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GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE

PUBLIC NOTICE NO. 41 (RE-2003)/2002-2007 NEW DELHI:

Dated :28th January , 2004

In exercise of powers conferred under Paragraph 2.4 of the Export and Import Policy 2002-2007, the Director General of Foreign Trade hereby makes the following amendments in Handbook of Procedures (Vol. I):

1. Paragraph 4.5 pertaining to “Advance licence for free of cost and paid material” is amended as under:

In terms of paragraph 4.1.6 of the EXIM Policy, an exporter may apply for an Advance Licence for import of items mentioned in paragraph 4.1.1 of the Policy some or all of which may also include items that are supplied free of cost.

In such cases, a specific endorsement shall be made on the exchange control copy of the Advance Licence disallowing remittances for the material being supplied free of cost. In case all the inputs are supplied free of cost , no exchange control copy of the advance licence would be issued. All inputs imported shall be utilised in the manufacturing of the product except the wastage.

The value addition in the case of such advance licences would be computed by adding the notional value of the free of cost material to both the CIF value of imports and FOB value of exports.

2. The last sub paragraph of Paragraph 4.7.1 pertaining to “Entitlement” is amended as under:

However, in cases where ALC has already ratified the norms for the same export import product in respect of a licence obtained under paragraph 4.7, such norms shall be valid for a period of six months reckoned from the date of ratification. The licence holder in such cases shall be entitled for further licence(s) as per the norms ratified by ALC without the need for subsequent ratification by ALC. In such cases the applicant would file the application under Adhoc Norms Fixed category. Licences shall be issued by the Licencing Authority concerned under “ Adhoc Norms Fixed” category and in such cases the application copies need not be forwarded to the ALC for fixation/ratification of norms. The total value of licence(s) obtained on such norms shall not exceed 100% of the FOB and/or FOR value of preceding year export/supply.

3. Paragraphs 4.9(b) and (c) pertaining to the “Standardisation of Adhoc Norms” are amended as under:

(b) In cases where SION specifically allows fuel, the same shall be permitted

- under advance licence. Alternatively, fuel may be allowed as per general fuel Policy for products covered under SION or under paragraph 4.7.
- (c) Fuel should be allowed only against an actual user condition

4. Paragraph 4.12 pertaining to the “Exports in anticipation of licence” is amended as follows:

Exports/supplies made from the date of issuance of file number against an application for an Advance Licence by the licensing authority, may be accepted towards discharge of export obligation. If the application is approved, the license shall be issued based on the input/output norms in force on the date of receipt of the application by the licensing authority in proportion to the provisional exports/supplies already made till any amendment in the norms is notified. For the remaining exports, the Policy/Procedures in force on the date of issue of the licence shall be applicable. 0

5. Paragraph 4.13 pertaining to “Advance Licence or DFRC for Intermediate Supplies” is amended as under:-

The application for grant of Advance License or DFRC for Intermediate supply may be made on the basis of a tie-up agreement with the exporter holding an Advance license for physical exports/deemed exports or DFRC. The licensing authority concerned shall consider such requests. The Advance License or DFRC for Intermediate supply shall be issued after making the licence invalid for direct import of items to be supplied by the intermediate manufacturer. In such cases, a copy of the invalidation letter will be given to the licence holder and copy thereof will be given to the licence holder and copy thereof will be sent to the intermediate supplier as well as the licensing authority of the intermediate supplier. The licensee in such case has an option either to supply the intermediate product to holder of advance Licence for physical exports/deemed exports or to export directly. The facility of advance licence for intermediate supply shall be available even in cases where the intermediate supplier has supplied or intend to supply the material subsequent to fulfillment of export obligation by the ultimate exporter holding the Advance Licence.

6. Paragraph 4.20.3 and 4.20.4 pertaining to the “Facility of Clubbing” is amended as follows :-

4.20.3: The facility is available only for Advance Licence(s) where there is shortfall in fulfillment of export obligation, and which is sought to be clubbed with an advance licence(s) which is valid for imports. For expired licence(s) with EO shortfall and which is sought to be clubbed with an advance licence(s) which is valid for imports, the applicant shall pay the composition fee for E.O.P. extension as per the provision of paragraph 4.22.

4.20.4: In such cases, the exports effected 36 months after the issuance of the earliest licence shall not be considered for clubbing.

7. Paragraph 4.22.1 pertaining to “export obligation period and its extension” is amended as under :-

4.22.1: The request for extension in export obligation period may be made in the form given in Appendix-10G. The regional licensing authority shall grant one extension for a period of six months from the date of expiry of the original export obligation period to the licensee subject to payment of 2% of the duty saved on all the unutilized imported items as per licence;

Request for a further extension of six months may be considered by the regional licensing authorities subject to payment of composition fee of 5% of the duty saved on all the unutilized imported items as per licence;

However any further extensions beyond 30 months upto a maximum period of 36 months from the date of issue of the Advance Licence or the duration of the contracted project (in the case of Advance Licence for Deemed Exports) or on the lapse of any other extension (s) granted by this office would be permitted on payment of the composition fee of 2% per month of the duty saved on unutilized quantity of all imported items as per licence;

However such extensions would not be permitted in the case of the erstwhile Value Based Advance Licences (VABALs). Additionally, no extension in export obligation would be allowed in respect of licences where misrepresentation/ fraud has come to the notice of the licencing authorities. Further, in respect of licences where adjudication orders have already been passed, no extension in export obligation period shall be admissible.

Paragraph 4.24A (e) pertaining to “the Advance Licence for Annual Requirement” is amended as under:

The licence shall be valid for 12 months for imports and 18 months for exports from the date of its issuance. Each licence will have One port of registration for imports. Exports can take place from any port mentioned in paragraph 4.19. The regional licensing authority may consider a request of the license holder and grant one revalidation for a period of six months from the date of expiry of the original licence. No further revalidation may be considered by the regional licensing authorities. The regional licensing authority may also grant extension in export obligation period in terms of paragraph 4.22 and 4.22.1 of the Handbook of Procedure subject to the payment of composition fee as prescribed therein. Such export obligation period extension should not exceed 12 months from the date of expiry of original export obligation period of the licence. The request(s) for revalidation of licence and/or extension of the export obligation period shall be made in the form given in appendix-10G.

9. A new paragraph 4.24B pertaining to “ Advance Licence for Annual Requirements for Intermediate Supplies” is added as under:

4.24 B : The provisions contained in paragraph 4.24A shall also be applicable to “Advance Licence for Annual Requirement for intermediate supplies” so far as they are not inconsistent with the following. The facility of ‘Advance Licence for annual Requirement for intermediate supplies’ is available for the cases where the intermediate supplier intends to supply the material against invalidation letters issue to the holders of Advance license for physical exports/deemed exports. In such cases, a copy of the invalidation which makes the licence invalid for direct import of items to be supplied by the intermediate manufacturer will be given to the licence holder and copy thereof will be sent to the intermediate supplier as well as the licensing authority of the intermediate supplier. Further the invalidation letters should also contain the licence number and date of ‘Advance Licence for annual Requirement for intermediate supplies’ to enable proper accounting of the invalidation letters. These would be submitted to the Licencing authority concerned by the intermediate supplier for the purpose of closure of licence.

10. The last sub paragraph of paragraph 4.31 pertaining to “DFRC” is amended as under:

Alloy Steel including Stainless Steel, Copper Alloy, Synthetic Rubber, Bearings, Brass Scrap, Additives, Paper/ Paper Board, Dyestuffs, Solvent, Perfumes/ Essential Oil/ Aromatic Chemicals, Surfactants, Relevant Fabrics, Marble.

11. Paragraph. 4.34 and 4.34.1 pertaining to “Time Period” is amended as under:

4.34: The application for DFRC shall be filed within six months from the date of realisation in respect of all shipments or supplies for which DFRC is being claimed.

4.34.1: In case of exports against irrevocable Letter of Credit, the DFRC shall be filed within six months from the date of all exports or supplies in respect of which DFRC is being claimed.

12. Paragraph 4.47 and 4.47.1 pertaining to “Time Period” is amended as under:

4.47: The application for obtaining credit shall be filed within a period of six months from the date of exports or within three months from the date of realisation, whichever is later, in respect of shipments for which the claim have been filed.

4.47.1: Wherever provisional shipment has been allowed by the customs authorities, DEPB against such exports shall be issued only after the release of the shipping bill by the Customs. In such cases, application for DEPB shall be filed within six months from the date of release of such shipping bill or six months from the date of realisation, whichever is later.

This issues in Public Interest.

(L. MANSINGH)
DIRECTOR GENERAL OF FOREIGN TRADE

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