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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) At the end of para 2.2 pertaining to “Countries of Imports/ Exports” the following sub para is added as under:

“The above provisions shall, however, be subject to all conditionality, or requirement of licence, or permission, as may be required under ITC (HS) Schedule II.”

2) Para 4.15 pertaining to “Back to Back Inland Letter of Credit” is amended as under:

“The exporter may alternatively avail the facility of a back to back inland letter of credit from the banks. An Advance Licence holder and a DFRC holder , may approach a bank for opening an inland letter of credit (LC) in favour of an indigenous supplier.”

(The amended para clarifies that a DFRC holder is eligible for getting a back to back inland letter of credit)

3) Para 4.22.1 is amended as under:

“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 composition fee of 1% of

- a) the unfulfilled FOB value of export obligation with reference to CIF value of imports made for which extension is being sought*
 - b) or unfulfilled FOB value of quantitywise exports to be completed for fulfilling export obligation vis a vis the imports made (in case of multiple inputs, the input with the highest import percentage quantitywise made is to be taken)*
- whichever is higher.*

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

- a) the unfulfilled FOB value of export obligation with reference to CIF value of imports made for which extension is being sought*
 - b) or unfulfilled FOB value of quantitywise exports to be completed for fulfilling export obligation vis a vis the imports made (in case of multiple inputs, the input with the highest import percentage quantitywise made is to be taken)*
- whichever is higher.*

However any further extensions beyond 30 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 1% per month of

- a) the unfulfilled FOB value of export obligation with reference to CIF value of imports made for which extension is being sought*
- b) or unfulfilled FOB value of quantitywise exports to be completed for fulfilling export obligation vis a vis the imports made (in case of multiple inputs, the input with the highest import percentage quantitywise made is to be taken)*

whichever is higher.

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.”

(This amendment penalises both valuelwise and quantitywise shortfalls in the case of application for EO extension under the Advance Licence Scheme)

This issues in public interest.

(L. Mansingh)
Director General of Foreign Trade

(Bipin Menon)
Deputy Director General of Foreign Trade

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