



**FOREIGN TRADE POLICY &
ACHIEVING \$5 TRILLION
ECONOMY**

ORGANIZED BY:

PUNE BRANCH OF WIRC OF ICAI

CA HANS RAJ CHUGH

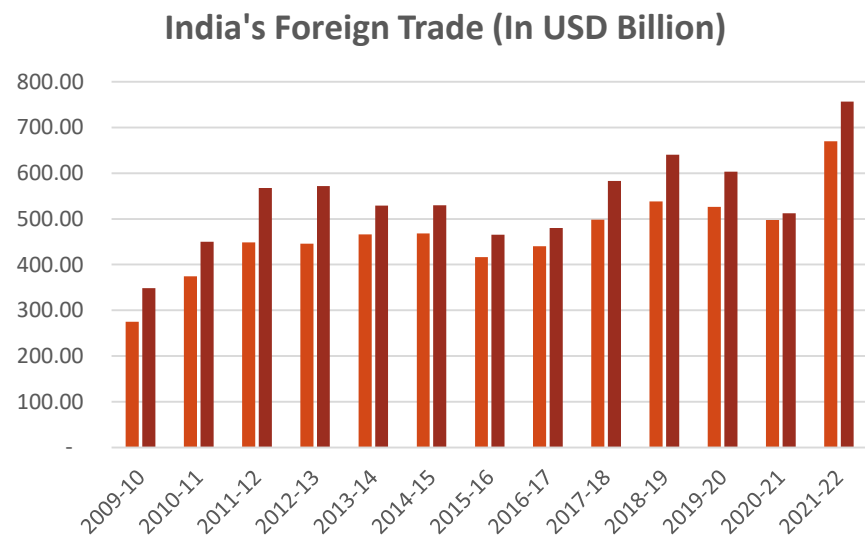
C.A., C.S., INSOLVENCY PROFESSIONAL

+91-9811207924 | HANSRAJCHUGH@ASHM.IN

India's Foreign Trade

India is a fairly open economy with overall trade (exports plus imports) as a percentage of GDP around 40%. Its trade deficit has grown from USD 6bn in FY01 to USD 87.03 bn in FY22.

India now exports more income sensitive items like engineering goods, petroleum, gems and jewelry and chemical products i.e. products that are more sensitive to changes in external demand than price changes.



Major Imports

Commodity Name	Percentage of Total Imports
Petroleum: Crude	14.96%
Gold	6.84%
Petroleum Products	5.82%
Pearl, Precious, Semiprecious Stones	4.57%
Coal, Coke and Briquettes Etc	4.34%
Telecom Instruments	4.07%
Electronic Components	3.86%
Vegetable Oils	3.00%
Organic Chemicals	2.83%
Computer Hardware & Peripherals	2.80%
	53.09%

Top Imported Products from India

Sector	Percentage
Petroleum Products	14.95%
Pearl Precious, Semiprecious Stones	6.62%
Iron and Steel	5.66%
Drug Formulations, Biological	4.61%
Gold And Other Precious Metal Jewellery	2.74%
Organic Chemical	2.68%
Aluminium Products of Aluminium	2.46%
Electric Machinery and Equipment	2.42%
Rmg Cotton Incl Accessories	2.08%
Products of Iron and Steel	2.07%
Total	46.60%

Emerging trends in International Trade & Customs

- Trade Agreements with Developed Countries
- Stricter Rules of Origin
- Trade Facilitation Measures & Instruments like AEO
- Curtailment of benefits under the Foreign Trade Policy
- Focusing on facilitating exports through schemes like PLI, SPECS rather than providing Sops
- Supply Chain diversification

Historical Perspective Export Import Legislations

Import and Export (Control) Act, 1947

- Valid for 3 years
- Extended up to 1977
- Indefinite extension up to 1992

Export Import Policy

Yearly gazette notification until 1985

- 3 year Policy 1985-88
- 2 year Policy 1988-90
- 2 year Policy 1990-92

Historical Perspective Export Import Legislations

Historically, **India ran a trade surplus for centuries** together through export of spices, handicrafts, textiles etc. No restrictions on imports or exports were officially maintained.

But, the situation changed after the **British took over power**. Most of the importers were British. The British traders **naturally preferred to import from Britain** or whenever convenient, from the British colonies. The bias for imports from Britain was inherent in the given situation.

Statutorily, it was the **Sea Customs Act, 1878** that provided the basis for implementing the official bias in favour of imports from Britain.

In 1947, the need was felt to replace the emergency provisions through a permanent enactment and that is how a specific statute, **the Imports & Exports (Control) Act, 1947** came into effect on 25th March 1947

In 1976, far-reaching changes were made to the Imports & Exports (Control) Act, 1947. **The amended Act gave the Central Government wider powers to prohibit, restrict and control the Imports and Exports Trade**. The Act covered practically all articles of trade and manufacture except those permitted to be imported under a licence or customs clearance permit or an Open General Licence. The Exports (Control) Order 1988 held sway before liberalization process was launched in 1991

In 1991, the Central Govt. start in economic reforms in the country. One of the basic aims of the reforms process was to **progressively integrate the Indian economy with the rest of the world**. The process called for progressive liberalization of controls and elimination of discretionary licensing for imports and exports. The legal framework had also to be amended so as to reflect the new realities.

Post 1992

Repealing of the Import and Export (Control) Act, 1947

Replaced by the Foreign Trade (Development & Regulation) Act, 1992

Foreign Trade Policy

5 year policy 1992-97 co-terminus with 5 year Plan

5 year policy 1997-2002

5 year policy 2004-2009

5 year policy 2009-2014

5 year policy 2015-2020 (extended up to March 2022)

Foreign Trade (D&R) Act, 1992

Key Sections:

Section-2 Definitions Import/ Export Licence/Services

Substituted by the FT(D&R)Amendment Act,2010

(e) "**import**" and "**export**" means,-

(I) in relation to goods, bringing into, or taking out of India any goods by land, sea or air;

(II) in relation to services or technology,—

(i) supplying, services or technology— (**import**)

(A) from the territory of another country into the territory of India;

(B) in the territory of another country to an Indian service consumer;

(C) by a service supplier of another country, through commercial presence in India;

(D) by a service supplier of another country, through presence of their natural persons in India;

Foreign Trade (D&R) Act, 1992

Key Sections:

Section-2

Definitions Import/ Export Licence/Services

Substituted by the FT(D&R)Amendment Act,2010

(i) supplying, services or technology—(**Export**)

(A) from India into the territory of any other country;

(B) In India to the services consumer of any other country

(C) by a service supplier of India, through commercial presence in the territory of any other country;

(D) by a service supplier of India, through presence of Indian natural persons in the territory of any other country;

Key Sections:

Section-5 Formulation of Foreign Trade Policy-

Govt. actions, especially tariffs, import quotas and export subsidies designed to increase net export by promoting exports or restricting imports.

Section-6	Appointment of DG- Advise on formulation of Foreign Trade Policy Implementation of Policy
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Section-7 Importer-exporter Code Number

Section-8	Suspension and cancellation of Importer-exporter Code Number
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Key Sections

Section-9 Issue, suspension and cancellation of licence

Section-10 Power relating to search and seizure

Section-11 Contravention of provisions of this Act, rules, orders and export and import policy

penalty of not less than ten thousand rupees and not more than five times the value of the goods or services or technology in respect of which any contravention is made or attempted to be made, whichever is more.

Section-12 Penalty or confiscation not to interfere with other punishments

Section-13 Adjudicating Authority

Section-14 Giving of opportunity to the owner of the goods- notice in writing .

Section-15 Appeal--Any person aggrieved by any decision or order made by the Adjudicating Authority

Section-16 Revision

Key Sections:

**Section-
17** **Power of Adjudicating and other Authorities**

**Section-
18** **Protection of action taken in good faith**

**Section-
19** **Power to make rules**

**Section-
20** **Repeal and savings**

Legal Frame work of FTP

Foreign Trade (Development and Regulation) Act, 1992.

Foreign Trade Policy (Section 5 of the Foreign Trade (D & R) Act, 1992): for purposes of implementing provisions of FT (D&R) Act, the Rules and the Orders made there under and provisions of FTP.

Hand Book of Procedures (HBP) and Appendices & Aayat Niryat Forms (AANF)

Director General of Foreign Trade (DGFT) may:

by means of a Public Notice, notify Hand Book of Procedures, including Appendices and Aayat Niryat Forms or amendment thereto, if any, laying down the procedure to be followed by an exporter or importer .



Foreign Trade Policy 2015-20

Foreign Exchange Reserves

Foreign Trade Policy & FEMA is considered necessary for Management of the Foreign Exchange Market thereby stabilizing Rupee value & improve India's role in business but:

S. No.	Country	\$ Billions
1	China	3,119
2	Japan	1,356
3	Switzerland	926
4	Russia	606
5	India	597

Foreign Trade Policy- Contents

- **Chapter 1 :-** Legal Framework & Trade Facilitation
- **Chapter 2 :-** General Provisions Regarding Imports and Exports
- **Chapter 3 :-** Export From Indian Schemes
- **Chapter 4 :-** Duty Exemption/Remission Schemes
- **Chapter 5 :-** Export promotion capital goods (EPCG) Scheme
- **Chapter 6 :-**Exports Oriented Units (EOUS), Electronics Hardware Technology Parks (EHTPS), Software Technology Parks (STPS) and Bio-Technology parks.
- **Chapter 7:-** Deemed Exports
- **Chapter 7 (A):-** Transport & Marketing Assistance (TMA)
- **Chapter 8 :-** Quality Complaints And Disputes
- **Chapter 9 :-** Definitions

Objectives of India's Foreign Trade Policy 2015-20

- ❖ To provide a stable and sustainable policy environment for foreign trade in merchandise and services.
- ❖ To link rules, procedures and incentives for exports and imports with other initiatives such as "Make in India", Digital India and Skill India to create an 'Export Promotion Mission' for India.
- ❖ To promote the diversification of India's export by helping various sectors of the Indian economy to gain global competitiveness with a view to promote exports.
- ❖ To create an architecture for India's global trade engagement with a view to expanding its markets and better integrating with major regions, thereby increasing the demand for India's product and contributing to the government's flagship "Make in India" initiative.
- ❖ To provide a mechanism for regular appraisal in order to rationalize imports and reduce the trade imbalance.

General Provisions

- ❖ Presently, Foreign Trade Policy 2015-20 is effective from **1st April, 2015** and is valid till **30th September 2022**.
- ❖ Exports and Imports are regulated by Foreign Trade Policy notified by Central government in exercise of powers conferred by section 5 of Foreign Trade (Development and Regulation) Act 1992.
- ❖ Exports & Imports shall be **FREE** except when regulated by way of :-
 - ✓ **Prohibition:-** any goods or services, the export or import of which prohibited, are not allowed to import or export.
 - ✓ **Restriction:-** any goods or services, the export or import of which restricted, may be exported or imported only under an authorization/permission
 - ✓ **Or exclusive trading through state trading enterprises (STEs):-** Any goods, import or export of which is governed through exclusive or special privilege granted to STEs, may be imported exported by the concerned STEs.

No import export without IEC

- **Importer-Exporter Code (IEC) Number**

- An IEC is a 10 digit number which is mandatory for undertaking export/ import.
- Applicants can apply for e-IEC on the DGFT website (<http://dgft.gov.in/>).
- Post GST PAN shall Be the IEC number but have to applied & obtained separately from DGFT.
- Only one IEC can be obtained against a single PAN.

- **Registration cum membership certificate (RCMC)**

- For availing **authorization to import/ export** or any **other benefit** or **concession** under FTP 2015-20, as also to avail the services/ guidance, exporters are required to obtain RCMC granted by the concerned Export Promotion Councils/ FIEO/Commodity Boards/ Authorities.

Mandatory documents for export/ import of goods from/into India.

For exports of goods from India:-

- 1. Bill Of Lading/Airway Bill/Lorry Receipt/Railway Receipt/Postal Receipt**
- 2. Commercial invoice and packing list*.**
- 3. Shipping bill /bill of exports/postal bill of export.**

For Imports of goods into India:-

- 1. Bill Of Lading/Airway Bill/Lorry Receipt/Railway Receipt/Postal Receipt in form CN22 or Cn23 as case may be.**
- 2. Commercial invoice and packing list*.**
- 3. Bill of Entry.**

**Separate Commercial invoice and packing list would also be accepted*

Denomination of Export Contracts /Invoices

- All export contracts and invoices shall be denominated either in freely convertible currency or Indian rupees but export proceeds shall be realized in freely convertible currency.
- However, export proceeds against specific exports may also be realized in rupees, provided it is through a freely convertible Vostro account* of a non resident bank situated in any country other than a member country of Asian Clearing Union (ACU) or Nepal or Bhutan.
- Additionally, rupee payment through Vostro account must be against payment in free foreign currency by buyer in his non- resident bank account. Free foreign exchange remitted by buyer to his non-resident bank (after deducting bank service charges) on account of this transaction would be taken as export realization under export promotion schemes of FTP.

Import of sample

No Authorization shall be required for Import of bonafide technical and trade samples of items restricted in ITC (HS) except vegetable seeds, bees and new drugs. Samples of tea not exceeding Rs.2000 (CIF) in one consignment shall be allowed without an Authorization by any person connected with Tea industry

Bonafide trade samples can be imported provided these have been supplied free of charge.

For duty free clearance the value of individual sample should not exceed Rs.5,000/- and aggregate value should not exceed Rs.3,00,000/- per year or 50 units of samples in a year.

Prototypes of engineering goods can be imported upto a value of Rs.10,000/- without payment of duty as long as the goods are rendered useless as merchandise by a suitable process.

In case the value exceeds Rs.10,000/-, the said goods have to be re-exported within a period of 9 months or such extended period as the Assistant/Deputy Commissioner of Customs may allow.

Export of sample

Exports of bonafide trade and technical samples of freely exportable item shall be allowed without any limit.

Brief on Foreign Trade Policy

- The objective of Foreign Trade Policy is to develop export capability of the country, improving the export performance, encouraging foreign trade, and creating a suitable balance of payments position of India.
- The benefits under FTP are intended to incentivise exporters to offset infrastructural inefficiencies and provide a level playing field to the exporters to make a global impact.

Benefits are divided into 3 parts:

- Pre-Export Benefits
- Post-Export Benefits
- Procedural/Status benefits

Brief on Foreign Trade Policy

- **Pre-Export Benefits**

Pre Export benefits are in the form of **exemption of custom duties** on the import of **Raw material** or/and **Capital Goods** which are used for the exported product.

Schemes:

1. **Advance Authorisation**
2. **Export Promotion of Capital Goods**

- **Post Export benefits**

The post export benefits is provided by DGFT by way of duty credit scrip based on the FOB value of exports in the case of Merchandise exporter or on the basis of Net foreign exchange earnings in the case of Services exporter.

1. **Remission of Duties and Taxes on Export Products (RoDTEP) replacing MEIS scheme**
2. **Service Exports from India Scheme**
3. **Duty Free Import Authorisation**
4. **Post Export EPCG Scheme**

Merchandise Exports from India Scheme (MEIS)

Objective

To offset **infrastructural inefficiencies** and **associated costs** involved in export of **goods/products**, which are **produced/manufactured in India**, especially those having high *export intensity*, *employment potential* and thereby enhancing India's export competitiveness.

Entitlement under MEIS

Exports of **notified goods/products** with ITC[HS] code, to **notified markets** as listed, shall be rewarded under MEIS (@ 2 % or 3%, 4%, 5% or 7% as applicable). (**Appendix 3B- listed goods market and rates**).

Basis of Calculation of Rewards

The basis of calculation of reward **would be on realized FOB value** of exports in free foreign exchange, or on **FOB value of exports as given in the Shipping Bills** in free foreign exchange, **whichever is less**, unless otherwise specified.

Merchandise Exports from India Scheme (MEIS)

Last Date for Submitting Applications for MEIS Scrips

S. No.	Period of Exports	Last Date	Late Cut
1	FY 2018-19 (01.07.2018 to 31.03.2019)	30 th April 2022	10%
2	FY 2019-20	30 th April 2022	Nil
3	FY 2020-21 (Upto 31 st December 2020)	30 th April 2022	Nil

Agreement on Subsidies and Countervailing Measures

Addresses 2 main issues:

1. Provision of subsidies
2. Use of countervailing measures to offset injury caused by subsidized imports

Prohibited Subsidies

1. Subsidies contingent, in law or in fact, whether wholly or as one of several conditions, on export performance
 - Internal transport and freight charges on export shipments
 - Full or partial exemption remission, or deferral specifically related to exports, of direct taxes
 - Exemption or remission, in respect of the production and distribution of exported products, of indirect taxes
 - Export credit guarantee or insurance programmes
 - Grant by governments of export credits at rates below those which they actually have to pay
2. Subsidies contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods

Remission of Duties or Taxes on Export Product (RoDTEP)

Introduction

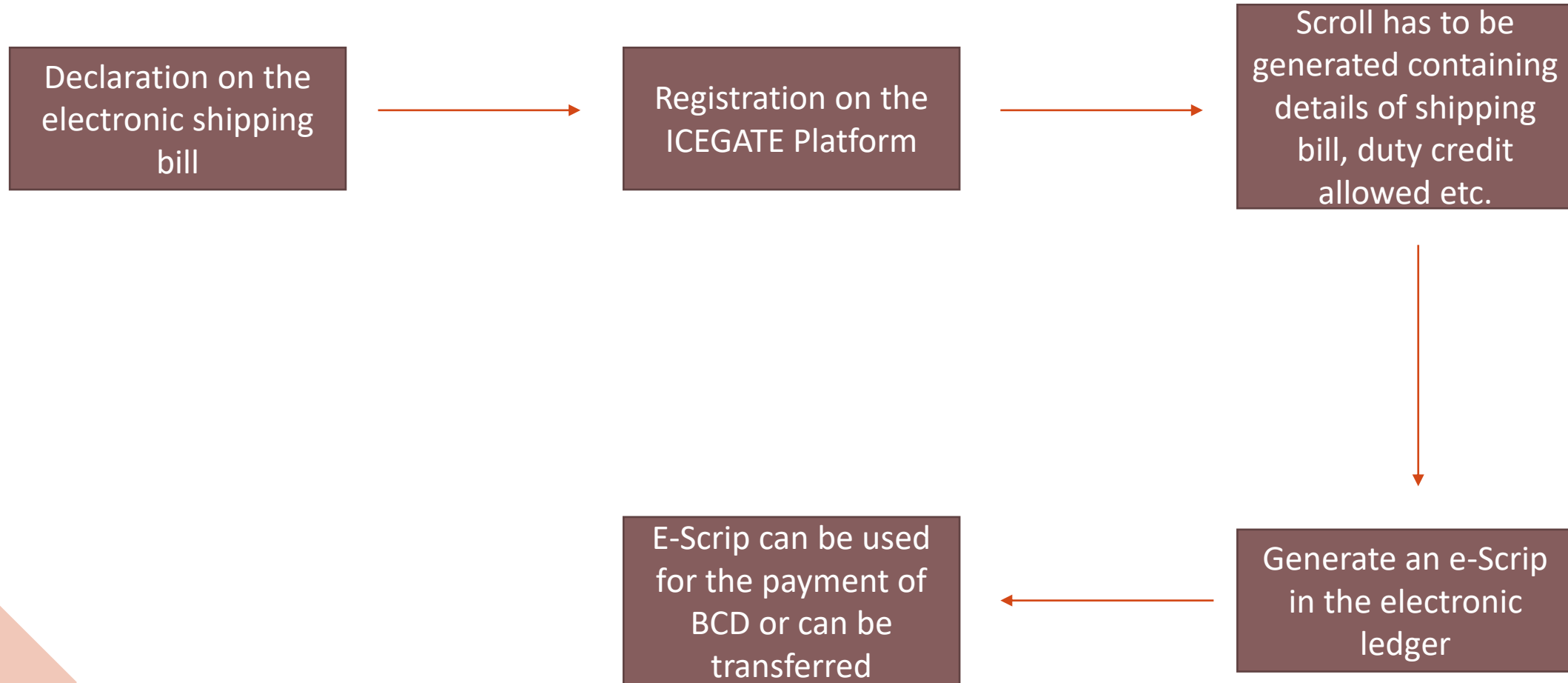
- i. On 13th March 2020, Cabinet approved Remission of Duties and Taxes on Exported Products (RoDTEP) to boost exports & enhance exports from India to International Markets and replace the MEIS & RoSCTL scheme. MEIS scheme is discontinued from **31st December 2020** after which RoDTEP scheme is rolled out.
- ii. RoDTEP will span all sectors with the budget allocation of about Rs 12,500 Crore & included 8,555 export items. The scheme aims to create a mechanism for reimbursement of taxes/ duties/ levies, at the central, state and local level, which are currently not being refunded under any other mechanism, but which are incurred in the process of manufacture and distribution of exported products.
- iii. Scheme for RoDTEP is incorporated under the Foreign Trade Policy 2015-20 & notified by the Department of Commerce and **administered by Department of Revenue.**

Remission of Duties or Taxes on Export Product (RoDTEP)

Salient Features of the Scheme

- ❑ Scheme is effective from 1st January, 2021 to all eligible exports of goods
- ❑ Rebate would be claimed as a **percentage of the Freight on Board (FOB)** value of exports along with the value caps for certain HSN Code. (FOB value or 1.5 times the market price whichever is lower)
- ❑ The RoDTEP rates will vary from **0.5 - 4.3%** of export value as specified under **Appendix 4R** of the FTP and include sectors like marine, agriculture, leather, gems and jewellery, automobile, plastics, electrical, electronics and machinery.
- ❑ However, exporters in sectors like steel, pharmaceutical, chemicals have been kept out of the scheme.
- ❑ Refund will be issued to exporters in the form of transferable duty credit/ electronic scrips, which will be maintained in an electronic ledger.
- ❑ The scrip is subject to realization of the export proceeds within the time frame allowed by RBI.
- ❑ The e-scrip has to be generated within 1 year of the generation of scroll & will be valid for 1 year from the date of generation.

Remission of Duties or Taxes on Export Product (RoDTEP)



Ineligible categories under RoDTEP

S. No.	Export categories or sectors ineligible for duty credit
1	Goods which are restricted or prohibited for export under Schedule-2 of Export Policy in ITC-HS
2	Export of imported goods covered under paragraph 2.46 of Foreign Trade Policy i.e. Import for Export
3	Exports through trans-shipment, meaning thereby exports that are originating in third country but trans-shipped through India
4	Goods subject to minimum export price or export duty
5	Deemed exports under Foreign Trade Policy
6	Goods manufactured or exported by any of the units situated in Special Economic Zone/ Free Trade Warehousing Zone/Electronic Hardware Technology park/Bio-Technology park/ Export Processing Zone or exported through DTA unit
7	Goods manufactured or exported by a unit licensed as hundred per cent Export Oriented Unit
8	Goods manufactured and supplied by units in Domestic Tariff Area to units in Special Economic Zone/Free Trade Warehousing Zone
9	Goods manufactured partly or wholly in a warehouse under section 65 of the Customs Act, 1962 (52 of 1962)
10	Goods for which claim of duty credit is not filed in a shipping bill or bill of export in the customs automated system
11	Goods that have been taken into use after manufacture

RoDTEP FAQ

Q1. Whether RoDTEP scheme is available for all exporters?

Ans: Yes, benefits under this scheme are available for all exporters i.e. **Manufacturer** exporters as well as **Merchant exporters**.

Q2. Whether RoDTEP is available for all products? What would be the rates of rebate and basis of calculation of rebate?

- ✓ Only notified products (under **Appendix 4R**) categorized at 8 digit HS code are eligible for rebate.
- ✓ Total 8555 tariff line items and rates are notified under Appendix 4R .

Q3. To avail the rebate under RoDTEP, prior realization of export proceeds is mandatory?

Ans: No, the **rebate would not be dependent on the realization of export proceeds** at the time of issuance of rebate. However, rebate allowed is subject to the receipt of sale proceeds within time allowed under Foreign Exchange Management Act, 1999, failing which rebate shall be deemed never to have been allowed.

RoDTEP FAQ

Q4. What would be the nature of the rebate? Whether e-scrips issued under RoDTEP can be used for payment of Goods and Services Tax (GST) or Social Welfare Surcharge (SWS)?

Ans: Duty Credit Scrip shall be granted as rebate under RoDTEP and the e- scrips would be used only for the payment of duty of Customs leviable under the First Schedule to the Customs Tariff Act, 1975 Viz. Basic Customs Duty (BCD).

This scrip **cannot be used for payment of GST or Social Welfare Surcharge (SWS)** and it would be freely transferable.

Q5. Whether exports made towards fulfillment of Export obligation under Advance authorization, would be eligible for rebate under RoDTEP scheme?

Ans: No, **exports made under advance authorization are not eligible** for rebate under RoDTEP scheme. **Both are alternative scheme** either you can avail the benefit of RoDTEP or Advance Authorization scheme.

However, Duty Drawback, rebate under RoDTEP and benefit of EPCG scheme can be availed simultaneously.

Service Exports from India Scheme (SEIS)

Objective

Objective of Service Exports from India Scheme (SEIS) is to encourage export of notified Services from India.

Eligibility :

- Service Providers of notified services, located in India, shall be rewarded under SEIS.
- Only Services rendered in the manner as per **Para 9.51(i)-cross border trade** and **Para 9.51(ii) – consumption abroad** shall be eligible. (notified services and rates of rewards are listed in Appendix 3D.)
- Such service provider should have minimum net free foreign exchange earnings of **US \$15,000** in the year of rendering services to be eligible for Duty Credit Scrip. For Individual Service Providers and sole proprietorship, such minimum net free foreign exchange earnings criteria would be US\$ 10,000 in the year of rendering services.

Service Exports from India Scheme (SEIS)

"Service Provider" means a person providing:

	Category	SEIS Availability
Mode-1 (Cross border trade)	Supply of a 'service' from India to any other country;	Eligible
Mode -2 (Consumption abroad)	Supply of a 'service' from India to service consumer(s) of any other country;	Eligible
Mode-3 (Commercial Presence)	Supply of a 'service' from India through commercial presence in any other country.	Not eligible
Mode 4 (Presence of natural persons)	Supply of a 'service' from India through the presence of natural persons in any other country	Not eligible

Service Exports from India Scheme (SEIS)

Eligibility :

- ▣ Payment in Indian rupees for service charges earned on specified services, shall be treated as receipt in deemed foreign exchange as per guidelines of RBI. (**Appendix 3E for FY 2018-19 & Appendix 3X for FY 2019-20**)
- ▣ **Net Foreign Exchange** = Gross Earnings of Foreign Exchange **minus** Total expenses / payment / remittances of Foreign Exchange, relating to service sector in the Financial year.
- ▣ If the IEC holder is a **manufacturer of goods as well as service** provider, then the foreign exchange earnings and Total expenses / payment / remittances shall be taken into **account for service sector only**.
- ▣ In order to claim reward under the scheme, Service provider shall have to **have an active IEC at the time of rendering such services** for which rewards are claimed.

Service Exports from India Scheme (SEIS)

Ineligible categories under SEIS :

Foreign exchange remittances other than those earned for rendering of notified services would not be counted for entitlement. Thus, other sources of foreign exchange earnings such as equity or debt participation, donations, receipts of repayment of loans etc. and any other inflow of foreign exchange, unrelated to rendering of service, would be ineligible.

Following **shall not be taken into account** for calculation of entitlement under scheme:

(a) Foreign Exchange remittances:

I. Related to Financial Services Sector

(i) Raising of all types of foreign currency Loans;

(ii) Export proceeds realization of clients;

(iii) Issuance of Foreign Equity through ADRs / GDRs or other similar instruments;

Service Exports from India Scheme (SEIS)

Ineligible categories under SEIS :

Issuance of foreign currency Bonds;

(v) Sale of securities and other financial instruments;

(vi) Other receivables not connected with services rendered by financial institutions; and

(b) Payments for services received from EEFC Account;

(c) Foreign exchange turnover by Healthcare Institutions like equity participation, donations etc.

(d) Foreign exchange turnover by Educational Institutions like equity participation, donations etc.

(e) Export turnover relating to services of units operating under EOU / EHTP / STPI / BTP Schemes or supplies of services made to such units;

(f) Clubbing of turnover of services rendered by SEZ / EOU /EHTP/ STPI /BTP units with turnover of DTA Service Providers;

(h) Foreign Exchange earnings for services provided by Airlines, Shipping lines service providers plying from any foreign country X to any foreign country Y routes not touching India at all.

(i) Service providers in Telecom Sector.

Service Exports from India Scheme (SEIS)

3.10 Entitlement under SEIS

Service Providers of eligible services shall be entitled to Duty Credit Scrip notified rates (as given in Appendix 3D i.e. **3 % or 5% or 7%** as applicable) on net foreign exchange earned.

Free Foreign Exchange earned **through international credit cards** and other instruments, as permitted by RBI shall also be taken into account for computation of value of exports.

Last date for Application

S. No.	Period of Exports	Last Date	Late Cut
1	FY 2018-19	31 st January 2022	5%
2	FY 2019-20	31 st January 2022	Nil



Freely transferable in open market.

Scrip can use for the payment of :-

Basic Customs Duty,

Safeguard Duty

Transitional Product Specific Safeguard duty

Antidumping duty

Scrip can also be use for payment of BCD and additional customs duty (safeguard, antidumping etc.) on EO default for EPCG/Advance Authorization and for payment of application fees/composition Fees .

Scrip **CANNOT** be used for payment of **GST**.

Utilization of **MEIS /SEIS** **Scrip**

Duty Exemption/Remission schemes

➤ Duty exemption schemes

- ✓ Advance Authorization (which includes Advance Authorization for Annual requirement scheme)
- ✓ Duty Free Import Authorization

➤ Duty Remission schemes.

- ✓ Duty drawback (DBK) scheme, administered by Department of Revenue (DoR)

Duty Exemption/ Remission schemes

Advance Authorization Scheme

- For making available duty free Inputs required to manufacture the export product (making normal wastage).
Fuel, oil, catalyst also allowed.
- Inputs allowed as per Standard Input Output Norms with Actual User condition.
- Inputs also allowed on the basis of self ratification scheme.
- Facility available for Physical exports (including export to SEZ), **deemed exports** and Intermediate supplies.
- **Minimum 15% Value Addition.**
- Time period for import: 12 months from the date of issue of Authorization.(one revalidation for 6 months may be granted)
- Fulfillment of export obligation within 18 months from the date of issue of Authorization. Extension in EOP allowed for a 6 months subject to payment of composition fees @0.5%

Duty Exemption/Remission schemes

Advance Authorization Scheme

Other Features:

Exemption from

- Basic customs duty
- Social welfare surcharge (SWS)
- Integrated Goods & Services tax (IGST upto 31st June, 2022)
- Anti dumping & safeguard duty and transition product specific safeguard duty.
- Actual user
- Inputs cannot be transferred after EO completion ('Actual User')

Export Promotion Capital goods (EPCG) Scheme

- **Import of capital goods for pre production ,production and post production at zero custom duty.** (except those specified in negative list in appendix 5F.
- Also exempt from IGST up to 31st June, 2022
- **Capital goods for the purpose of the EPCG scheme shall includes:**
 - Capital Goods as defined in Chapter 9 including in CKD/SKD condition thereof;
 - Computer software systems;
 - Spares, moulds, dies, jigs, fixtures, tools & refractories for initial lining and spare refractories; and catalysts for initial charge plus one subsequent charge.
- **Import of capital goods for Project Imports notified by Central Board of Excise and Customs is also permitted under EPCG Scheme.**
- Import under EPCG Scheme shall be subject to an export obligation equivalent to 6 times of duty saved on capital goods, to be fulfilled in 6 years reckoned from date of issue of Authorization.
- **Authorization shall be valid for import for 18 months from the date of issue of Authorization.** (Revalidation of EPCG Authorization shall not be permitted.)
- **Second hand capital goods shall not be permitted to be imported under EPCG Scheme.**

Export Promotion Capital goods (EPCG) Scheme: Negative list (Appendix 5F)

Sr. no.	Name of item	Importability under EPCG
1.	cables	Permitted only as an integral part of Capital Goods
2.	Railway wagons(excluding specialized wagons)	Not permitted
3.	Tractors	Not permitted
4.	Trucks/Tippers/Dumpers/ And Spares there of including tyres.	Permitted only to mining sector
5.	Motor Cars, Sports Utility Vehicle/ All purpose vehicles.	Not permitted
6.	Airport Ground handling Equipments.	Not permitted
7.	Furniture, carpets, crockery, marble, chandelier, tiles, flooring, doors for rooms, fixing panels.	Permitted only to hotel industry
8.	Construction equipments viz. cranes etc.	Permitted only for providing services
9.	All construction materials like sheds, cement, steel.	Not permitted
10.	Computers and printers	Not permitted
11.	All second hand capital goods	Not permitted
12.	Capital goods (including captive plants and power generator sets of any kind) for export of electrical energy (power)	:supply of electrical

Export Promotion Capital goods (EPCG) Scheme

Specific Export obligation :- 6 times of duty saved amount to be fulfilled in 6 years.

Average Export obligation:

EO under the scheme shall be, over and above, the average level of exports achieved by the applicant in the preceding three licensing years for the same and similar products within the overall EO period .

In case of **indigenous sourcing of Capital Goods**, specific EO shall be 25% less than the normal EO

Incentive for Early EO fulfilment

In cases where Authorisation holder has fulfilled 75% or more of specific export obligation and 100% of Average Export Obligation in half or less than half the original export obligation period specified, remaining export obligation shall be condoned.

Note :-Shipments under Advance Authorization, DFIA, Drawback scheme or reward schemes under Chapter 3 of FTP; would also count for fulfillment of EO under EPCG Scheme.

Transport & Marketing Assistance (TMA)

Introduction:- New Chapter 7 (A) / Scheme is added in the Foreign Trade Policy 2015-20 by the Department of Commerce, Ministry of Commerce & Industry, Govt. of India. vide their notification no.58/2015-20 dated 29 march,2019 read with DOC's notification no.17/3/2018-Ep (Agri.IV) dated 27.02.2019

Objective:-the transport and marketing for specified agricultural products scheme aims to provide assistance for the international component of freight and marketing of agricultural produce which is likely to mitigate disadvantage of **higher cost of transportation of export** of specified a **agricultural products** due to trans-shipment and to promote brand recognition for Indian agricultural products in the specified overseas markets.

Eligible agriculture products- products covered under HSN chapters **1 to 24**

Ineligible Categories

Chapter	HS Code	Description
Chapter 1, 2 & 5	All HS Codes	-Live animals -Meat and Edible Meat Offal -Products of Animal Origin, not elsewhere specified or included
Chapter 3	030617	-other shrimps and prawns :
Chapter 4	0401	-Milk and cream, not concentrated nor containing added sugar or other sweetening matter.
	0402	-Milk and cream, concentrated or containing added sugar or other sweetening matter.
	0403	-Buttermilk, curdled milk and cream, yogurt, kephir, and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavored or containing g added fruit, nuts or cocoa.
	0404	-whey, whether or not concentrated or containing added sugar or other sweetening matter, products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included. Continue.....

Ineligible Categories

Chapter	HS Code	Description
	0405	-Butter and other fats and oils derived from milk; dairy spreads
	0406	-Cheese and curd
Chapter 7	0703	-Onions, shallots, garlic, leeks, and other alliaceous vegetables, fresh or chilled
Chapter 10	1001, 1006	-Wheat and Meslin -Rice
Chapter 13 & 14	All HS Codes	-Lac; Gums, Resins and other vegetable saps and Extracts -Vegetable plaiting Materials; Vegetable Products not elsewhere specified or included
Chapter 17	1701, 1703	-Cane or Beet Sugar or chemically pure Sucrose, In solid form-Raw sugar not containing Added flavoring or Colouring matter -Molasses resulting from the extraction or refining of sugar
Chapters 22 and 24	All HS Codes	-Beverages, Spirits and Vinegar -Tobacco and Manufactured Tobacco Substitutes

Notified Rates

Region	Amount per TEU (Normal)	Amount per TEU (Reefer)	By Air Amount per (Kilogram)
West Africa	11200	19600	0.84
East Africa	11200	21000	0.84
EU	9800	21000	1.120
Gulf	8400	14000	0.70
North America	21000	28700	2.80
ASEAN	5600	12600	0.70
Russia & CIS	12600	22400	0.70
Far East	8400	12250	0.84
Oceania	16800	24500	2.80
China	0	12600	0.84
South America	23800	31500	3.50

Status Holder

The nomenclature of Export House, Star Export House, Trading House, Star Trading House, Premier Trading House certificate has been changed to One, Two, Three, Four, Five Star Export House.

The criteria for export performance for recognition of status holder have been changed from Rupees to US dollar earnings.

Based on Export Performance FOB / FOR (as converted) Value (in US \$ million) during current and previous three year

Status Category	Export Performance FOB/FOR (as converted) Value (in US \$ million) during <u>current</u> and <u>previous three years</u>
One Star Export House	3
Two Star Export House	25
Three Star Export House	100
Four Star Export House	500
Five Star Export House	2000

Status Holder

Status Holder shall be eligible for privileges as under:-

- Authorization and Customs Clearances for both imports and exports may be granted on self-declaration basis;
- Input-Output norms may be fixed on priority within 60 days by the Norms Committee;
- Exemption from furnishing of Bank Guarantee for Schemes under FTP, unless specified otherwise anywhere in FTP or HBP;
- Exemption from compulsory negotiation of documents through banks. Remittance / receipts, however, would be received through banking channels;
- Two star and above Export houses shall be permitted to establish Export Warehouses as per Department of Revenue guidelines.
- Three Star and above Export House shall be entitled to get benefit of Accredited Clients Programme (ACP) as per the guidelines of CBEC (website: <http://cbec.gov.in>).

Status Holder

Status Holder shall be eligible for privileges as under:-

- The status holders would be entitled to **preferential treatment** and priority in handling of their consignments by the concerned agencies.
- Manufacturers who are also status holders (Three Star/Four Star/Five Star) will be enabled to **self-certify their manufactured goods** (as per their IEM/IL/LOI) as originating from India with a view to qualify for preferential treatment under different preferential trading agreements (PTA), Free Trade Agreements (FTAs), Comprehensive Economic Cooperation Agreements (CECA) and Comprehensive Economic Partnership Agreements (CEPA). Subsequently, the scheme may be extended to remaining Status Holders.
- Manufacturer exporters who are also Status Holders shall be eligible to **self-certify their goods as originating from India** as per Para 2.108 (d) of Hand Book of Procedures.
- Status holders shall be **entitled to export freely exportable items on free of cost basis** for export promotion subject to an annual limit of Rs 1 crore or 2% of average annual export realization during preceding three licensing years whichever is lower



Chapter 7: Deemed Exports

DEEMED EXPORTS

Refer to those transactions



in which **goods** supplied **do not leave country**, and



payment for such supplies is received
either in **Indian rupees** or **in free foreign exchange**.

Categories of supply regarded as “Deemed Exports”:

Manufacturer :

Supply of goods under categories (a) to (c)

Main / sub-contractors:

Supply of goods under categories (e) to (h)

Manufacturer:

Categories of supply shall be regarded as “Deemed Exports”:

(a) Supply of goods against

- Advance Authorization
- DFIA
- AA for annual requirement

(b) Supply of goods to

- EOU
- STP
- EHTP
- BTP

(c) Supply of capital goods against

- EPCG Authorization

Main/Sub contractor:

Categories of supply regarded as “Deemed Exports”:

(e) (i) Supply of **goods** to



- ❖ **Projects** financed by multilateral or bilateral Agencies or **Funds** as notified by **Department of Economic Affairs (DEA), or MoF**
- ❖ **Funds, where legal agreements provide for tender evaluation** without including customs duty;
- ❖ **Supplies shall be** under International Competitive Bidding (ICB)

Main/Sub contractor:

Categories of supply regarded as “Deemed Exports”:

(e)(ii) **Supply and installation of goods and equipment** (single responsibility of turnkey contracts) to



- ❖ **Projects** financed by multilateral or bilateral Agencies or **Funds** as notified by DEA, MoF
- ❖ **Funds**, which bids may have been invited and evaluated on the basis of Delivered Duty Paid (DDP) prices for goods manufactured abroad.
- ❖ **Supplies shall be** under International Competitive Bidding (ICB)

List of agencies covered under Appendix 7A

- ❖ International Bank of Reconstruction and Development (IBRD)
- ❖ International Development Association (IDA)
- ❖ Asian Development Bank (ADB)

Main/Sub contractor:

Categories of supply regarded as “Deemed Exports”:

(f) (i) Supply of **goods** to



any project or purpose in respect of which the MoF,

- by erstwhile notification No. 12/2012 –Customs dated 17.3.2012 (earlier Notification No.21/2002-Custom dated 1.3.2002) (BCD+CVD)
- now notification no.50/2017-customs dated 30.06.2017 as amended from time to time,
- **permits import of such goods at zero customs duty** subject to conditions specified in this Notification.
- Supplies is made under procedure of International Competitive Bidding (ICB)

Main/Sub contractor:

Categories of supply regarded as “Deemed Exports”:

f (ii) Supply of goods



- ❖ required for setting up of any **mega power project**, as specified in the list 3I at Sl. No. 598 of Department of Revenue Notification No. 50/2017-Customs dated 30.6.2017, as amended from time to time and subject to conditions mentioned therein,
- ❖ such mega power project **conforms to the threshold generation capacity** specified in the above said Notification.
- ❖ For mega power projects, **ICB condition would not be mandatory** if the requisite quantum of power has been tied up through tariff based competitive bidding or if the project has been awarded through tariff based competitive bidding.

Main/Sub contractor:

Categories of supply regarded as “Deemed Exports”:

(g) Supply of goods to



- United Nations or International organization **for their official use** or
- Projects financed by the said United Nations or an International organization approved by Government of India in pursuance of section 3 of United Nations (Privileges and Immunities Act), 1947.
- List of such organization and conditions applicable to such supplies is given in the Customs notification no. 84/97-Customs dated 11.11.1997, as amended from time to time.
- A list of Agencies, covered under this paragraph, is given in Appendix-7B

List of agencies covered under Appendix 7B

1. United Nations Development Programme
2. United Nations International Children's Fund
3. Food and Agricultural Organisation
4. International Labour Organisation
5. World Health Organisation
6. United Nations Population Fund
7. United Nations World Food Programme
8. United Nations Industrial Development Organisation

Main/Sub contractor:

Categories of supply regarded as “Deemed Exports”:

(h) Supply of **goods** to



- ✓ **Nuclear power projects** provided:
- ✓ Such goods are required for setting up of any Nuclear Power Project **as specified in the list 32 at Sl. No. 602**, Customs notification no. 50/2017-Customs dated 30.6.2017, as amended from time to time and subject to conditions mentioned therein.
- ✓ The project should have a **capacity of 440 MW or more**.
- ✓ A **certificate** to the effect is required to be issued by an officer not below the rank of Joint Secretary to Government of India, in Department of Atomic Energy.
- ✓ Tender is invited through National competitive bidding (NCB) or through ICB.

“Benefits for Deemed Exports ”

Manufacture and supply of goods qualifying as Deemed exports shall be eligible for any / all of following benefits :-

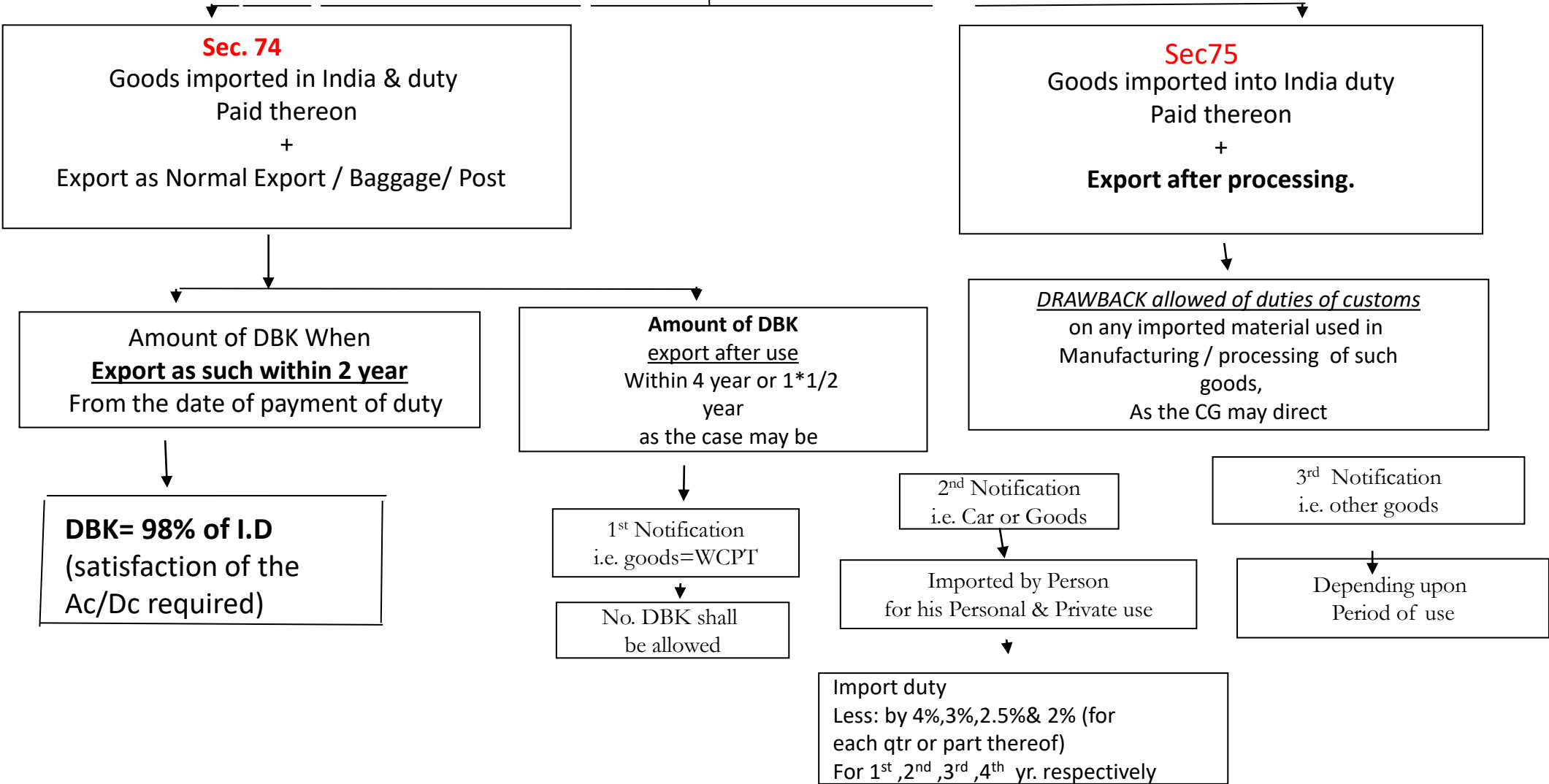
- (a) Advance Authorization / Advance Authorization for annual requirement / DFIA.
- (b) Deemed Export Drawback.
- (c) Refund of **terminal excise duty for excisable goods** mentioned in Schedule 4 of Central Excise Act 1944 provided the supply is eligible under that category of deemed exports and there is no exemption

Duty Drawback

Section-74 : Drawback allowable on re-export of duty-paid goods read with Re-Export of Imported Goods (Drawback of Customs Duties) Rules, 1995

Section-75 : Drawback on imported materials used in the manufacture of goods which are exported read with the Customs and Central Excise Duties Drawback Rules, 2017.

Duty Drawback



Duty Drawback

	Section 74	Section 75
Meaning DBK	Refund of Import duty paid on such goods	Refund of <ul style="list-style-type: none"> • Import duty- paid on Imported Raw material • Excise Duty paid on petroleum products,
Goods eligible for DBK	All goods	Notified goods
Identity of goods exported	Unchanged (Since Export as such)	Changed (since export after processing)
Rate of DBK	As such-98% After use-As per notification I,II,III	Notified rate: <ul style="list-style-type: none"> -all industry rate -brand rate -special brand rate
Period of usage	As specified in notification	No such restriction

Thank you

Hans Raj Chugh

FCA, FCS, LLB, Insolvency Professional

+91-9811207924 | hansrajchugh@ashm.in