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GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY

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In exercise of powers conferred under paragraph 2.4 of the Export and Import Policy, 2002-07, the Director General of Foreign Trade hereby makes the following amendment in the Handbook of Procedures (Vol.1):

1) The first sentence of Paragraph 2.12.3 is corrected as under:

" The provisions of paragraph 2.12.2 above shall not be applicable to DEPB"

2) The following addition is made at the end of para 2.15.3:

However in the case of loss of DEPB not involving either the Customs or the Licencing Authorities, the duplicate DEPB issued would have a validity equivalent to the balance period of validity of the original DEPB on the date of application for the duplicate DEPB.

3) The second sub para of Paragraph 2.20 is corrected as under:

"The Status Holders/ PSU's and Manufacturer exporter registered with excise authority with export of Rs.1 crore and above in preceding year and who has not been penalised under the Customs Act, Excise Act, Foreign Trade (Development and Regulation) Act, 1992 and FERA shall be required to furnish Legal Undertaking in the form given in Appendix-21A. Other Manufacturer exporters shall be required to furnish bond supported by Bank Guarantee to the extent of 25% of Excise duty saved and merchant exporters (other than Status Holders/PSU's) shall be required to furnish bond supported by Bank Guarantee to the extent of 100% of excise duty saved on the items which they intend to procure indigenously in lieu of direct imports. However in cases of nil excise duty on the items of indigenous procurement, the Bank Guarantee furnished would be for 25% of the basic customs duty on the said product.

4. The first sentence of paragraph 2.30 may be corrected to read as under:-

Import of second hand capital goods, which are not more than 10 years old, shall be allowed freely to an actual user.

5) The heading of para 2.37 is corrected as "EXIM Facilitation Committee"

6) The following shall be added as paragraph 2.57

| | | |
|---|---|---|
| Relocation of Industries | 2.57 | Plant and machineries would be permitted for import without a licence provided the depreciated value of such relocation plant exceeds Rs.50 crore. |

7) The word “renewal” is deleted from the heading and contents of paragraph 3.2.

8) The following shall be added at the end of paragraph 4.6:

“However, the Status Holders/ PSU’s and Manufacturer exporter registered with excise authority with export of Rs.1 crore and above in preceding year and who has not been penalised under the Customs Act, Excise Act, Foreign Trade (Development and Regulation) Act, 1992 and FEMA/ FERA shall not be treated as newcomers. Manufacturer exporters shall furnish a CA certificate certifying preceding years exports and certificate of registration with Central excise authorities. They shall also give a declaration that they have not been penalised under any of the Acts mentioned in this paragraph.”

9) Paragraph 4.15.6 is corrected as under:

Where the import of gold/ silver is permitted as an input under this scheme, such gold/silver can be sourced through the nominated agencies as given in Chapter 4 of the Policy for supply against the Advance Licences issued in this behalf. Before supply of this material, the nominated agencies should follow the same procedure as given in 4.15.1 above.”
(In this correction, para 4.13 has been substituted by 4.15.1)

10) The first sentence of paragraph 4.25(i) pertaining to physical exports is corrected as under:

(i) Bank Certificate of Exports and Realisation in the form given in Appendix 22 or Foreign Inward Remittance Certificate (FIRC) in the case of direct negotiation of documents.
(This correction gives the flexibility to submit FIRC in the case of direct negotiation of documents)

11) The following sub paras are added after para 4.25 (ii) pertaining to deemed exports:

(iii) A statement of supplies giving details of supply invoices and indicating the invoice number, date, FOR value as per invoices and description of product.

(iv) A statement of imports indicating bill of entry wise item of imports, quantity of imports and its CIF value.

12) Paragraph 4.30 is corrected as under:

Every licence holder shall maintain a true and proper account of licence –wise consumption and utilization of imported goods under Appendix 18. Such records should be preserved for a period of atleast three years from the date of redemption.

13) Paragraph 4.53(b) is corrected as under:

An application free equivalent to 10% of the DEPB entitlement or 3% of the DFRC entitlement, as the case may be, in respect of lost Bank Realisation Certificate.

(This para reduces the application fee from 3.5% to 3% of the DFRC entitlement for loss in BRC’s in case of DFRC applications)

14) The last sentence of paragraph 4.75.2 is corrected as under:

“The exporter exporting under the notional rate will get the Replenishment only after the proceeds are realized.”

15) Paragraph 4.80 may be corrected to read as under:-

“A Replenishment licence for duty free import of consumables, equal to 1% of FOB value of exports of the preceeding year may be issued on production of Chartered Accountant’s Certificate indicating the export performance. This licence shall be non transferable and subject to actual user condition. This replenishment licence shall be valid for duty free import of consumables as notified by customs. Application for import of consumables as given above may be made to the concerned Regional Licensing Authority in the form given in Appendix 13.

16) Paragraph 5.7.6 is corrected as under

In case of export of handicraft, handlooms, cottage, tiny sector, computer software, agriculture, aquaculture, animal husbandry, floriculture, horticulture, pisciculture, viticulture, poultry, sericulture and services, the export obligation shall be determined in accordance with paragraph 5.1 of the Policy, but the licence holder shall not be required to maintain the average level of exports as specified in paragraph 5.5 (ii) of the Policy. However, the goods imported under EPCG scheme by such sectors shall not be allowed to be transferred for a period of five years from the date of imports even in cases where export obligation has been fulfilled.

(In this correction para 5.4.3 has been substituted by 5.5 (ii))

17) A new sub para is added at the end of para 5.13 (a) as under:

“However in case of exports made under irrevocable letter of credit and the non realization of export proceeds, a copy of the irrevocable letter of credit may be submitted.”

(This correction is in conformity with the provision of non insistence of realization of export proceeds provided the L/C is irrevocable)

18) The first line of paragraph 5.13(b)(i) is corrected as under:

Copy of ARO/ Back to Back Inland Letter of Credit or Advance Licence for Intermediate Supplies.

19) Paragraph 8.2 is corrected as under:

“In respect of supplies made against Advance Licence in terms of paragraph 8.2(a) of the Policy, the supplier shall be entitled to an Advance Licence for Intermediate Supplies.”

(This para excludes supplies made against DFRC from the aforesaid benefits)

20) Paragraph 9.11 pertaining to the “Date of Shipment / Dispatch in respect of Imports” is renumbered as 9.11A.

21) A) The words and expression “paragraph 2.55” and “paragraph 2.55.2” appearing in the note to Appendix 4 and Appendix 4A respectively are corrected as “paragraph 3.12.2”.

B) The heading of Appendix 6A is corrected as “PROCEDURE FOR DEPOSIT OF APPLICATION FEE”

C) The following added at S.No 5 to the list of “Documents to be enclosed with the application form:” under Appendix 9 pertaining to the “Application Form for Grant of Licences for Capital Goods including Computer, Computer Sub-Systems and Service Equipment under the EPCG Scheme”

5. Registration certificate with the Service Tax Authorities. However this is applicable only for service providers.

D) The second row of column (4) in the table pertaining to “Details of physical / deemed exports” at S.No h (iii) of Appendix 9 A regarding “Statement of Export/ Redemption Form under EPCG Scheme” is corrected as under:

“Exports/ supplies made/ capable of being made out of imported capital goods to discharge E.O. imposed on the Licence and export proceeds realized”

(This correction is in conformity with the provision of export obligation being fulfilled under EPCG by export of goods capable of being manufactured by the imported capital goods)

E) The documents to be enclosed with the application form under Appendix-9A pertaining to the “Statement of Export/Redemption Form under EPCG Scheme” is corrected as under:

Copy of Bill of Entry/ licence showing the date of clearance of the first consignment.

F) A new S.No 17 is inserted in Appendix 10 B pertaining to the “Application form for grant of Advance Licence under the Duty Exemption Scheme” as under:

17. Export Performance during the preceding three years:

| S.No | Year | FOB value of exports (in Rs crores) |
|---|---|---|
| 1 | | |
| 2 | | |
| 3 | | |

G) The following corrections are made in Appendix 10 C pertaining to the “Application form for DEPB on post export basis”.

The FOB value of exports at S.No 2 and Columns (10) & (11) of the Table at S.No 7 of Appendix would be inclusive of commission.

(This is to clarify that the DEPB rate would be computed on the FOB value including commission)

H) The table at S.No 11.on “Details of items sought to be imported duty free as replenishment” of Appendix 10 D pertaining to “Application Form for Grant of Duty Free Replenishment Certificate” is corrected as under:

| S. No | Import Item | Technical Characteristics | Total Quantity | Unit of Measurement (U/M) |
|---|---|---|---|---|

| | | | (for sensitive items as per para 4.31 of Handbook) | | | |
|---|---|---|---|---|---|---|
| | Description | ITS(HS) Code | | | Name | Code |
| | | | | | | |

I) Para (h) of Appendix 12 pertaining to the "Format of Project Authority Certificate" may be corrected to read as under:-

That supply of goods required in connection with petroleum operations undertaken under petroleum exploration licences or mining leases under International Competitive Bidding is made in accordance with the provisions of paragraph 8.6.5 of the Handbook (Vol.1) and the import content of the order is Rs. (Figures and words ...........................).

J) Paragraph (vii) of Appendix-12A pertaining to "Form of Certificate of Payments issued by the Project Authority" may be corrected to read as under:-

Supply of goods to petroleum operations under specified contracts including those under new exploration licensing Policy under the procedure of International Competitive Bidding in which the Ministry of Finance extends the benefits of deemed exports to domestic supplies.

K) Paragraph 2(vii) of Form 1-B under Appendix-12A pertaining to "Form of Certificate of Payments issued by the Project Authority" may be corrected to read as under:-

Supply of goods to petroleum operations under the procedure of International Competitive Bidding including those under new exploration licensing Policy.

L) The declaration at S.No 1. and 2. of Appendix 17 pertaining to the "Application for grant of Export House/ Trading House/ Star Trading House/ Super Star Trading House" is corrected as under:

1. I/ We hereby declare that this application is based on the export performance of the preceding three licencing years basis.

2. I/ We hereby declare that the FOB/ FOR value of exports of products shown above are our direct exports/ supplies and also the direct exports/ supplies of our subsidiary company which are true and correct and are in accordance with the accounts maintained by me/ us.

M) S.No (i) and (vii) of the Certificate of Chartered Accountant/Cost and Works Accountant/ Company Secretary under Appendix 17 pertaining to the “Application for grant of Export House/ Trading House/ Star Trading House/Super Star Trading House” is corrected as under:

M/s ………………………………and their subsidiary company namely M/s……….…… (full name and address of the applicant) have made the exports for each of the three preceding licencing years as specified in the statement of exports at Sl. No .

N) The provisions pertaining to the surrender of Special Import Licence in cases of default at S.No (x) of Appendix 21 A pertaining to the “Form of Legal Agreement/ Undertaking” stands deleted.

(This correction is on account of the discontinuation of Special Import Licence.)

O) S.No 2. (10) on “Applications for grant of split up licences” under Appendix-29 pertaining to the “Procedure for Deposit/ Refund of Import Application Fee and Other Fee” stands deleted.

(This correction is on account of no provision for the facility of split up licences)

This issues in public interest.

(N.L.Lakhanpal)
Director General of Foreign Trade

(A.B.Menon)
Dy.Director General of Foreign Trade

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