorisations.

(iii) Facility of clubbing of Advance Authorisations shall be available only for
redemption / regularisation of such Authorisations and no further import or
export shall be allowed.

(iv) Facility of clubbing shall also be available for Advance Authorisations for
Annual Requirement issued during Foreign Trade Policy period 2009-14
and 2015-20, wherever exports and imports have taken place as per
Standard Input Output Norms (SION) notified.

(v) Only Authorisations under which similar duty exemption has been availed
shall only be allowed to be clubbed. Such Authorisations may pertain to
different financial years.

(vi) In case, exports are made outside EO period of any Authorisation, EO
extension may be allowed before clubbing of such authorisation, as per Para
4.42 of Handbook of procedures on payment of composition fee.

(vii) Only such Advance Authorisations shall be clubbed where exports under all
Authorisations have been made within the initial/ extended EO period of the
earliest issued Authorisation.
(viii) Clubbing shall be permitted only when there is shortfall in fulfillment of export obligation occurred in first authorisation and excess exports are made in subsequent Authorisations. However, this condition may not be insisted when validity period (for import) of Authorisations runs concurrently and imports made in subsequent authorisation falls within validity period (for import) of first authorisation and such import made within validity period of first authorisation are on pro-rata, equal to or in excess to the extent of exports made in first authorisation. Subsequent Authorizations issued after expiry of validity of first Authorisation shall not be allowed to be clubbed.

(ix) Clubbing of Authorisations issued with different EO periods shall also be allowed.

(x) Accounting of exports made outside expiry of initial or extended EO period of earliest issued authorisation shall not be taken into consideration for EO fulfillment after clubbing of such Authorisations.

(xi) Inputs which are common in all Authorisations shall only be clubbed and duty free inputs shall be accounted for as per SION/Ad-Hoc Norms fixed by NC. In other words all inputs covered in all Authorisations need not be same.

(xii) Minimum value addition as prescribed in FTP and Procedures for the export product will be required to be maintained on clubbing. Upon clubbing, if shortfall in value or quantity is noticed, the same shall be regularized under the provisions of Para 4.49 of HBP 2015-20.

(xiii) After clubbing, Authorisations shall for all purposes, be deemed to be one Authorisation. The value addition would be calculated on the basis of total CIF and total FOB arrived at after clubbing the Authorisations.

(xiv) No clubbing shall be permitted in respect of Authorisations where misrepresentation / fraud have come to the notice of RA. Further, no clubbing of Authorisations, where EODC/redemption letter has already been issued or adjudication orders have already been passed by RA/Customs Authority, shall be permitted.

(xv) Additional provisions for clubbing of Authorisations covered under Appendix-30A (issued under FTP 2009-14) / Appendix-4J (issued under FTP 2015-20) and Authorisations issued with EOP less than 18 months:

(a) Export obligation period of clubbed Authorisations shall be reckoned from the date of earliest import in any of the Authorisations proposed to be clubbed.

(b) Clubbing of such Authorisations shall be allowed provided all exports are completed within initial/extended Export Obligation period reckoned from date of earliest import in any of the Authorisations proposed to be clubbed.
2) Para 4.42 (d) is amended to read as under:

(d) Extension in export obligation period for Authorisations issued under Appendix-4J (issued under FTP 2015-20) shall be allowed for a period not more than the half of the stipulated export obligation period. In such cases, composition fee shall be levied @ 0.5% per month of unfulfilled FOB value, in case exports effected are more than 50% within initial Export Obligation period and @ 1% per month where less than 50% exports have been effected within initial export obligation period.

3) Sub-Para (g) is inserted in Para 4.49:

(g) Regularization of Bonafide default in the cases where Authorisation was issued for import of drugs from unregistered sources with pre import condition:

Import of drugs from unregistered sources issued with pre import condition shall be regularised in the following manner:

(i) The Authorisation holder shall submit documents showing consumption of full imported quantity as per norms. In case, there is shortfall in fulfilment of EO and unutilised imported quantity remains with the authorisation holder, the Authorisation holder shall either submit a certificate from the jurisdictional Central Excise / Customs Authority certifying destruction of the unutilised imported quantity in their presence or proof of re-export of the same to the same supplier in-terms of para 4.43A of HBP 2015-2020.

(ii) Exports made under free shipping bills/under same authorisation after expiry of EO period using unutilised quantity of drugs shall also be accepted in-lieu of submission of destruction certificate as stated in para (i) above, provided the exact description and technical characteristics of the drug exported matches with that of export item described in the Advance Authorisation. However, the Authorisation holder shall pay customs duty with applicable interest to the Customs Authority on unutilized quantity imported under Advance Authorisation. The exports made outside EO period shall only be considered for waiver of destruction certificate and not for waiver of liability of applicable duties and interest.

Effect of this Public Notice:
Amendments are made in Chapter-4 of Hand Book of Procedures 2015-2020, related to clubbing of Advance Authorisations, extension of Export Obligation period and regularisation of bonafide default in the cases where an Authorisation was issued for import of drugs from unregistered sources with pre import condition.

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