CHAPTER 4

Duty Exemption / Remission Schemes

Chapter-4
Duty Exemption / Remission Schemes

4.01 Policy

Policy relating to Duty Exemption / Remission Schemes is prescribed in Chapter 4 of Foreign Trade Policy.

4.02 General Provision

(i) Application for grant of Advance Authorisation / Special Advance Authorisation for export of Articles of Apparel and Clothing Accessories / Advance Authorisation for Annual Requirement / Duty Free Import Authorisation (DFIA) shall be filed online (digitally signed) by IEC holder to the concerned jurisdictional Regional Authority as per Appendix 1A. Applicant could be either Registered office or Head office or a branch office or a manufacturing unit of the IEC holder.

(ii) Applicant shall upload documents as prescribed in ANF 4A, if any, at the time of online filing of application. No physical copy of application is required to be submitted to Regional Authority.

4.03 Applicant details

Where applicant is a branch office or a manufacturing unit, name of branch office or manufacturing unit should appear in electronic RCMC and in IEC of the applicant.

4.04 Advance Authorisation

Applicant shall file application online in ANF 4A. Same form is applicable where Standard Input Output Norms (SION) have been notified or on the basis of adhoc norms or on self-declaration basis as per paragraph 4.07 of Handbook of Procedures.

4.05 Advance Authorisation for items which are otherwise prohibited for export

(i) Items covered under Chapter 7 and Chapter 15 of ITC (HS) Schedule 2, which are prohibited for export, may be allowed to be exported under the Advance Authorisation scheme, unless specifically disallowed. Export shall be allowed subject to pre-import condition under notified SION/prior fixation of norms by Norms Committee in terms of paragraph 4.06 of Hand Book of Procedures.

Import and Export would be permitted only through EDI enabled ports.

(ii) The Export Obligation Period (EOP) of Advance Authorisations issued for such items shall be 90 days from the date of clearance of import consignment and no extension in EOP shall be allowed. Such import shall be subject to actual user condition and no transfer of imported raw material, for any purpose, including job work, shall be permitted. In case of non-fulfilmentof EO/ non-achievement of stipulated value addition, a penalty equal to five times of the CIF value of the imported material, corresponding to the shortfall in EO, shall be imposed in addition to the applicable duty and interest. Provisions of Paragraph 4.49 of Handbook of Procedures shall notbe applicable in this case.

(iii) "Wheat Flour (Atta)" is permitted to be exported under the Advance Authorisation Scheme, subject to pre-import condition of wheat under the notified SION only. No domestic/ indigenous sourcing of wheat is permitted and the invalidation letter/ARO facility is not available. Third party exports are also not allowed in this case. Import and Export would be permitted only through EDI enabled ports. The Export Obligation Period (EOP) of Advance Authorisation for wheat shall be 180 days from the date of clearance of each import consignment and no extension in EOP shall be allowed. Such import shall be subject to actual user condition and no transfer of imported wheat for any purpose, including job work, shall be permitted. In case of non- fulfillment of EO/ non-achievement of stipulated value addition, a penalty equal to five times of the CIF value of the imported material, corresponding tothe shortfall in EO, shall be imposed in addition to the payment of applicable duty and interest. Provisions of Paragraph 4.49 of Handbook of Procedures shall not be applicable in this case.

4.06 Fixation of Norms

(i) In case where norms have not been notified or where applicant wants to get the ad-hoc norms fixed before making an application for Advance Authorisation, application in ANF 4B, along with prescribed documents, shall be uploaded online to concerned Norms Committee (NC) in DGFT headquarters for fixation of SION/Adhoc norm. Details of Norms Committees along with products groups dealt by each Norms Committee and respective email addresses for correspondence relating to norms fixation is as follows:

Norms Committees (NC) in DGFT headquarters	For Fixation / Revision / Amendment of norms of Export Products under following ITC HS Chapters	Email addresses for communication with respective Norms Committee
NC-1	81 to 84, 86 to 93	nc1.dgft@nic.in
NC-2	72 to 76, 78 to 80, 85	nc2.dgft@nic.in
NC-3	29, 30	nc3.dgft@nic.in
NC-4	27, 28, 31 to 38, 44 to 49, 68 to 71	nc4.dgft@nic.in
NC-5	41 to 43, 50 to 67	nc5.dgft@nic.in
NC-6	1 to 26, 94 to 98	nc6.dgft@nic.in
NC-7	39, 40	nc7.dgft@nic.in

(ii) The decisions of Norms Committees shall be available on the website of DGFT (http://dgft.gov.in) periodically and the applicants shall update themselves the status of norms fixation in respect of Authorisation obtained by them.

(iii) Exporters / EPC shall provide data to the Norms Committee concerned for the fixation of SION/Adhoc Norms for an export product. Norms Committee shall endeavour to fix SION or adhoc norms on receipt of complete data. Any adhoc norm fixed under this para, on the basis of an application made by an exporter shall be valid for one authorisation for which such application is made and no repeat authorisations shall be issued. However, Norms Committee can specify extended validity period, not more than two years from the date of fixation of such adhoc norms, for grant of further authorisations under such norm.

(iv) Norms Committees shall also function as recommendatory authority for notification of SION and DGFT may notify such norms from time to time.

(v) It is mandatory for industry / manufacturers/ EPCs to provide production and consumption data etc. for the past three years, as may be required by DGFT for fixation of SION. Otherwise, applicants shall not be allowed to take benefit of Advance Authorisation scheme for taking repeat Advance Authorisations on self-

declared basis. Norms Committee may also seek data from DoR (CBIC).

(vi) Experts may be invited from Scientific and Technological institutions as members of Norms Committee for fixation of Norms.

(vii) In cases where ad-hoc norms have already been arrived at by Norms Committee, the Norms Committee may recommend Notification of SION on a case to case basis.[v]

4.07 Self-Declared Authorisations where SION does not exist

(i) Regional Authority may also issue Advance Authorisation where there is no SION/valid Ad hoc Norms for an export product or where SION / Ad hoc norms have been notified / published but exporter intends to use additional inputs in the manufacturing process, based on self-declaration by applicant. Wastage so claimed shall be subject to wastage norms as decided by Norms Committee. The applicant shall submit an undertaking to abide by decision of Norms Committee. The provisions in this regard are given in paragraph 4.03 and 4.11 of FTP.

(ii) In case of revision / rejection, applicant shall pay duty and interest as notified by DoR within thirty days from the date of hosting of Norms Committee decision on DGFT website.

(iii) No Authorisation under this paragraph will be issued by Regional Authority for items listed in paragraph 4.11 of FTP.

4.07A Self –Ratification Scheme

(i) Policy related to Self-Ratification Scheme is provided at Para 4.06 of FTP. Applications shall be filed online along with complete details as per Appendix-4E along with a certificate from Chartered Engineer in Appendix-4K. For issuance of such a certificate, the Chartered Engineer shall act only in the domain of his/ her competence.

(ii) General Notes given in the book titled Standard Input Output Norms including policy for packing material and fuel shall also be applicable to this scheme in so far as they are not inconsistent with this scheme.

(iii) The applicant shall apply for inputs with specific descriptions along with 8 digit ITC (HS) Classification. Wherever the export product and/or inputs are given in brand names, the correct chemical /technical name shall also be given in the application.

(iv) RA may issue Advance Authorisation as applied for subject to the conditions specified in FTP and HBP. Input Output Norms as applied and wastage claimed by the applicant shall be treated as final. Ratification of the same by NC is not required.

(v) Applicant or his supporting manufacturer/co-licensee shall maintain a proper account of consumption and utilization of duty free imported/domestically procured inputs against each authorisation, as prescribed in Appendix-4H. Application for EODC shall be submitted in prescribed format along with Appendix-4H to the Regional Authority concerned. Regional Authority shall compare the details of Appendix-4H, with that of the inputs allowed in the Authorisation. Such records shall be preserved by the authorisation holder/manufacturer for a period of three years from the date of Export Obligation Discharge Certificate.

(vi) Production and consumption records of the export item under this scheme shall be audited by concerned Norms Committee. Such audit may be conducted within three years from the date of issue of Authorisation based on Risk Based Management System (RBMS). Exporters shall be required to provide necessary facility to verify Books of Accounts or other documents and assistance as may be required for timely completion of the audit. Concerned Norms Committee shall constitute the audit teams and specify the manner of audit from time to time through administrative orders.

(vii) Non submission of prescribed documents/information to the Audit team by the applicant shall make him liable for penal action under the provisions of FT(D&R) Act, 1992, as amended and Rules and order made there under. In case items imported/procured duty-free are found to be in excess or not consumed fully, the applicant shall suo moto pay immediately duty with applicable interest to the Customs Authority. However, if Audit team found that duty-free items were imported in excess and not consumed fully in the resultant products and duty and interest have not been paid suo moto, the applicant shall be placed under Denied Entity List (DEL) under Rule 7 of FT(Regulation) Rules, 1993, as amended, in addition to other penal action under FT(DR) Act/Customs Act. The Chartered Engineer shall also be liable for penal action for abetment under the provisions of Section 11(2) of the FT(DR)Act.

(viii) All the provisions of Advance Authorisation scheme shall also be applicable to this scheme in so far they are not inconsistent with the specific provisions of this scheme.

4.08 Cases involving Acetic Anhydride, Ephedrine and Pseudo- ephedrine as inputs.

(i) Where Acetic Anhydride, Ephedrine and Pseudo- ephedrine is required as an input for import, applications shall be filed with Regional Authority concerned. After filing application online, printed copy of such application shall also be simultaneously endorsed by applicant to (a) Drug Controller of India, Nirman Bhawan, New Delhi, (b) Narcotics Commissioner, Central Bureau of Narcotics, Gwalior (c) respective Zonal Director of Narcotics

Control Bureau. The applicant should declare that they would maintain prescribed records / documents and also submit prescribed returns to the relevant authorities, within time as prescribed by law from time to time.

(ii) Regional Authority shall endorse a copy of such Advance Authorisation to the above three agencies. Regional Authority shall also endorse a condition that before effecting imports, 'No Objection Certificate' shall be obtained from Drug Controller and Narcotics Commissioner of India.

4.09 Cases requiring Sanitary Import Permit.

(i) Where import of meat and meat products of any kind including fresh, chilled and frozen meat, tissue or organs of poultry, pig, sheep, goat; egg & egg powder; milk & milk products; bovine, ovine and caprine embryos, ova or semen; and pet food products of animal origin has been sought as an input under Advance Authorisation, the Regional Authority, while issuing Advance Authorisation shall endorse a condition that before effecting imports of any of these inputs, Sanitary Import Permit shall be obtained from theDepartment of Animal Husbandry, Dairying and Fisheries(DAHDF).

(ii) Regional Authority shall also endorse a copy of authorisation to DAHDF, Krishi Bhawan, New Delhi.

4.10 Advance Authorisation for applicants with multiple units

(i) Transfer of any duty free material imported or procured against Advance Authorisation from one unit of a company to another unit for manufacturing purpose shall be done with prior intimation to jurisdictional Customs Authority. In case of transfer of duty free imported or indigenously procured materials, on which GST has been paid, between the units located in same or different States, the availment of Input Tax Credit shall be governed as per the provisions of the GST law & the rules made thereunder.[iii]

(ii) Imported duty free inputs can be taken from the port / domestic supplier's premises to the factory or the premises of the authorisation / co-authorisation holder or the factory of the supporting manufacturer(whose name is endorsed in the authorisation or allowed by the Jurisdictional Customs authority). However, such duty free material imported or procured against Advance Authorisation can also be taken from the port directly to the project site of the project authority, subject to furnishing a bond to the customs authority at the port of import complying with the other provisions as per Department of Revenue guidelines, if any.

4.11 Advance Authorisation for Free of Cost and Paid Material

Authorisations granted in terms of paragraph 4.19 of FTP, a specific endorsement by Regional Authority shall be made in the condition sheet of Advance Authorisation, disallowing remittances for material being supplied free of cost. All imported inputs excluding wastage shall be utilised in manufacturing of export product.

4.12 Entitlement

Maximum CIF value of one or more authorisations to be issued under paragraph 4.07 of Handbook of Procedures shall be as under:

(i) For Status Holders – up to 300% of FOB and / or FOR value of preceding year's exports and/or supplies.

(ii) Other than Status Holders – upto 300% of FOB or Rs. 10 crore and / or FOR value of preceding year's exports and/or supplies, whichever is higher.

(iii) Once adhoc norms are fixed by Norms Committee, value limits mentioned in sub paragraph (i) and (ii) above, would not be applicable to Advance Authorisations issued under paragraph 4.07 of Handbook of Procedures. Value of such authorisations, subsequent to fixation of norms by Norms Committee, may be enhanced, if the Advance Authorisation was issued restricting the CIF value to maximum of value in sub-paragraph (i) & (ii) above.

(iv) In such cases Authorisations shall be issued by Regional Authority concerned under "Adhoc Norms Fixed" category and application copies need not be forwarded to NC for fixation / ratification of norms. Where the application has already been forwarded before the ratification of Norms, the Regional Authority shall finalise the case as per the norms subsequently ratified by NC in a similar case of the party.

(v) Authorisation holder in such cases shall be entitled for further authorisation (s) as per norms ratified by Norms Committee without need for subsequent ratification by Norms Committee. In such cases the applicant would file application under "Adhoc Norms Fixed" category to the Regional Authority concerned.

(vi) Norms ratified by any Norms Committee (NC) in the O/o DGFT on or after 01.04.2023 in respect of any Advance Authorisation obtained under paragraph 4.07 shall be valid for a period of three years from the date of ratification. However, the Norms ratified by any Norms Committee (NC) on or after 01.04.2015 in respect of any Advance Authorisation obtained under paragraph 4.07 of HBP, 2015-2020 shall also be valid further upto 31.03.2026.[i] Since all decisions of the Norms Committees are available in the form of minutes on the DGFT website, all other applicants of Advance Authorisation are also eligible to apply and get their authorisations based on such ratified norms on repeat basis during validity of these norms. This

para is not applicable for authorisations applied for items listed under Appendix 4P.

(vii) Wherever an applicant has applied for components on "net-to-net basiswith accountability clause" and such cases fall under paragraph 6 of GeneralNote for all Export Products, the same need not be referred to Norms Committee for fixation of norms. However, exporters shall indicate clearly details of such components imported on "net-to-net basis with accountability clause" in the export/supply documents namely Shipping Bills, Bill of Exports, Tax invoice for export/supplies prescribed under the CGST/SGST/UT GST rules evidencing that these imported inputs have been exported.

4.13 Authorisation in Excess of Entitlement

An applicant shall be entitled for authorisation in excess of entitlement of CIF mentioned in paragraph 4.12 above subject to furnishing of 100% Bank Guarantee to Customs authority to cover exemption from customs duties. Regional Authority shall make a specific endorsement to this effect on authorisation. This provision shall also apply to Status Holders.

4.14 Application and On-line Inter-Ministerial Consultations for fixationof norms/adhoc norms

(i) Application filed online by the applicant shall be forwarded electronically to the concerned Technical / Administrative Ministry / Department /Scientific and Technological institutions or any other agency by the respective Norms Committee in the DGFT headquarters within three days.

(ii) The concerned Technical / Administrative Ministry / Department / Scientific and Technological institutions or any other agency as the casemay be, may communicate its views / comments / recommendations within45 days electronically/online. In case no comments are received within 90 days, Norms Committee may take a view based on the facts available on record.

(iii) Ad-hoc Input Output Norms may also be decided in a rule based IT environment without reference to Norms Committee. However, a certain percentage of cases as flagged by the RMS may be referred to Norms Committee for validation / review.[vi]

4.15 Undertaking

Applicant shall give an undertaking that he shall abide by norms fixed by Norms Committee and accordingly take following actions without any demur:

(i) Pay customs duty saved, together with interest as notified by DoR, on excess

inputs as per norms fixed by NC. However, in case Norms Committee allows lower norms for one, more, or all inputs, authorisation holder will have option to undertake additional EO in proportion to excess inputs.

(ii) In case application is rejected by Norms Committee, authorisation holder shall pay duty saved amount along with interest on inputs, as applicable as notified by DoR. In cases of domestically procured inputs, the amount to be paid shall be based on exemptions/refund availed on customs duty/taxes/cess by the domestic supplier.

(iii) Applicant shall deposit amount as per paragraph 4.49(a)(ii) of HBP in case the inputs were not freely importable. This amount is in addition to the amounts in sub-paragraph (i) above.

4.16 Fixation of norms by Norms Committees

(i) All Norms Committees would endeavour for earliest fixation of norms.

(ii) In case application for fixation of adhoc norms / SION is rejected on ground of non-furnishing of required documents/ information to Norms Committee or technical authority represented in Norms Committee, authorisation holder shall be liable to pay customs duty with interest as notified by DoR and amount as per paragraph 4.49(a)(ii) of HBP. In case SION for the said product is notified, SION would be made applicable for deciding wastage norms and Export Obligation.

(iii) In cases where entitlement of the applicant for grant of Advance Authorisation as per paragraph 4.12 of HBP was lower than the quantity of input applied by the applicant under Advance Authorisation and export obligation is completed while fixation of norms by Norms Committee is pending, entitlement for authorisation as given in paragraph 4.12 of HBP may be re-credited upon production of documentary evidence (copies of Shipping bill / bill of export/ Tax invoice for supply prescribed under CGST/SGST/UT GST rules) showing fulfilment of export obligation in respect of previous authorisations. However, bond waiver / redemption shall not be allowed pending fixation of norms in such cases.

4.17 Time limit for Representation

Applicant may file representation against the decision of the Norms Committeewith regard to the fixation of norms within a period of 90 days from the date of uploading of decision on DGFT website. Representation beyond 90 days shall be subject to payment of composition fee of Rs. 5000/-. However, no representation against the decision of Norms Committee after the period of 12 months from the date of uploading of the decision on DGFT website will be entertained.

4.18 Provision for Pharmaceutical Products

Regional Authority may issue Advance Authorisation for pharmaceutical products manufactured through Non-Infringing (NI) process. A manufacturer exporter can avail the benefit of this provision whether the SION or the adhoc norms (under self-declared basis in terms of paragraph 4.07 of the Handbook of Procedures) for the said product is available or not. "Input combination permitted under NI process, as approved by the concerned agency of the regulated markets", shall be exporter-specific and country-specific and shall be available only when the exports are destined for the same country.

4.19 Processing of Application for Pharmaceutical Products.

(i) An application for grant of an Advance Authorisation under paragraph 4.18 shall be filed online in ANF 4E to concerned Regional Authority along with the documents uploaded therein.

(ii) Input combination permitted under NI process for manufacturing the product shall be certified by the Chartered Engineer (Chemical) after due verification of the details of each input and its quantity as given in Abbreviated New Drug Application (ANDA) / Drug Master File (DMF) of the applicant. The Chartered Engineer (Chemical) will certify the details as per Appendix 4L prescribed in Handbook of Procedures. Regional Authority shall cross-verify the requirement of inputs as per the details given in the application along-with Chartered Engineer Certificate accompanying the application and issue the authorisation. Regional Authority shall not forwardsuch application to Norms Committee and the inputs and export product so allowed by Regional Authority shall be treated as input combinations permitted under NI Process.

4.20 Redemption of Authorisation issued under paragraph 4.18 of HBP

Provisions contained in paragraph 4.49 of HBP, except sub-paragraph (f), shall be applicable. Regional Authority shall compare the details of Appendix 4-I, duly verified and certified by the jurisdictional Customs Authority, or by the Chartered Engineer (Chemical) along with cross attestation by the Chartered Accountant who shall both independently verify the inputs consumed in the process, with that of the inputs made/allowed in the authorisation, before allowing redemption or Bond-waiver against individual Advance Authorisation issued for pharmaceutical product(s) manufactured through NI process. As a result of the verification process, in case, it is found that the authorisation holder has consumed lesser quantity of inputs than imported, authorisation holder shall be liable to pay customs duty on unutilized imported material, along with interest thereon as notified by DoR, or effect additional export within the EO period to account for the export of the material

remaining unutilized. However, for the Customs duty component, the authorisation holder has also the option to furnish valid duty credit scrip issued under Chapter 3 of FTP (2015-20).

4.21 Maintenance of Proper Accounts for Authorisations issued under Para 4.18 of HBP

Every Advance Authorisation holder shall maintain a true and proper account of consumption and utilization of duty free imported / domestically procured inputs against each authorisation as prescribed in Appendix 4-I. This record in Appendix 4-I format, duly verified and certified by the jurisdictional Customs Authority, or by the Chartered Engineer (Chemical) along with cross attestation by the Chartered Accountant who shall both independently verify the inputs consumed in the process, shall be submitted to the concerned Regional Authority at the time offiling application for redemption / bond waiver. Regional Authority shall compare the details of Appendix 4-I, with that of the inputs allowed in the authorisation, before allowing redemption or bond waiver against individual authorisation. Such records shall be preserved for a period of at least three years from the date of Export Obligation Discharge Certificate.

4.22 Standardisation of Adhoc Norms

(a) For standardization of norms, an application in ANF 4B shall be filed online along with complete data. Such applications shall be made to concerned Norms Committee in DGFT headquarters.

(b) Import of fuel may also be allowed with actual user condition under SION by Norms Committee subject to following:

(i) Facility of import of fuel shall be allowed only to manufacturer having captive powerplant.

(ii) In cases where SION specifically allows fuel, same shall be permitted under Advance Authorisation. However, if fuel is not covered specifically under SION, it may be allowed as per general fuel Policy for products covered under SION or under paragraph 4.07 above.

(iii) Applications for fixation of fuel entitlement for new sectors and modification of the existing entitlement as per General Note for Fuel in Handbook of Procedures shall be filed online to the Norms Committee along-with requisite data in ANF 4B.

4.23 Modification of SION

An application for modification of existing SION shall be filed online in ANF 4B to the concerned Norms Committee in DGFT headquarters.

4.24 Amendment of Export item and inputs

(i) An application for amendment of an export item or input or quantity of input under SION or under ad-hoc Norms shall be filed online in ANF 4B.

(ii) Applicant would give justification for seeking amendment and Regional Authority would consider it with specific approval of Head of Office. In case of any major change in input or request for more wastage to that allowed under SION or ad-hoc norm, same should be referred to Norms Committee for ratification.

4.25 Revision of SION by NC

Norms Committee may identify SIONs which in its opinion are required to be reviewed. Exporters are required to submit revised data in ANF 4B for such revision. It is mandatory for industry / exporter(s) to provide production and consumption data etc. as may be required by DGFT / EPC for revision of SION. Otherwise, applicant shall not be allowed to take benefit of Advance Authorisation scheme.

4.26 Description of an Advance Authorisation

An Advance Authorisation shall, inter-alia, specify:

(a) Names and description of items including specifications, where applicable, to be imported and exported/supplied;

(b) Quantity of each item to be imported or wherever quantity cannot be indicated, value of item shall be indicated. Wherever, quantity and value of individual inputs is a limiting factor in SION, same shall be applicable;

(c) Aggregate CIF value of imports;

(d) FOB/FOR value and quantity of exports/supplies; and

(e) Validity period of import and Export Obligation Period.

4.27 Exports/Deemed Export supplies in anticipation or subsequent to issue of an Authorisation.

(a) Exports / Deemed Export supplies made from the date of EDI generated file number for an Advance Authorisation, may be accepted towards discharge of EO. Shipping Bills / Tax Invoices should be endorsed with File Number or Authorisation Number to establish co-relation of exports / Deemed Export supplies with Authorisation issued. Export/Deemed Export supply

document(s) should also contain details of exempted materials/inputs consumed and technical characteristics of export and import items, as the case may be.

(b) If application is approved, authorisation shall be issued based on input/ output norms in force on the date of receipt of application by Regional Authority. If in the intervening period (i.e. from date of filing of application and date of issue of authorisation) the norms get changed, the authorisation will be issued in proportion to provisional exports / Deemed Export supplies already made till any amendment in norms is notified. For remaining exports, Policy / Procedures in force on date of issue of authorisation shall be applicable.

(c) The export of SCOMET items shall not be permitted against an Authorisation until and unless the requisite SCOMET Authorisation is obtained by the applicant.

(d) Inputs with pre-import condition shall not be considered for replenishment against Exports/Deemed Export supplies made before import of such inputs.

4.28 Exporters Risk

Exports / supplies made in anticipation of grant of an Advance Authorisation shall be entirely on risk and responsibility of exporter.

4.29 Admissibility of drawback in case of rejection of application

Customs authorities in terms of DoR rules against shipping bills filed and processed under an Advance Authorisation, in case application for an Advance Authorisation is rejected or modified by Regional Authority, may permit drawback.

4.30 Advance Authorisation or DFIA for Intermediate Supplies

(a) Application for grant of Advance Authorisation or DFIA for Intermediate supply may be made on the basis of a tie-up arrangement with an ultimate exporter (physical/deemed) holding an Advance Authorisation or DFIA. Regional Authority concerned shall consider such requests.

(b) Advance Authorisation or DFIA for Intermediate supply shall be issued after making Authorisation of ultimate exporter invalid for direct import of item, to be supplied by intermediate manufacturer. In such case, a copy of the invalidation letter will be given to ultimate exporter holding Authorisation and copy thereof will be sent to intermediate supplier as well as Regional Authority of intermediate supplier. Intermediate Authorisation holder in such case has an option either to supply intermediate product to the holder of Advance

Authorisation (i.e. ultimate exporter) or DFIA or to export (physical / deemed) directly. Intermediate supplier can also supply the product(s) directly to the port for export by the ultimate exporter (holder of Advance Authorisation or DFIA). In such cases, shipping bill shall be in the name of the ultimate exporter with the name of intermediate supplier endorsed on it.

(c) A suitable documentary evidence indicating the available quantity under Advance Authorisation shall be submitted along-with the application for invalidation. The above stated evidence is not required if invalidation is applied along with the application of Advance Authorisation.

(d) Facility of Advance Authorisation shall be available even in cases where intermediate supplier has supplied or intend to supply material subsequent to fulfilment of EO by exporter holding Advance Authorisation / DFIA from where invalidation letter was issued.

(e) The invalidation letter shall specify the following:

(i) Name, Address and GSTIN of supplier;

(ii) GSTIN & Address of recipient unit of Advance Authorisation/DFIA holder where inputs would be processed;

(iii) Name, description including specifications, where applicable, and quantity of items; and

(iv) Individual value of items to be procured.

4.31 Advance Release Order (ARO)

Application shall be filed online in ANF 4A to Regional Authority concerned for grant of ARO to procure inputs from indigenous sources / STEs. A suitable documentary evidence as outlined in Para 4.30 (c) of HBP shall be submitted, if applicable.

4.32 Application of ARO

(a) Application for ARO and ARO shall specify:

(i) Name, Address and GSTIN of supplier;

(ii) GSTIN & Address of recipient unit of Advance Authorisation/DFIA holder where inputs would be processed;

(iii) Name, description including specifications, where applicable, and quantity of items and

(iv) Individual value of items to be procured.

(v) For domestic procurement of steel at export parity price by MSME exporters of EEPC, (as per Ministry of Steel O.M. No. S- 21016/3/2020-TRADE-TAX-Part (1) dated 27.05.2020 read with OM dated 24.06.2020 as amended from time to time), the details of Service Centre/Distributor/Dealer/Stockyard of the domestic steel producer from where the steel is being procured, duly countersigned by EEPC, shall also be provided and the same shall be endorsed on the ARO by the Regional Authority at the time of issue.

(b) An ARO may be issued along with Advance Authorisation / DFIA or subsequently, and its validity shall be co-terminus with validity of Advance Authorisation /DFIA.

4.33 Facility of Supporting Manufacturer/Jobber/co-licensee

(a) Imported material may be used in any unit of holder of Advance Authorisation subject to condition of paragraph 4.10 of this Handbook or jobber / supporting manufacturer, provided same is endorsed on authorisation by Regional Authority. If applicant desires to have name of anymanufacturer or jobber added to authorisation, he may apply. Such endorsement shall be mandatory where prior import before export is a condition for availing Advance Authorisation scheme and authorisation holder desires to have material processed through any other manufacturer or jobber.

(b) Upon such endorsement made by Regional Authority, authorisation holder and co-authorisation holder shall jointly and severally be liable for completion of EO. Any one of co-authorisation holders may import goods in his name or in joint names. BG/LUT shall also be furnished in their joint names.

(c) If authorisation holder is registered under GST Act, he has an option ofgetting names of jobber endorsed by jurisdictional Customs authority as per CGST/SGST/UT GST Rules in lieu of Regional Authority's endorsement. In case manufacturer exporter holding authorisation is not registered / not required to be registered under GST Act, job work may be allowed after endorsement of supporting manufacturer's name in the authorisation from Regional Authority concerned. However, authorisation holder shall be solely responsible for imported items and fulfilment of Export Obligation.

4.34 Execution of BG/LUT

(a) Authorisation holder shall execute Bank Guarantee / Legal Undertaking, as the case maybe, in terms of paragraph 2.29 of Handbook of Procedures.

(b) In case BG / LUT has been redeemed, Advance Authorisation holder can get duty free inputs processed from any manufacturer under Actual User

condition as per job work regulations prescribed in terms of provisions of GST Acts under intimation to the Customs authority. However, such restriction shall not be applicable in case of transferable DFIA holder.

4.35 Port of Registration

(a) Advance Authorisation shall be issued for purpose of import and export through one of sea ports or airports or ICDs or LCS specified below. Authorisation holder shall register authorisation at the port specified in authorisation and thereafter all imports against said authorisation shall be made only through that port, unless the authorisation holder obtains permission from customs authority concerned to import through any other specified port. However, exports may be made through any of the specified ports.

Sea Ports:

Bedi (including Rozi-Jamnagar), Chennai, Dahej, Dharamtar, Dhamra, Dighi, Ennore (Tamil Nadu), Gopalpur, Haldia, Hazira(Surat), Jamnagar, Kakinada, Kandla, Kattupalli Sea Port (Tamil Nadu), Kochi, Kolkata, Krishnapatnam, Mangalore, Marmagoa, Muldwarka, Mumbai, Mundhra, Nagapattinam, NhavaSheva, Okha, Paradeep, Pipavav, Porbander, Sikka, Surat (Magdalla), Tuticorin, Vadinar, Vishakhapatnam.

Air-ports:

Ahmedabad, Bangalore, Bhubaneshwar, Calicut Airport (Kerala), Chennai, Coimbatore Air Cargo Complex, Dabolim (Goa), Delhi, Hyderabad, Indore, Jaipur, Kochi, Kolkata, Lucknow (Amausi), Mumbai, Nagpur, Rajasansi (Amritsar), Srinagar, Trivandrum, Varanasi, Vishakhapatnam.

ICDs:

Agra, Ahmedabad, Anaparthy, Arakkonam (Tamil Nadu), Bangalore, Babarpur, Bhadohi, Bhatinda, Bhilwara, Bhiwadi, Bhusawal, Chettipalayam (Tamil Nadu), Chheharata (Amritsar), Coimbatore, Dadri, Delhi, Dighi(Pune), Dappar, Dera Bassi, Dhannad Rau(District Indore), Daulatabad, (Wanjarwadi and Maliwada), Durgapur (Export Promotion Industrial Park), Faridabad, Garhi Harsaru, Guntur, Guwahati (Amingaon), Hyderabad, Irugur Village (Tamil Nadu), Jaipur, Jallandhar, Jamshedpur, Jodhpur, Kalinganagar and Tumb Village (Taluka Umbergaon, District Valsad) Kanpur,Karur, Kheda (Pithampur, District Dhar), Kota, Kundli, Loni (District Ghaziabad), Ludhiana, Madurai, Mallanpur, Mandideep (District Raisen), Merripalem, Guntur District (AP), Miraj, Moradabad, Nagpur, Nasik, Pimpri (Pune), Pitampur (Indore), Patli (Gurgaon), Pondicherry, Raipur, Rewari, Rudrapur (Nainital), Salem, Singanalur, Surajpur, Surat, Talegoan (District Pune),

Thudiyalur (Tamil Nadu), Tirupur, Todiarpet (TNPM), Tuticorin, Udaipur, Vadodara, Varanasi, Veerapandi (Tamil Nadu), Waluj (Aurangabad), Hosur (Tamil Nadu) and Nattakkam (Kottayam Taluk and District)

LCS:

Agartala, Amritsar Rail Cargo, Atari, Chengrabanda, Dawki, Ghojadanga, Hilly, Jogbani, Mahadipur, Nautanva (Sonauli), Nepalganj Road, Petrapole,Ranaghat, Raxaul, Singhabad, Sutarkhandi.

SEZ:

As notified by Central Government any SEZ can be a specified port for import and export.

(b) Commissioner of Customs may permit imports and exports from any other seaport/airport/ICD or LCS.

(c) For imports from Airport / Seaport / ICD / LCS other than port of registration, a TRA shall be issued by the customs authority at the port of registration to customs authority at port of import. However, this requirement of TRA shall not be required if the port of registration and port(s) of imports are EDI enabled and the authorisation holder has registered its authorisation.

(d) For procurement from SEZs, where no TRA is issued by customs, RA may issue a "Certificate of supplies from SEZ", containing details as given in Para 4.30 (e) for the requested item, after making the import item "Invalid for direct imports". The "Certificate of supplies from SEZ" shall be marked in quadruplicate with a copy each to the authorisation holder, SEZ supplier unit, designated officer at SEZ, and the relevant port customs authorities.The above certificate shall be issued as an online amendment to the authorisation and has to be transmitted after verifying usage of issued authorisation in case it is already registered with customs at the time of application for the certificate. The application is to be made to the concernedRA from where authorisation is issued in the manner as prescribed under Para 4.30(c) and Para 4.34 of this Handbook.

4.36 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, 2015-20, and 2023 wherever exports and imports have taken place as per Standard Input Output Norms (SION) notified.

(v) 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) Only such authorisations shall be clubbed which have been issued within 24 months from the date of issue of earliest authorisation that is sought to be clubbed, whether such authorisations are valid or not. This is further subject to condition that upon clubbing only imports made within 30 months from the date of issue of earliest authorisation shall be considered. Any imports made beyond 30 months of earliest authorisation shall be regularized under Para 4.49 of the HBP. This is further subject to condition that upon clubbing only exports made within 48 months from the date of issue of earliest authorisation shall be considered. Any exports made beyond 48 months of earliest authorisation shall not be acceptable for clubbing.[iv]

(vii) Exports made during initial or extended EO period of individual authorisations (after payment of composition fee as per provisions of Para 4.40 of HBP) shall be clubbed.

(viii) Upon clubbing, if shortfall in value or quantity is noticed, the same shall be regularized under the provisions of Para 4.49 of HBP.

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

(x) Inputs which are common in all Authorisations shall 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.

(xi) Minimum value addition as prescribed in FTP and Procedures for the export product will be required to be maintained on clubbing.

(xii) 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.

(xiii) All cases clubbed, as per earlier provisions would not be reopened.

(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 beenissued or

adjudication orders have already been passed by RA/CustomsAuthority, 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 FTP 2023) and Authorisations issued with Export Obligation Period 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.

4.37 Enhancement/Reduction in the value of Advance Authorisation

(a) In respect of an Advance Authorisation, Regional Authority concerned (as per their financial powers) may consider a request:

(i) for enhancement / reduction in CIF value of Advance Authorisation;

(ii) Enhancement/ reduction in CIF value, quantity of inputs, FOB value and quantity of exports of an Advance Authorisation. However, Value Addition after such enhancement does not fall below minimum Value Addition stipulated (for the export product) in FTP and Handbook of Procedures laid there under and there is no change in input-output norms and FTP under which Advance Authorisation was issued.

(b) Request for pro-rata enhancement in value and quantity may be made either before or after exports. In such cases where there is a change in SION prior to export of said product, pro-rata enhancement shall be given after calculating entitlement on revised SION.

(c) Application for the enhancement in CIF or FOB value of Authorisation /reduction in the value of Authorisation / EOP Extension / Revalidation of Authorisation shall be filed online in ANF 4D to concerned Regional Authority.

4.38 Application fee for enhancement

Application fee payable for enhancement would be on the difference in CIF values of original and final Authorisation. However, no application fee would be charged if value of Authorisation is being reduced or applicant has already paid maximum fee of

Rs 1,00,000 for Advance Authorisation / DFIA.

4.39 Validity period for import and Revalidation of Authorisation

(a) Validity period for import of Advance Authorisation shall be 12 months from the date of issue of Authorisation.

(b) Validity of Advance Authorisation for supplies under Chapter-7 of FTP shall be co-terminus with contracted duration of project execution or 12months from the date of issue of Authorisation, whichever is later.

(c) For Advance Authorisations not covered under Para 4.39(b) above, only one revalidation for twelve months from expiry date shall be allowed. No further revalidation would be allowed for such authorisations. Applications for any such revalidation may be submitted online to the concerned Regional Authority.

4.40 Export Obligation (EO) Period and its Extension

(a) Period for fulfilment of export obligation under Advance Authorisation shall be 18 months from the date of issue of Authorisation. Period of EOfulfilment under an Advance Authorisation shall commence from date of issue of Authorisation, unless otherwise specified.

(b) In cases of supplies to projects in India under Chapter-7 of FTP or projects abroad, the Export Obligation period shall be co- terminuswith contracted duration of the project execution or 18 months whichever is more.

(c) Export Obligation for items falling in categories of defence, military store, aerospace and nuclear energy shall be 24 months from the dateof issue of authorisation or co-terminus with contracted duration of theexport order whichever is more.

(d) Extension in export obligation period for Authorisations issued under Appendix-4J shall be allowed for a period not more than the half of the stipulated export obligation period. In such cases, composition fee shallbe levied in such a manner as prescribed hereunder:

CIF VALUE OF ADVANCE AUTHORISATION (AA) LICENSES ISSUED (InRupees)	COMPOSITION FEE TO BE LEVIED
Up to ₹2Crores	5,000
More than ₹2 Crores to 10 Crores	10,000
Above ₹10Crores	15,000

(e) Regional Authority may consider a request of Advance Authorisation holder for one extension of EO period upto six months from the date of expiry of EO period subject to the payment of composition fee as prescribed hereunder:

CIF VALUE OF ADVANCE LEVIED AUTHORISATION (AA) LICENSES ISSUED	COMPOSITION FEE TO BE (In Rupees)
Up to ₹2Crores	5,000
More than ₹2 Crores to 10 Crores	10,000
Above ₹10Crores	15,000

Authorisation holder will have to submit a self - declaration to RAstating that unutilised imported/domestically procured inputs are available with the applicant.

(f) Request for further extension of six months after first extension as in (e) above can be considered by Regional Authority, subject to the payment of composition fee as prescribed hereunder:

CIF VALUE OF ADVANCE LEVIED AUTHORISATION (AA) LICENSES ISSUED	COMPOSITION FEE TO BE (In Rupees)
Up to ₹2Crores	10,000
More than ₹2 Crores to 10 Crores	20,000
Above ₹10Crores	30,000

No further extension shall be allowed by Regional Authority. However, only two extensions of six months each as mentioned above can be allowed subject to payment of composition fee and under no circumstance Regional Authority shall allow any extension beyond 12 months from date of expiry of EO period. At the time of filing application for second EO extension, the Authorisation holder will have to submit a self - declaration to RA stating that unutilised imported/domestically procured inputs are available with the applicant.

(g) Whenever a ban / restriction is imposed on export of any product, export obligation period in respect of Advance Authorisation already issued prior to imposition of ban, would stand automatically extended for a period equivalent to the duration of ban, without any compositionfee.

(h) The revised composition fee for EOP extension under para 4.40 of HBP (2023) will only be applicable for the requests made on or after 01.01.2023.

However, existing/pending applications shall be governed by the earlier provision of HBP (2015-20).

(i) For all Advance Authorisations where the Export Obligation Period is expiring between 01.02.2020 and 31.07.2020, the Export Obligation Period stands automatically extended by six months from the date of expiry. No separate application with composition fee, amendment/endorsement is required for this purpose. The option to avail further validity extensions under this para beyond this period would remain available for these authorisations as per eligibility.

(j) (a) For Advance Authorisations, where original or extended Export Obligation (EO) period is expiring during the period between 01.08.2020 and 31.07.2021, the Export Obligation period would be extended till 31.12.2021 without any composition fees. However, this extension is subject to 5% additional export obligation in value terms (in free Foreign Exchange) on the balance Export Obligation on the date of expiry of the original/extended export obligation period.

(b) The option to avail EO extensions with payment of composition fees under this para (4.40(d), (e) (f)) would remain available for these authorisations as per eligibility.

(c) In cases where Advance Authorisation Holder has already obtained EO extension upon the payment of composition fee, the refund of the composition fee will not be permitted.

(k) For implementation of all PRC decisions involving levy of Composition Fee while allowing extension in EOP and/or regularisation of exports already made, the applicable Composition Fee shall be as prescribed hereunder:

CIF VALUE OF ADVANCE LEVIED AUTHORISATION (AA) LICENSES ISSUED	COMPOSITION FEE TO BE (In Rupees)
Up to ₹2Crores	25,000
More than ₹2 Crores to 10 Crores	50,000
Above ₹10Crores	100,000

No refund of earlier paid Composition Fee shall be admissible.

4.41 Provisional clearance of export consignment

Customs may allow provisional clearance of export consignment as and when Authorisation holder produces documentary evidence of having applied for Export Obligation extension to concerned Regional Authority.

4.42 Re-export of goods imported under Advance Authorisation Scheme

Goods imported against Advance Authorisation Scheme, which are found defective or unfit for use, may be re-exported, as per Department of Revenue guidelines. The authorisation holder has to inform the Regional Authority who has issued the authorisation before re-export of such defective goods.

4.43 Monitoring of Export Obligation

(a) Regional Authority, with whom undertaking is executed by Advance Authorisation holder, shall maintain a proper record in a master register indicating starting and closing dates of obligation period and other particulars to monitor EO. In addition, this information may be generated from Computer System and maintained in a book form.

(b) Within six months from the date of expiry of Export Obligation period, Authorisation holder shall file application online by linking details of shipping bills against the authorisation, failing which Regional Authority may initiate action as per FT (DR) Act by way of issuingShow-Cause Notice.

(c) In case of online filing of EODC application, Exporters shall link all exports online on DGFT system by linking file number / authorisation number with the relevant shipping bill numbers / bill of exports / invoices in case of deemed exports/Tax invoices for supplies prescribed under CGST/SGST/UT GST rules.

(d) In case of non EDI shipping bills and supplies under Chapter-7 of FTP, exporter shall file relevant details manually on the website of the DGFT within two months from the date of expiry of Export Obligation period. Copies of shipping bills shall be submitted to Regional Authority concerned for verification within two months from date of expiry of export obligation period. In case an applicant is not able to upload any prescribed document then such documents may be submitted in physical form to the concerned authority.

(e) e-BRC/ export realisations from RBI's EDPMS wherever available in DGFT IT system shall be linked with these shipping bills within six months from the date of expiry of export obligation/realisation or as per the time period prescribed for realization of foreign exchange by RBI. Regional Authority shall not take action for non linking/ submission of e-BRC/ export realisations from RBI's EDPMS wherever available in DGFT IT system before expiry of said period, provided other documents substantiating fulfilment of Export Obligation havebeen furnished by the

exporter.

(f) In case Authorisation holder fails to complete Export Obligation or fails to submit relevant information / documents, Regional Authority shall enforce condition of Authorisation and Undertaking and also initiate penal action as per law including refusal of further authorisation to the defaulting exporter.

4.44 Advance Authorisation for Annual Requirement

(a) Exporters eligible for such Authorisations shall file online applicationin ANF 4A to Regional Authority concerned. All provisions applicable to Advance Authorisation given above would apply except the following:

(i) Authorisation holder shall have flexibility to export any product falling under export product group using duty exempted material.

(ii) Within eligible entitlement, an exporter may apply for one ormore than one authorisation in a licensing year, subject to the condition that against one Port of registration, not more than five authorisations can be issued for same product group. One time enhancement / reduction of the authorisation shall be available.

(iii) On completion of Export Obligation against one or more authorisations, all issued in same licensing year, entitlement of an exporter for that licensing year shall be deemed to be revived by an amount equivalent to Export Obligation completed against authorisation(s).

(iv) Authorisation for Annual Requirement shall be issued only where SIONs or valid Adhoc norms exists on the date of issue of Authorisation. However, no Authorisation for Annual Requirement shall be issued where input is listed in Appendix-4J.

(b) At the time of clearance of the import consignment against the authorisation, exporter shall mention technical characteristics, quality and specifications which shall be endorsed in the Bill of Entry / invoice, duly attested by the Customs authority, in respect of following inputs:

"Alloy steel including stainless steel, copper alloy, synthetic rubber, bearings, solvents, perfumes/ essential oils/aromatic chemicals, surfactants, relevant fabrics and marble."

4.45 Special Advance Authorisation for export of Articles of Apparel and Clothing Accessories covered under Chapter 61 and 62 of ITC(HS) Classification of Export and Import.

(i) Policy relating to Special Advance Authorisation for export of Articles of Apparel and Clothing Accessories covered under Chapter 61 and 62 of ITC(HS) Classification of Export and Import is prescribed in Para 4.04A of Foreign Trade Policy.

(ii) Provisions of Para 4.05, 4.06, 4.07, 4.10, 4.11, 4.12(v)&(vi), 4.21, 4.24, 4.25, 4.26, 4.29, 4.33, 4.34, 4.35, 4.37, 4.38, 4.39, 4.40, 4.41, 4.42, 4.43, **4.46** , 4.47(b), 4.49, 4.50, 4.51 of Handbook of Procedures shall be applicable to this scheme in so far as they are not inconsistent with this scheme.

4.46 Fulfilment of Export Obligation

Authorisation holder shall file online application in ANF 4F to Regional Authority concerned and upload prescribed documents in support of fulfilment of Export Obligation.

4.47 Redemption/No Bond Certificate

(a) Bond Waiver:

In case Authorisation holder exports first (before effecting imports) byusing imported inputs/indigenously procured inputs, in that case the Authorisation holder can seek waiver of Bond condition by submitting evidence of export made and payment realised to that extent. If exports made are less than the export obligation stipulated in the Authorisation, request for waiver of bond condition, on pro-rata basis, can also be considered.

(i) For such a request, an applicant has to file online application attaching Shipping Bills and e-BRC/ export realisations from RBI's EDPMS wherever available in DGFT IT system. Scanned copy of other documents as prescribed in the ANF 4F shall also be uploaded. In case of deemed exports or export from non-EDI ports, the documents evidencing proof of export/supply shall be submitted at the counter of Regional Authority concerned giving reference of online application in physical form except e- BRC/ export realisations from RBI's EDPMS wherever available in DGFT IT system.

(ii) In case Export Obligation has been fulfilled, Regional Authority shall issue Bond Waiver Certificate (BWC) and forward a copy to the Customs authority at the port of registration of Authorisation enclosing details of shipping bill number(s), date(s), FOB value in Indian Rupees as per shipping bill(s) and description of export products in respect of shipment taken into account for allowing

waiver of Bond condition. Such bond waiver shall not preclude the Customs Authority from taking bond in terms of the Customs notification.

(iii) While allowing waiver of Bond for such exports, Regional Authority may revalidate the Authorisation in continuation for further six months for replenishment of inputs consumed in the production of exported product, from the date of endorsement provided applicant has made a specific request in ANF 4D andpaid requisite fee for revalidation. It will be further subject tocondition that the applicant had not obtained revalidation earlier in terms of Para 4.39 (c) of HBP. Maximum period of validity of the Authorisation including revalidation allowed under this para shall not exceed 24 months from the date of issue of Authorisation.

(iv) Copy of the Bond Waiver Certificate will also be endorsed by the Regional Authority to the Customs at the Port of Registration eventually through EDI mode.

(b) Export Obligation Discharge Certificate (EODC):

(i) On completion of exports and imports, the Authorisation holder shall submit online application in ANF-4F as in (a) (i) above. In such cases, if Export Obligation has been fulfilled, the Regional Authority may issue EODC / Redemption Certificate to Authorisation holder and forward a copy to the Customs authority at the port of registration of Authorisation indicating the same details of proof of fulfilment of Export Obligation as stated in paragraph(a) above evidencing fulfilment of Export Obligation.

(ii) Copy of EODC will also be endorsed by Regional Authority to Customs at the Port of Registration eventually through EDI mode thereby obviating the need for further calling of documents and its examination by concerned Customs Authority.

(c) Ordinarily, redemption of BG / LUT shall not preclude customs authority from conducting random checks and from taking action against Authorisation holder for any misrepresentation, mis- declaration and default detected subsequently as per the Customs Act.

(d) Regional Authority shall take action against Authorisation holder in case of non-submission of Appendix 4H & 4-I duly filled in, as stipulated in paragraph 4.51 below or for any misrepresentation, mis- declaration and default detected subsequently in details declared and furnished in Appendix 4H & 4-I. An endorsement to this effect shall be made by Regional Authority in the redemption certificate.

4.48 Transitional Arrangement for Authorisations issued upto 31.03.2023

(a) Advance Licences including Advance Licence for Annual Requirement issued up to 31.03.2023 shall be governed by respective provisions contained in Chapter-7 of HBP v1(RE-2001), Chapter 4 of HBP v1 (2002-2007) as Notified on 31.03.2002, Chapter 4 of HBP v1 (2004- 2009) as notified on 31.08.2004 , Chapter 4 of HBP v1 (2009-14) as notified on 27.08.2009 and Chapter 4 of HBP (2015-20) as notified on 01.04.2015 as amended from time to time, excepting provisions relating to clubbing and extension in Export Obligation period which shall be governed by provisions of paragraphs 4.36 and 4.40 respectively and any other provision, as notified by DGFT.

(b) Wherever Customs duty is to be paid on unutilised material, same shall be paid along with interest there on as notified by DoR.

4.49 Regularisation of Bonafide Default

Cases of bonafide default in fulfilment of Export Obligation may be regularised by Regional Authority as under:

(a) If Export Obligation is fulfilled in terms of value, but there is a shortfall in terms of quantity, the Authorisation holder shall, for regularisation, pay:

(i) To customs authorities, customs duty on unutilized value of imported / indigenously procured material along with interest as notified by DoR. Exporter shall pay Customs Duty along-with applicable interest online through ICEGATE Payment Gateway.

(ii) An amount equivalent to 10% of the CIF value of unutilised imported material, if the item of import is restricted, into "Head Account: 1453, Foreign Trade and Export Promotion and Minor Head 102". Provisions of this sub paragraph will not be applicable if unutilized material was freely importable on date of import/domestic procurement.

(b) If the Export Obligation is fulfilled in quantity but there is shortfall in value, no penalty shall be imposed if Authorisation holder has achieved minimum Value Addition prescribed. However, if Value Addition falls below the minimum Value Addition prescribed, Authorisation holder shall be required to deposit an amount equal to 1% of shortfall in FOB value in Indian Rupee, online through DGFT website.[viii]

(c) Value wise shortfall shall be calculated with reference to actual quantity of exports and FOB value of realisation with reference to pro- rata

quantity of imports and CIF value. For example, if exportperformance is only 50% quantity wise but import has been for complete CIF value permitted, then Value Addition would be calculated on a pro- rata basis, i.e., with reference to 50% of CIF value of imports. This would, accordingly, imply that where Authorisation holder is unable to export, no penalty on value wise shortfall shall be imposed.

(d) If Export Obligation is not fulfilled both in terms of quantity and value, the Authorisation holder shall, for the regularisation, pay as per a), b) and c) above.

(e) In case an exporter is unable to complete Export Obligation undertaken in full and he has not made any import under Authorisation, Authorisation holder will also have an option to get the Authorisation cancelled and apply for drawback after obtaining permission from Customs authorities for conversion of shipping bills to Drawback Shipping Bills.

(f) Regional Authority shall compare relevant portion of Appendix 4H duly verified and certified by Chartered Accountant / Cost Accountants with that of norms allowed in Authorisation(s) and actual quantity imported against Authorisation(s) in the beginning of licensing year for all such Authorisations redeemed in preceding licensing year. In thisverification process, in case it is found that Authorisation holder has consumed lesser quantity of inputs than imported, Authorisation holder shall be liable to pay customs duty on unutilized value of imported material, along with interest thereon as notified, or affectadditional export within the Export Obligation period.

(g) Regularization of Bona fide 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 Export Obligation and unutilized imported quantity remains with the authorisation holder, the Authorisation holder shall submit a self-declaration along with the Charted Accountant's certificate regarding destruction of the unutilized duty free imported material accompanied by an affidavit-cum-indemnity bond indemnifying the Government for any harm or loss occurring due to diversion of such imported material from unregistered sources into domestic market that may be detected in future by any authority, or proof of re-export of the same in terms of Para 4.42 of HBP.[ix]

(ii) Exports made under any shipping bills /under the same authorisation after expiry of Export Obligation period using unutilized 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 Custom Authority on unutilized quantity imported under Advance Authorisation. Such exports shall only be considered for waiver of destruction certificate and not for waiver of liability of applicable duties and interest.[ix]

4.50 Payment of Customs Duty and Interest in case of bonafidedefault in Export Obligation

(a) Customs duty with interest as notified by DoR to be recovered from Authorisation holder on account of regularisation or enforcement of BG/LUT, shall be deposited by Authorisation holder in relevant Head of Account of Customs Revenue i.e., "Major Head 0037 - Customs andminor head 001-Import Duties" Online through ICEGATE Payment Gateway within 30 days of demand raised by Regional / Customs Authority and documentary evidence shall be produced to this effect to Regional Authority / Customs Authority immediately. Exporter can also make suo motu payment of customs duty and interest based on self/own calculation as per procedure laid down by DoR, which would be adjusted at the time of closure of the case.

(b) Mode of payment: Online through ICEGATE Payment Gateway

(c) Exporter shall produce documentary evidence of online payment to Regional Authority along-with duty calculation sheet at the time of regularization of their case.

(d) Regional Authority shall verify the quantity of excess import before redeeming the case. Regional Authority may direct license holders to pay balance amount of customs duty after informing the reasons of the difference in the liability worked out by Authorisation holder and the calculations by Regional Authority. In such case, the balance amount of duty and interest, if any shall be paid by Authorisation holder within 30 days, for regularization of the matter.

(e) The interest shall be paid Online through ICEGATE Payment Gateway at the rate applicable on the date of payment of delayed duty amount to the Customs Authority.

(f) On receipt of said documentary evidence from Authorisation holder,

Regional Authority shall redeem the case, and endorse details of duty paid on the EODC/Redemption Letter and inform details of recovery/ deposits made to the Customs Authority at the port of registration or the Commissioner of Customs having jurisdiction over the factory of the Authorisation holder, as the case may be.

(g) Payment of duty, interest and any dues for regularisation shall, however, be without prejudice to any other action that may be taken by Customs Authorities at any stage under Customs Act, 1962.

4.51 Maintenance of Proper Accounts

Every Advance Authorisation holder shall maintain a true and proper account of consumption and utilisation of duty free imported / domestically procured goods against each authorisation as prescribed in Appendix 4H or 4I, as applicable. These records are required to be filed online at the beginning of each licensing year for all those authorisations, which have been redeemed in previous licensing year. The same may be submitted on the DGFT Websiteunder Dashboard----- Repository CA/CE Repository.

DUTY FREE IMPORT AUTHORISATION SCHEME (DFIA)

4.52 Policy

Policy relating to the Duty-Free Import Authorisation (DFIA) Scheme is prescribed in Chapter 4 of FTP.

4.53 Application

(a) Application in ANF 4G along with documents therein, shall be filedonline to concerned Regional Authority.

(b) Provisions of paragraphs 4.26, 4.27, 4.28 & 4.49 (f) of this Handbook of Procedures shall also be applicable for DFIA Scheme.

(c) After completion of exports and realization of proceeds, request for issuance of transferable Duty-Free Import Authorisation may be made to concerned Regional Authority within a period of twelve months fromthe date of export or six months (or additional time allowed by RBI for realization) from the date of realization of export proceeds, whichever is later.

(d) Late cut provisions given in para 11.02 of Handbook of Procedures are also applicable for DFIA.

4.54 Facility for Split DFIA

Split Authorisations of DFIA subject to a minimum of CIF value of Rs. 10 lakh each and multiples thereof may also be issued, on request at the time of seeking transferability. Split-up DFIAs shall be permitted with the same port of registration as appearing on the original DFIA.

4.55 Re-export of goods imported under DFIA Scheme

(i) Goods imported against transferable DFIA, which are found defective or unfit for use, may be re-exported, as per Department of Revenue guidelines. In such cases, if the goods were not put to use after import, a certificate shall be generated by concerned Commissioner of Customs to the extent of 95% of CIF value debited against DFIA containing amount and description of exported goods and the details of original DFIA.

(ii) Based on the certificate, a fresh DFIA shall be issued by Regional Authority concerned. Fresh DFIA, so issued, shall have same port of

registration and shall be valid for a period equivalent to balance period available on date of import of such defective/unfit goods.

4.56 Maintenance of proper accounts of import and its utilisation

Original DFIA holder shall maintain a true and proper account of consumption and utilisation of duty free imported / domestically procured goods against each authorisation as prescribed in Appendix 4H. These records are required to be filed online to Regional Authority concerned along with request for transferability.

GEMS AND JEWELLERY SECTOR

4.57 General Provision

Policy relating to Gem Replenishment Authorisation and scheme for gold/ silver/platinum jewellery is given in FTP. Application in respect of export promotion scheme for gems & jewellery sector shall be made to concerned Regional Authority as per Appendix 4A.

4.58 Application for Replenishment Authorisation

(a) Application for REP Authorisation shall be filed online in ANF-4H and upload the documents prescribed therein to concerned Regional Authority as per Appendix 4A.

(b) Application shall be filed within six months following the month during which the export proceeds are realised. For export proceeds realised during a month, consolidated application for entire month shall be filed.

(c) In case E.P Copy of Shipping Bill and Customs attested invoice is submitted to nominated agencies, exporter shall furnish a self-certified photocopy of same along with a certificate from nominated agencies certifying carat / value of studdings in case of studded jewellery.

(d) In cases where payment is received in advance and exports take place subsequently, application for REP Authorisation shall be filed within six months following the month during which exports are made.

(e) It is clarified that the month in which the export has been made in case of advance payment and the month in which export proceeds have been realised in part or full after making of exports, shall be excluded while calculating period of six months for filing of application for REP Authorisation.

4.59 Wastage Norms

Maximum wastage or manufacturing loss on gold/ silver/ platinum jewellery and articles thereof is as follows[vii]:

Sl No	Items of export	Percentage of wastage by weight with reference to Gold/ Platinum / Silver content in export item	
		Gold / platinum	Silver
a)	Plain jewellery, articles, and ornaments like Mangalsutra containing gold and blackbeads /imitation stones, cubic zirconia diamonds, precious, semi-precious stones.	0.5 %	0.75 %
b)	Studded jewellery and articles thereof	0.75 %	0.75 %
c)	Mountings and findings manufactured (by non-mechanised process) indigenously	0.5 %	0.75 %
d)	Any jewellery/ articles manufactured by a fully mechanised process and unstudded. (not applicable under Advance Authorisation)	0.2 %	0.2 %
e)	Mountings indigenously manufactured, used in studded jewellery	0.1 %	0.1 %
f)	Gold / silver / platinum medallions and coins (excluding coins of nature of legal tender) (not applicable under Advance Authorisation)	0.1 %	0.1 %
g)	Findings and mountings manufactured by mechanized process	0.1 %	0.1 %
h)	Gold religious idols (only gods and goddess) of 8 carats and above (upto 24 carats)	Plain Gold idols- 0.5% Studded Gold idols-0.75%	

4.60 Value Addition

Under scheme for export of jewellery, value addition shall be calculated as per Paragraph 4.37 of FTP. Minimum Value Addition shall be:

Sl No	Items of export	Minimum Value Addition
a)	Plain gold / platinum / silver jewellery and Articles and ornaments like Mangalsutra containing gold and black beads / imitation stones, except in studded form of jewellery.	3.5%
b)	All types of Studded gold / platinum / silver Jewellery and articles thereof.	6.0% (for thosestudded with coloured Gemstones) and 7.0%(for those studded with diamonds).
c)	Any jewellery / articles manufactured by fully mechanized process (not applicable under Advance Authorisation)	2%
d)	Gold / silver / platinum medallions & coins (excluding coins of nature of legal tender) (not applicable under Advance Authorisation)	1.5%
e)	Gold / silver / platinum findings / mountings manufactured by mechanized process	2.5%
f)	Gold religious idols (only gods and goddess of 8 carats and above (upto 24 carats)	10% in case of plain gold religious idols (Non studded). 14% in case of plain gold religious idols studded with colour gem stones. 15% in case of gold religious idols studded with diamonds.

4.61 Entitlement

Entitlement of quantity of gold / silver / platinum against the export of Articles made out of these metals shall be quantity of gold / silver / platinum in item of export plus claimed wastage / manufacturing loss within admissible limits. In the case of Studded Jewellery, the calculation of the quantum of precious metal shall be done excluding the weight of studding.

4.62 Loss of Gem and Jewellery in transit

Consignments of gem and jewellery items exported out of country and lost in transit after exports, where foreign exchange against such exports has been realised or insurance claims settled, will also be eligible for REP Authorisation.

4.63 Gem & Jewellery Replenishment Authorisations

(a) Gem REP Authorisations shall be valid for import of precious stones, semi-precious and synthetic stones and pearls used in export of Gems and Jewellery products. In addition, Authorisation shall also be valid for import of empty jewellery boxes up to 5% of value of Authorisation within its overall CIF value. Gem REP Authorisations issued against export of studded gold / silver / platinum jewellery articles, shall also be valid for import of cut and polished precious / semi- precious stones other than emerald up to 10% of CIF value of Authorisation within its overall CIF value.

(b) Gem REP Authorisation will be as per the replenishment rate prescribed in Appendix 4F and the scale of replenishment on the remaining FOB value in the case of studded jewellery shall be as given in Appendix-4G.

4.64 Agency Commission

Exporter availing scheme of gold / silver / platinum jewellery are allowed to pay agency commission subject to the guidelines laid down by RBI. Value Addition shall be calculated after deducting agency commission.

4.65 Endorsement on Shipping Bill and Invoice

During export of jewellery, shipping bill and invoice presented to customs authorities shall contain description of item, its purity, weight of gold/ silver/ platinum content, wastage claimed thereon, total weight of gold/ silver/ platinum content plus wastage claimed and its equivalent quantity in terms of 0.995/0.999 fineness for gold / silver and in terms of 0.9999 fineness for platinum and its value, FOB value of exports and value addition achieved. If

purity of gold/silver/platinum used is same in respect of all or some of items made out from each of these metals for export, exporter may give total weight of gold/silver/platinum and other details of such similar items which are of same purity. In case of studded items, shipping bill shall also contain description, weight and value of precious / semi-precious stones / diamonds / pearls used in manufacture and weight / value of any other precious metal used for alloying gold/silver.

4.66 Conditions of Exports

Exports shall be allowed by customs authorities provided endorsement made on shipping bill and invoice are correct and value addition achieved is not below minimum prescribed in FTP.

4.67 Proof of Exports

a) Exporter has to furnish the proof of exports, wherever required for export of gold / silver / platinum jewellery and articles thereof, by furnishing following documents:

(i) Self-attested copy of Exporter's copy of the Shipping Bill;

(ii) Tax invoice for export/supplies as prescribed under CGST/SGST/UT GST rules whose particulars are uploaded on LEO copy of Shipping Bill

(iii) Bank certificate/e-BRC of realisation in Appendix 2U/ export realisations from RBI's EDPMS wherever available in DGFT IT system.

b) In case of personal carriage of jewellery by foreign buyer, following documents should be submitted by the exporter/seller as proof of exports for claiming export entitlements:

(i) Copy of shipping bill filed by Indian Seller;
(ii) Copy of Currency Declaration Form filed by Foreign Buyer with Customs at the time of his arrival; and
(iii) Foreign Exchange Encashment Certificate from Bank.

c) In addition to this, Personal Carriage on Documents against Acceptance (DA)/Cash On Delivery (COD) basis is also allowed.

Exporter will have to furnish following documents as proof of exports for claiming export entitlements:

(i) Copy of Shipping Bill filed by Indian Seller; and
(ii) Bank Certificate/e-BRC of Export and Realisation/ export realisations from RBI's EDPMS wherever available in DGFT IT system.

d) Instructions issued by Customs Department in this regard should be followed mutatis mutandis.

4.68 Conversion of Purity/Fineness

For conversion of quantity of gold/ silver/platinum in terms of equivalent quantity in terms of fineness, following formula shall be used:

(i) Where items of gold has been exported in terms of carats, quantity of gold shall be multiplied by number of carat of gold exported, divided by 24 and thereafter again divided by 0.995/0.999/0.900 to arrive at equivalent quantity of gold in terms of fineness of 0.995/0.999/0.900 respectively; and

(ii) Wherever purity of item of export is expressed in terms of fineness, the quantity of gold/silver/platinum shall be multiplied by fineness of gold/silver/platinum exported and thereafter divided by 0.995 / 0.999 / 0.900 to arrive at equivalent quantity of gold/ silver/platinum in terms of 0.995 / 0.999 / 0.900 fineness respectively.

4.69 Release of Gold/Silver/Platinum by Nominated Agencies

Gold / silver / platinum shall be released to exporter of jewellery by nominated agencies/RBI authorised banks in multiples of 10 gms or in Ten Tola Bars in respect of gold. However, silver shall be released to exporters in multiples of 1 Kg only. Any balance of gold/ silver/ platinum shall be available to exporter along with his future entitlement. Gold/ silver shall be released by the nominated agencies in terms of 0.995 fineness or more and platinum in terms of 0.900 fineness or more.

4.70 Terms of payment

Export of gold / silver / platinum jewellery and articles thereof shall be against irrevocable letter of credit, payment of cash on delivery basis, Documents against Acceptance (DA) basis or advance payment in foreign exchange or replenishment of gold/silver/platinum content in exported jewellery / articles.

4.71 Port of Export

Exports under schemes of gold /silver/platinum jewellery and articles thereof shall be allowed by airfreight and Foreign Post Office through the Customs House at Mumbai, Kolkata, Chennai, Delhi, Jaipur, Bengaluru, Kochi, Coimbatore, Ahmedabad, Dabolin Airport, Goa, Hyderabad, and Surat (Surat Hira Bourse). Export by courier shall also be allowed through Custom Houses at Mumbai, Kolkata, Chennai, Kochi, Coimbatore, Delhi, Jaipur, Bengaluru, Ahmedabad and Hyderabad upto FOB value of Rs.20 lakh per consignment.

4.72 Export by Post

Policy for export of gems and jewellery parcel by post is in paragraph 4.47 of FTP. At the time of exports, exporter shall submit following documents:

(i) Shipping bills or Tax invoice for export/supplies as prescribed under CGST/SGST/UT GST rules presented at foreign Post Office;

(ii) Certificate from nominated agencies indicating price at which gold/ silver/platinum was booked or given on outright sale basis or loan basis;

(iii) Three copies of Tax invoices for export/supplies as prescribed under CGST/SGST/UT GST rules.

4.73 Export of Cut & Polished Diamonds for Certification/Grading &Re-import

Following are authorized laboratories for certification / grading of diamonds of 0.25 carat and above:

(1) International Gemological Institute (IG)–Hong Kong;
(2) American Gem Society Laboratories (AGS Laboratories),8917 West Sahara Avenue, Las Vegas, Nevada 89117;
(3) Central Gem Laboratory, Miyagi Building, 5-15-14 Ueno Taito- Ku, Tokyo, Japan;
(4) Diamond Trading Company, Maidenhead, UK;
(5) European Gemological Laboratory(EGL), USA;
(6) Gemological Institute of America (GIA), USA;
(7) Hoge Road Voor Diamond, Antwerp, (HRD);
(8) International Diamond Laboratories DMCC, Dubai;
(9) The Robert Mouawad Campus, International Gemological Institute (IGI)USA;
(10) World Diamond Centre of Diamonds High Council, Antwerp, Belgium;
(11) GIA Hong Kong Laboratory Ltd., HongKong;
(12) Gemological Research(Thailand)Co. Ltd., Bangkok;

(13) GIA Education and Laboratory(Pvt)Ltd., Johannesburg;
(14) GIA Education and Laboratory, Goborone(Botswana);
(15) International Institute of Diamond Grading and Research (Belgium), NV;[ii]
(16) International Gemological Institute(IG)–Antwerp, Belgium;
(17) Gemological Institute of America (GIA), Israel;
(18) Gemological Institute of America (GIA), Japan.

4.74 Import of Diamonds for Certification/Grading & re-export

(a) This facility has been stated in Paragraph 4.41 of FTP. At the time of imports of diamonds, the bill of entry shall have the detailed description, including the dimensions / specifications of the diamonds and at the time of re-export after grading/certification, the Bill of Entry details should be endorsed in the shipping bill, so far as the dimensionsand other specifications/ details of the diamonds are concerned, so as to establish a clear correlation between the imported diamonds andthe diamonds being re- exported. In addition, a separate self-certificate shall be attached by GIA (or any other approved agency) along with the shipping bill at the time of shipment, for matching of the imports to that of the exports as per the documents and GIA (or any other approved agency) certificate.

(b) GIA (or any other agency approved in this regard) shall obtain GRwaiver as per the procedure laid down by RBI, in all such cases.

(c) Re-export of the imported diamonds shall be completed within a maximum time period of 3 months from the date of import(s). At the time of import, the agency shall give an undertaking to the customs to this effect. GIA (or any other agency approved in this regard) shall furnish a quarterly report to the customs authority at the port of import by 25th of the month, succeeding the end of the quarterly period, to ensure that the exports are effected within the stipulated time period.

4.75 Enlistment /Authorisation of Laboratories for Certification/ Grading of Diamonds of 0.25 carat and above

Applications for enlistment of laboratories should be submitted to Gems and Jewellery Promotion Council (GJEPC) for scrutiny of the application for fulfillment of the norms prescribed. GJEPC will forward the application after verification of bona fides with their clear recommendation for in principle approval of DGFT. After in principle approval of DGFT is granted, GJEPC will conduct inspection of the facility to verify the availability of equipments, technical manpower as well as other infrastructure required for the Laboratory,

to function as Authorised Laboratory for certification/ grading of diamonds of 0.25 carat and above. Based on the Inspection Report and recommendations of the GJEPC, the concerned laboratory would be considered for inclusion in paragraph 4.41 or 4.42 of FTP as the case may be.

4.76 Export against Supply by Foreign Buyer

(a) Before clearance of each consignment of import supplied by foreign buyer, Nominated Agency / Status Holder having Nominated Agency Certificate/Eligible Exporter shall execute a bond with Customs, undertaking to export within stipulated period in contract, gold/silver/platinum jewellery or articles equivalent to entire import quantity of gold/silver/platinum, mountings and findings etc. excluding admissible wastage.

(b) In case of direct supply of gold/silver/platinum, alloys, findings and mountings of gold/silver/platinum and plain semi-finished gold/silver/platinum jewellery to status holder/ exporter, Status Holder/exporter shall furnish a Bank Guarantee/LUT, as per Customs Rules and regulations to Customs equivalent to Basic Customs Duty leviable on imported gold/ silver/ platinum, alloys, findings and mountings of gold/ silver/ platinum and plain semi- finished gold/ silver/ platinum jewellery etc. Integrated Goods and Services tax and Compensation Cess leviable under Section 3(7) AND 3(9) of Customs Tariff Act shall be payable separately on imports.

(c) BG /LUT, executed with Customs shall be valid for one year. In case of direct supply to Status Holder/exporter, exports shall be completed within 90 days. In case of non-fulfillment of EO / non- achievement of stipulated value addition, Customs Authority shall proceed to recover custom duty along-with interest as notified by DoR which may include enforcement of BG/LUT. Besides, importer will be liable to penal action under Customs Act.

4.77 Export Procedure/Payment of Customs Duty

(a) Nominated Agency / exporter shall be liable to pay customs duty leviable on that quantity for which export obligation is not discharged within due date.

(b) Goods shall be cleared through Customs by Nominated Agency / exporter. Even where export order is received by an Associate, goods shall be cleared through Customs by nominated agency only and not by Associate. Associate shall, in such cases, authorise Nominated Agency to act as its agent to file Bill of Entry and Shipping Bill.

(c) At the time of export, shipping bill presented to Customs shall also contain the following:

(i) Name and address of associate /exporter;

(ii) An endorsement by Nominated Agency that export is made against an order received by concerned associate, its date of registration with nominated agency. In case of exports by exporter, a self-declaration shall be provided to this effect;

(iii) Name of Customs House through which gold/ silver/ platinum/plain semi-finished gold/ silver/ platinum jewellery was imported and corresponding Bill of Entry No. and date and date of import.

(d) Each shipping bill shall be valid for exports only through Customs House located at the place where office of Nominated Agency / exporter concerned is situated. It shall be valid for shipment for a period of seven days including the date on which endorsement was made by nominated agency in case of exports through nominated agency. If exports cannot be made within this period, exporter shall file a fresh shipping bill.

(e) At the time of export, exporter shall submit following documents:

(i) Shipping bill with two extra copies where exports are made from a Customs House other than Customs House through which corresponding import of gold/ silver/ platinum/plain semi-finished gold/silver/ platinum jewellery was effected. In other cases, shipping bill with an extra copy;

(ii) Three copies of tax invoices for export/ supplies as prescribed under CGST/SGST/UT GST rules;

(iii) Certificate from nominated agency indicating quantity and value of items supplied by foreign buyer.

(f) Customs authorities shall return two copies of shipping bill and connected invoice duly attested. One copy shall be sent to person who presented documents and the other copy shall be sent by Customs to office of nominated agency /exporter.

(g) In case of exports through nominated agency, exporter shall submit proof of exports to nominated agency within 15 days of exports, who shall, after verifying documents, release admissible quantity of the gold/ silver/ platinum etc. to exporter.

(h) Exporter may also obtain, in advance, gold/ silver/ platinum etc. supplied by foreign buyer by furnishing a BG /LUT for an amount equal to international price of such items plus customs duty payable thereon. Integrated Goods and Services tax and Compensation Cess leviable under Section 3(7) AND 3(9) of Customs Tariff Act shall be payable separately on imports. BG /LUT shall be redeemed only when the exporter has furnished proof of exports to nominated agency and accounted for the use of items supplied in advance in export product.

(i) For redemption of bond/ BG /LUT executed with Customs, Nominated Agency /exporter shall furnish a statement indicating items, itsquantity and value supplied by foreign buyer, corresponding Bill of Entry number and date, number of each of shipping bills against which corresponding exports was made.

4.78 Maintenance of Accounts

Nominated Agency shall maintain complete account, consignment-wise, of the gold, silver, platinum, mountings, findings/ plain semi-finished gold/silver/ platinum jewellery etc. imported for execution of each export order, exports effected and quantity of gold, silver, platinum mountings, findings etc. released against such exports. Such accounts shall be maintained for a minimum period of three years from date of exports.

4.79 Export through Exhibitions/Export Promotion Tours/ Export of Branded Jewellery

(a) Nominated Agencies shall produce to Customs Authorities letter in original or its certified copy, containing Government's approval for holding exhibition/export of branded jewellery. Any other person shall produce to the Asst. Commissioner, customs letter in original or its certified copy containing GJEPC's approval for holding exhibitions/ export promotion tour/export of branded jewellery.

(b) In case of re-import, such items, on arrival, shall be verified along with export documents before clearance.

(c) Exports under this scheme shall be subject to following conditions for following modes of export:

(i) Export of Gems and Jewellery for holding/participating in overseas exhibition.

(a) Items not sold abroad shall be re- imported within 60 days of

close of exhibition. However, in case exporter is participating in more than one exhibition within 45 days of close of first exhibition, then 60 days shall be counted from date of close of last exhibition. In case of exhibition in USA, the time period shall be 90 days instead of 60 days mentioned above. In case of personal carriage of gems and jewellery for holding /participating in overseas exhibitions, value of such gems and jewellery shall not exceed US $ 5 million. Gold/ silver/ platinum content on items sold in such exhibitions may be imported as replenishment.

(b) Exporter shall take replenishment from nominated agency within 120 days from the close of the exhibition gold /silver / platinum for replenishment content against items sold abroad in exhibition.

(d) Personal Carriage of gems & jewellery or export through airfreight/post parcel route for Export Promotion Tours/photo shoots/fashion shows overseas. Personal carriage/export throughairfreight/post parcel route of gold/silver/ platinum jewellery, cut and polished diamonds, precious, semi-precious stones, beads and articles as samples upto US $ 1 Million for export promotion tours/photo shoots/fashion shows and temporary display/ sale abroad is also permitted with approval of Gem & Jewellery EPC subject to the condition that promoter would bring back jewellery / goods or repatriate sale proceeds within 45 days from date of departure throughnormal banking channel. In case of personal carriage for export promotion tours, exporter shall declare personal carriage of such samples to Customs while leaving country and obtain necessary endorsement on Export Certificate issued by Jewellery Appraiser of Customs. In such cases exporter shall book with nominated agency, within 120 days after export promotion tour or expiry of stipulated period of 45 days, whichever is earlier, gold/silver/ platinum for replenishment content against items sold abroad.

(e) Export of branded jewellery.

(i) Export of branded jewellery is also permitted with approval of Gem & Jewellery EPC for display/sale in permitted shops setup abroad or in showroom of their distributors/ agents. Items not sold abroad within 365 days shall be re-imported. Exporter shall book with nominated agency within 120 days after the end of stipulated period of 365 days, gold/silver/platinum for replenishment content against items sold abroad.

(ii) Following documents shall be submitted for claiming such replenishment:

(a) LEO copy of Shipping Bill with Tax invoice for export supplies;
(b) Copy of the approval letter issued by Government/GJEPC;
(c) Certificate from Nominated Agency / GJEPC as in Appendix4-O. In case of exhibitions organised by nominated agencies, gold/silver/ platinum shall be imported as replenishment by nominated agencies within 60 days from close of exhibition.

(f) Nominated Agencies shall maintain a complete account of exports made, goods sold abroad, goods re-imported, and metals purchased abroad and imported into India. Such account shall be maintained for a minimum period of three years from date of close of exhibition.

4.80 Export against supply by Nominated Agencies

Exporter may obtain gold/silver/ platinum on following basis:
(i) Replenishment basis after completion of exports;
(ii) Outright purchase basis in advance;
(iii) Loan basis.

4.81 Replenishment Basis

(a) Exporter may apply to Nominated Agency for booking of precious metal gold/silver/platinum. Quantity of precious metal booked with nominated agency shall be equivalent to precious metal content in the export product and admissible wastage.

(b) Applicant shall at the time of booking deposit an earnest money for a minimum amount of 20% of notional price of precious metal, which shall be adjusted at actual sale. Exports shall be effected within a period of 120 days from date of booking and drawal of precious metal shall be completed within a period of 150 days from date of booking or within 30 days from date of export whichever is later.

(c) Exporter may also export jewellery on a notional rate based on certificate provided by Bank. Exporter must fix price within credit terms allowed to buyer and realise proceeds within the due date of the credit terms or 180 days, whichever is earlier. Exporter exporting on a notional basis under Replenishment Scheme must book the same quantity of gold with Nominated Agency on same rate that he may have booked with buyer. Nominated agencies shall purchase precious metal on behalf of exporter at the rate so fixed and thereafter issue a purchase certificate bearing a serial number to exporter indicating quantity of gold/silver/platinum and CIF value, in dollars including the Rupee equivalent. Price shall be actual price at which gold/silver/platinum is purchased by nominated agencies plus permitted service charges levied

by nominated agencies shall be included with the price of gold/ silver/ platinum for value addition. Duplicate and triplicate copies of exporter's application together with copies of purchase certificate for exporter shall be sent by nominated agencies to concerned Custom House as well as to the negotiating bank who will confirm realization at which gold has been purchased. Exporter exporting under notional rate will get replenishment only after proceeds are realised.

4.82 Outright Purchase Basis in Advance

(a) Exporter may obtain required quantity of precious metal in advance on outright purchase basis subject to furnishing of BG/LUT to nominated agencies for an amount as may be prescribed by nominated agency. On failure to effect exports within period prescribed, the nominated agencies shall enforce BG / LUT, as the case may be.

(b) Exports shall be effected within a maximum period of 90 days from date of outright purchase of precious metal.

4.83 Loan Basis

(a) Exporter may obtain required quantity of precious metal on loan basis subject to furnishing of BG / LUT, for customs duty to nominated agencies for an amount as may be prescribed by nominated agencies. Integrated Goods and Services tax and Compensation Cess leviable under Section 3(7) AND 3(9) of Customs Tariff Act shall be payable separately on imports. On failure to effect exports within the period prescribed, the nominated agencies shall enforce the BG /LUT.

(b) Exporter has to pay interest as notified by DoR on gold taken on loan basis at the rate as may be specified.

(c) Export has to be completed within a maximum period of 90 days from date of release of gold on loan basis. No extension for fulfilment of EO shall be allowed.

(d) (i) Exporter shall be permitted to export jewellery on the basis of a notional rate certificate to be issued by nominated agency/ GJEPC. This rate will be based on prevailing Gold /US$ rate and the US$/INR rate in notional rate certificate. Certificate issued by nominated agency/GJEPC should not be older than 7 working days of date of shipment.

(ii) VA will have to be achieved on rate as may be got fixed with buyer and Nominated Agency.

(iii) Exporter shall have flexibility to fix the price and repay Gold Loan within 180 days from date of export. This price shall be communicated to nominated agencies who will issue a certificate showing final confirmation of the rate to the bank negotiating documents, to ensure export proceeds are realized at this rate.

(e) Nominated agencies may accept payment in dollars towards cost of import of precious metal from EEFC account of exporter.

4.84 Exports against Advance Authorisation

(a) Procedure applicable to Advance Authorisations under Chapter 4 of Handbook of Procedures shall generally apply to this scheme except norms for value addition, Export Obligation period and regularization of default. Value addition for Gems and Jewellery items shall be as per paragraph 4.60 of this Handbook of Procedures.

(b) Export Obligation will be required to be fulfilled within 120 days from date of import of each consignment against Authorisation. However, Export Obligation period shall be 180 days from date of import of findings, mountings made of gold, platinum and silver and export of jewellery. No further extension in Export Obligation period will be allowed. Advance Authorisation holder may also import gold as replenishment after completion of exports.

(c) Advance Authorisation holder may obtain gold /silver / platinum from nominated agencies in lieu of direct imports. In such a case, Export Obligation will be required to be fulfilled within 90 days from date of supply of Gold/Silver/Platinum by nominated agency and the nominated agency shall also make, both exchange control copy and customs purpose copy of Authorisation invalid for direct imports.

4.84 A

For those cases, where the last date for exports/ replenishment/ imports/ drawal of precious metal as calculated under various sub-paras of para 4.82, 4.83, 4.84 and Para 4.85, expires between 01.02.2020 and 31.07.2020, such last date stands extended by six months. However, relaxation in the period for repatriation/forex realization would be equal to the period as allowed plus six months, or as per RBI guidelines, whichever is less.

4.84 B

For those cases, where the last date for exports/ replenishment/ imports/ drawal of precious metal as calculated under various sub-paras of para 4.82, 4.83, 4.84 of Handbook of Procedures, 2015-20 expires between 01.02.2021 and 30.06.2021, such last date stands extended by six months. However, relaxation in the period for repatriation/forex realization would be equal to the period as allowed plus six months, or as per RBI guidelines, whichever is less.

4.85 Regularistion of Bonafide Default

Cases of bonafide default in fulfillment of Export Obligation by an exporter who has obtained precious metals from nominated agencies may be regularised provided exporter has paid customs duty along-with interest thereon as notified by DoR. Exporter will have the option to pay customs duty through valid duty credit scrips issued under FTP. The interest / penalty shall be required to be paid in cash. In case of Advance Authorisation, the provisions as given in paragraph 4.49 above shall apply. This shall be without prejudice to any action that may be taken against exporter under FT(D&R) Act, Order or Rules issued hereunder as amended from time to time.

4.86 Replenishment Authorisation for Import of Consumables etc.

Application for import of consumables etc., as given in paragraph 4.35 of FTP shall be filed online to the concerned Regional Authority in ANF 4H.

4.87 Personal Carriage of Gems & Jewellery Export Parcels

(a) Personal Carriage of gems & jewellery parcels by Foreign Bound Passengers from all EOU/SEZ units and all firms in DTA through Airports in Delhi, Mumbai, Kolkata, Chennai, Kochi, Coimbatore, Bangalore, Hyderabad, and Jaipur is permitted. Procedure for Personal Carriage of exports shall be as prescribed by Customs. Export proceeds shall, however, be realised through normal banking channel.

(b) For claiming Replenishment in case of Personal Carriage of Exports by Foreign Bound passenger, documents shall be same as mentioned under paragraph 4.81(c) of HBP. Authorised Courier Companies are also permitted to operate on the above lines.

4.88 Personal Carriage of Gems & Jewellery Import Parcels

Personal carriage of gems & jewellery import parcels by an Indian importer/Foreign National may be permitted into all EOUs/SEZ units and all

firms in DTA through airports in Delhi, Mumbai, Kolkata, Chennai, Bangalore, Hyderabad, and Jaipur. Procedure will be same as for import of goods by air-freight except that parcels shall be brought to Customs by Importer / Foreign National for examination and release. Clearance of imports under this scheme shall be as per normal customs clearance procedure.

4.89 Duty free import of samples

Duty free import of gems and jewellery samples upto Rs 3 lakh or 0.25% of the average of last three years export turnover of gems and jewellery items, whichever is lower, shall be allowed in a financial year as per Customs notification.

4.90 Re-import of rejected jewellery

An exporter of plain/ studded precious metal jewellery shall be allowed to re-import duty free jewellery rejected and returned by buyer up to 2% of FOB value of exports in preceding licencing year (based on CA certified copy of export of preceding year) with refund of any duty exemption/refund/replenishment benefit availed on inputs used as per customs rules and regulations.

4.91 Diamond & Jewellery Dollar Accounts

Policy for Diamond and Jewellery Dollar Accounts is given in paragraph 4.50 of FTP. Its operation will be governed by procedure specified by the RBI.

4.92 Export and import of Diamond, Gemstone & Jewellery on consignment basis

(a) Policy for export and import of diamond, gemstone and jewellery on consignment basis is given in paragraph 4.53 of FTP.

(b) Detailed procedure in this regard shall be governed as per the relevant Customs Rules & Regulations. Re-import of these items (either in complete or partial lot) exported on consignment basis shall be subject to condition that exporter follows prescribed provisions of relevant customs notification to establish that goods are the same which were exported.

4.93 Guidelines/ Monitoring for import of precious metal by the Nominated Agencies

The guidelines on import of precious metal by the nominated agencies and monitoring are as under:

(a) Following guidelines for monitoring the import of precious metal and its distribution and / or own use by the Nominated Agencies will be followed, (other than the Banks nominated by RBI for this purpose):

(i) Every Nominated Agency is required to maintain records of imports of precious metal (both quantity and value) and its distribution for the purpose of exports of value added product as well as for the purpose of domestic consumption as per the format given in Appendix 4-M of Hand Book of Procedures. Nominated Agencies will also have to follow the guidelines/ rules/procedures /directions as prescribed by RBI and DGFT. Failure to comply will render Nominated Agency Certificate liable to be cancelled in addition to action under FT (DR) Act 1992, as amended, after affording opportunity of personal hearing.

(ii) Monitoring by Gems & Jewellery Export Promotion Council:

Monitoring in respect of Nominated Agencies Handicraft and Handlooms Exports Corporation Ltd, MSTC Ltd, Diamond India Limited will be by Gems & Jewellery Export Promotion Council (G&J EPC). Nominated Agencies shall file half yearly return as per format given in Appendix 4-M of Handbook of Procedures, to the Gems & Jewellery Export Promotion Council (GJEPC), Mumbai within 15 days of every completed half year. In turn, G&J EPC shall compile the half yearly return and the figures submitted by the Nominated Agency and check the performance of the Nominated Agency. Thereafter, GJEPC shall forward the compiled half yearly returns along with its observation on performance of Nominated Agency to DGFT headquarters within one month of every completed half year. In case of delay in filing or non-submission of half yearly return within 15 days of every completed half year, GJEPC shall seek comments of defaulting Nominated Agencies. GJEPC will also forward the particulars of defaulting Nominated Agency to DGFT headquarters for taking appropriate action against defaulting Nominated Agency.

(i) Para 4.12 amended vide Public Notice No. 09/2023 dated 25.04.2023.

(ii) Para 4.73(15) amended vide Public Notice No. 24/2023 dated 04.08.2023.

(iii) Para 4.10(i) amended vide Public Notice No. 34/2023 dated 13.10.2023.

(iv) Para 4.36(vi) amended vide Public Notice No. 40/2023 dated 12.02.2024.

(v) Para 4.06(vii) added vide Public Notice No. 51/2023 dated 14.03.2024.

(vi) Para 4.14(iii) added vide Public Notice No. 51/2023 dated 14.03.2024.

(vii) Para 4.59 amended vide Public Notice No. 05/2024 dated 27.05.2024.

(viii) Para 4.49 (b) amended vide Public Notice No. 14/2024 dated 16.07.2024.

(ix) Para 4.49 (g) amended vide Public Notice No. 18/2024 dated 22.08.2024.