

CHAPTER 2

GENERAL PROVISIONS REGARDING EXPORTS AND IMPORTS

- 2.1 Policy** Policy relating to general provisions regarding exports and imports is given in Chapter-2 of FTP.
- 2.2 Countries of Imports / Exports** Unless otherwise specifically provided, international trade (i.e. import into India and / or export from India) can take place from / to any country. Country specific prohibitions/limitations, if any, are specified in the FTP / ITC (HS).
- 2.3 Application Fee** The scale of fee, mode of payment, procedure for refund of fee and categories of persons exempted from payment of fee are contained in Appendix-21B.
- 2.4 Territorial Jurisdiction of Regional Authorities (RA)** Territorial jurisdiction of RAs is given in Appendix 1 of HBP v1. The address of applicant determines the jurisdiction of RA. Every application, unless otherwise specified, shall be submitted to jurisdictional RA concerned.
- 2.5 Filing of Application** An incomplete or unauthorised application is liable to be rejected giving specific reason for rejection. Such incomplete application may be re-opened on rectifying the deficiencies.
- 2.6 Profile of Importer/ Exporter** ANF 1 contains the profile in of the importer / exporter. IEC Holder shall be responsible for updating the same as and when a change takes place or in any case at least once in a year.
- 2.7 Self Addressed Stamped Envelope** Applicant shall furnish a self-addressed envelope of relevant size with required postal stamp affixed, in case where the applicant opts to avail the 'Speed Post' facility.
- 2.8 IEC Number Exempted Categories** (a) IEC is compulsory for import and / or exports. However, the following categories of importers or exporters are exempted from obtaining IEC.

<i>Sl. No.</i>	<i>Categories Exempted from obtaining IEC</i>
(i)	Importers covered by clause 3(1) [except sub-clauses (e) and (l)] and exporters covered by

	clause 3(2) [except sub-clauses (i) and (k)] of Foreign Trade (Exemption from application of Rules in certain cases) Order, 1993.
(ii)	Ministries / Departments of Central or State Government.
(iii)	Persons importing or exporting goods for personal use not connected with trade or manufacture or agriculture.
(iv)	Persons importing / exporting goods from / to Nepal, Myanmar through Indo-Myanmar border areas and China (through Gunji, Namgaya Shipkila and Nathula ports), provided CIF value of a single consignment does not exceed Indian Rs.25, 000. In case of Nathula port, the applicable value ceiling will be Rs. 100,000/-.
Further, exemption from obtaining IEC shall not be applicable for export of Special Chemicals, Organisms, Materials, Equipments and Technologies (SCOMET) as listed in Appendix - 3, Schedule 2 of ITC (HS) except in case of exports by category (ii) above.	

(b) Following permanent IEC numbers shall be used by non-commercial PSUs and categories of importers / exporters mentioned against them for import / export purposes:

<i>Sr. No.</i>	<i>Permanent IEC</i>	<i>Categories of Importer / Exporter</i>
1	0100000011	All Ministries / Departments of Central Government and agencies wholly or partially owned by them.
2	0100000029	All Ministries / Departments of any State Government and agencies wholly or partially owned by them.
3	0100000037	Diplomatic personnel, Counselor officers in India and officials of UNO and its specialised agencies.
4	0100000045	Indians returning from / going

		abroad and claiming benefit under Baggage Rules.
5	0100000053	Persons / Institutions / Hospitals importing or exporting goods for personnel use, not connected with trade or manufacture or agriculture.
6	0100000061	Persons importing / exporting goods from / to Nepal.
7	0100000070	Persons importing / exporting goods from / to Myanmar through Indo-Myanmar border areas.
8	0100000088	Ford Foundation.
9	0100000096	Importers importing goods for display or use in fairs / exhibitions or similar events under provisions of ATA carnet. This IEC number can also be used by importers importing for exhibitions/fairs as per Para 2.29 of HBPv1.
10	0100000100	Director, National Blood Group Reference Laboratory, Bombay or their authorized offices.
11	0100000126	Individuals / Charitable Institution / Registered NGOs importing goods, which have been exempted from Customs duty under Notification issued by Ministry of Finance for bonafide use by victims affected by natural calamity.
12	0100000134	Persons importing / exporting permissible goods as notified from time to time, from / to China through Gunji, Namgaya Shipkila and Nathula ports, subject to value ceilings of single consignment as given in Para 2.8(iv) above.
13	0100000169	Non-commercial imports and exports by entities who have been authorized by Reserve Bank of

		India.
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- 2.9 Application for Grant of IEC**
- (a) Exporters / Importers shall file an application in ANF 2A format for grant of IEC and submit the same to jurisdictional RA. List of RAs, along with their jurisdiction is given in Appendix 1.
- (b) Only one IEC would be issued against a single PAN.
- 2.9.1 IEC Format and Statements**
- RA concerned shall issue an IEC in prescribed format (Appendix-18B). A copy of such IEC shall be endorsed to concerned banker (as per details given in ANF 2A). Such endorsement should ordinarily be done using emails. A consolidated statement (in Appendix 18 C) of IEC numbers issued by RA shall be sent to Exchange Control Department of RBI as given in Appendix-18D by EDI in DGFT Hqrs.
- 2.9.2 Validity of IEC**
- An IEC number allotted to an applicant shall be valid for all its branches / divisions / units / factories.
- 2.9.3 Duplicate copy of the IEC**
- If original IEC, issued in format Appendix 18B, is lost or misplaced, issuing RA may consider request for grant of a duplicate copy of the IEC in the same format Appendix 18B, based on an affidavit.
- 2.9.4 Surrender of IEC**
- If an IEC holder does not wish to operate allotted IEC number, he may surrender the same by informing issuing authority. On receipt of such intimation, issuing authority shall immediately cancel it and electronically transmit it to DGFT and Customs authorities.
- 2.9.5 Modification in IEC**
- (a) An application for modification shall be filed with the RA from where IEC was originally issued.
- (b) ANF2A shall be used for modification of IEC details like name, address, constitution etc. Application for modification should be filed within 90 days of the modification, after which a penalty as per Para 9.1 of HBP v1 shall be charged as additional application fees.
- (c) If the ownership of a proprietor-firm, who has been issued an IEC undergoes any change due to sale, gift, inheritance or any other reason; and it continues to be proprietor-firm even after such change, then an application to incorporate such details of change

alongwith PAN details of the new ownership be made before the concerned RA. If by such change of ownership, the nature of firm changes from proprietor-firm to any other type, again necessary application to incorporate the changes shall be made to the concerned RA.

**2.10
Application for
Import and
Export of
'Restricted'
Items**

An application for grant of an Authorisation for import or export of items mentioned as 'Restricted' in ITC (HS) may be made to RA, with a copy to DGFT Hqrs, as specified under relevant Chapters of this Handbook.

**2.11
Imports under
Indo-US
Memorandum of
Understanding**

(a) Import of specified capital goods, raw materials and components, from United States of America (USA) is subject to US Export Control Regulations. US suppliers of such items are required to obtain an export authorisation based on import certificate issued in India. The following are designated Import Certificate Issuing Authorities (ICIA):

- (i) Department of Electronics (DoE), for computer and computer based systems;
- (ii) Department of Industrial Policy and Promotion (DIPP), Technical Support Wing (TSW), for organised sector units registered under it, except for computers and computer based systems;
- (iii) Ministry of Defence (MoD), for defence related items;
- (iv) DGFT for small scale industries and entities not covered above as well as on behalf of any of the above;
- (v) Embassy of India, Washington, DC, on behalf of any of the above.

(b) A request for an import certificate shall be made in ANF 2C. Import certificate in Appendix-31 may be issued by ICIA directly to importer with a copy to (i) Ministry of External Affairs (MEA) (AMS Section), New Delhi, (ii) DoE, New Delhi; and (iii) DGFT.

(c) However, this import certificate will not be regarded as a substitute for an import authorisation in respect of items mentioned as restricted in ITC (HS) and an import authorisation will have to be obtained for such items.

**2.11A
End User
Certificate**

In case of import of any freely importable item in India, if a foreign Government insists on certification of end user of the item, before permitting export of the same from their country, RA may issue

such certificates as per Appendix 31A of HBPv1. The certificate shall be issued based on application made under ANF 2C-1 along with documents prescribed therein.

**2.12
Validity of
Export
Authorisation
and Import
Licence /
Certificate /
Authorisation /
Permissions /
CCPs**

Validity of Import / Export Authorizations from the date of issue shall be as follows, unless specified otherwise:

Sr. No.	Type of Authorisation	Validity Period
(i)	Export Authorisation	12 months (However, EFC may decide to issue Export Authorisation for a longer duration in case of R&D studies based on recommendation of technical authority)
(ii)	Zero duty EPCG Authorisation	9 months
(iii)	3% Duty EPCG Authorisation	36 months
(iv)	Advance Authorisations (AA) for Deemed Export	Coterminus with contracted duration of project execution or 12 months whichever is more.
(v)	AA (except (iv) above), DFIA, Replenishment Authorisation for Gems & Jewellery as per Chapter 4 of FTP.	Minimum 12 months, or Upto 31.3.2014 from issue date, whichever is more.
(vi)	All other Import Authorisations (including for Restricted items and CCP)	18 months.

However, DGFT may decide to issue Authorisation for a longer / shorter validity period.

2.12.1

Where an Authorisation expires during the month, such Authorisation shall be deemed to be valid until last day of concerned month. This proviso would be applicable even for a revalidated Authorisation.

2.12.2

Validity of an import Authorisation is decided with reference to

date of shipment / dispatch of goods from supplying country as given in Paragraph 9.11 A of HBP v1 and not the date of arrival of goods at an Indian port.

2.12.3 Provisions of paragraph 2.12.1 above shall not be applicable to DEPB, Service Providers under SFIS, VKGUY and duty credit scrips issued under FMS and FPS, which are duty credit entitlements and must be valid on date on which actual debit of duty is made.

2.12.4 Similarly, EOP shall be deemed to be valid until month end.

2.13
Revalidation of
Import / Export
Licence /
Certificate /
Authorisation /
Permissions

(a) RA concerned may revalidate import Authorisation on merits, for six months from date of expiry of validity.

(b) However, Export Licence may only be revalidated by RA concerned on approval of DGFT for six months at a time and maximum upto 12 months from date of expiry of validity.

2.13.1 However, revalidation of freely transferable Authorization / duty credit scrips and stock and sale Authorization shall not be permitted unless validity has expired while in custody of Customs authority / RA.

2.13.2 Such revalidation (under 2.13 and 2.13.1 above) would be permitted under specific orders of Head of concerned Office and would be maximum up to the extent of custody period.

2.13.2A Only for the purpose of utilisation of re-credit of 4% Special Additional Duty (SAD) of customs, the freely transferable duty credit scrips (including DEPB), shall be deemed to have been revalidated till 30.6.2012. No further endorsement of such scrips by the respective RA shall be required under the following circumstances:-

(a) if the endorsement has been made by Regional Authority on or before 15.9.2011 but the re-credit remains unutilised;

or

(b) if the consolidated certificate (Credit Note) have been issued by Customs between 1.9.2011 to 30.4.2012. In such scrips, the amount indicated in the consolidated

certificate by customs shall be deemed to have been recredited.

- 2.13.3** An application for revalidation (including for restricted items), may be made to RA concerned. RA would consider such application as per government rules / notifications. Where DGFT is concerned authority, original application shall be submitted to RA concerned and self-attested copy of same shall be submitted to DGFT.
- 2.14** Where an Authorisation is lost or misplaced, an application for issue of a duplicate may be made along with an affidavit, as given in Appendix-24, to issuing RA. RA concerned may, on merits to be recorded, issue a duplicate after issuing an order for cancellation of original and informing customs authority where original was registered.
- 2.15** Duplicate copy of freely transferable Authorisation may be issued against an application accompanied with following documents:
- (a) An application with fee equivalent to 10% of duty saved or duty credit (of unutilized balance).
 - (b) A copy of FIR reporting loss.
 - (c) Affidavit cum Indemnity Bond on Rs 150/- stamp paper duly notarised, to indemnify revenue loss, which may be caused on account of issue of such duplicate.
- 2.15.1** When an Authorisation has been lost by a Government agency and a proof to this effect is submitted, documents at serial nos. (a) to (c) above shall not be required. In such cases, revalidation shall be for six months from date of endorsement.
- 2.15.2** RA concerned shall obtain a report regarding utilization of such Authorisation from Custom authority at port of registration before issuing duplicate, for balance unutilized.
- 2.15.3** Validity of duplicate Authorisation shall be co-terminus with original period. No request shall be entertained if validity has expired.
- 2.15.4** Provision of paragraph 2.15.2 and 2.15.3 shall be applicable both for cases covered under paragraph 2.14 and 2.15.
- 2.16** (a) To facilitate collection of Authorisation and other

- Identity Cards** documents from DGFT Head Quarters and RA, identity cards (as in Appendix 20B, valid for 3 years) may be issued to proprietor / partners / directors and authorised employees (not more than three), of importers and exporters, upon application in Appendix 20A.
- (b) In addition, Identity Card may also be issued by the applicant firms on their letterhead to the concerned employees. These Identity Cards may be countersigned by the concerned RA. However, application for identity card in Appendix 20B will require to be made by the applicant and all other parameters would need to be met.
- (c) However, in case of limited companies, RA may approve allotment of more than three identity cards per company. In case of loss of an identity card, a duplicate card may be issued on the basis of an affidavit. Common directors / partners, of a group company or in any other similar cases, RA may issue multiple identity cards after recording reasons in writing.
- 2.17 Interviews with authorised Officers** (a) Officers may grant interview at their discretion to authorized representative of importer / exporter. Interviews / clarifications may also be sought through E-mails.
- (b) Adjudicating Officers shall grant Personal Hearing to exporters or importers, including their authorized representatives, before passing final orders.
- 2.18 Export of Items Reserved for SSI Sector** Units other than small scale units are permitted to expand or create new capacities in respect of items reserved for small scale sector, subject to condition that they obtain an Industrial licence under the Industries (Development and Regulation) Act, 1951, with export obligation as may be specified. Such licensee is required to furnish a LUT to RA and DGFT in this regard. DGFT / RA concerned shall monitor export obligation.
- 2.19 Warehousing Facility** (a) Public / Private Customs Bonded Warehouses may be set up in DTA as per Chapter-IX of Customs Act, 1962, to import items in terms of paragraph 2.28 of FTP. On receipt of goods, such warehouses shall keep these goods for one year without payment of applicable customs duties. Goods can be cleared against Bill of Entry for home consumption, on payment of applicable custom duty and on submission of Authorisation wherever required, after

an order for clearance of such goods for home consumption is issued by competent customs authorities. In case of clearance against duty free categories / concessional duty categories, exemption / concession from duty shall be allowed. In case of clearance against DEPB and other duty credit scrips customs duty on imports may be adjusted.

(b) Goods can be re-exported without payment of customs duty provided

- (i) a shipping bill or a bill of export is presented in respect of such goods; and
- (ii) order for export of such goods has been made by competent customs authorities.

2.20
Execution of BG
/ Legal
Undertaking for
Advance
Authorisation /
DFIA and EPCG
Authorisation

(a) Before clearance of goods through Customs, Authorisation holder shall execute a BG/LUT with customs authorities. In such cases, RA shall endorse the following condition on the licence/ Authorisation:

"BG / LUT as applicable, to be executed with concerned Customs Authorities."

(b) In case of indigenous sourcing, Authorisation holder shall furnish BG / LUT to RA as per Customs Circular No.58/2004 dated 31.10.04, as amended from time to time. In case, the firm has already executed BG / LUT for the full value of the licence/certificate / authorization / permission (covering the items indigenously procured) to the Customs and furnishes proof of the same to Regional Authority (RA), no BG / LUT shall be required to be executed with the RA. The RA concerned shall endorse on the authorization that the Customs Authority shall release / redeem BG / LUT only after receipt of NOC or EODC from the RA concerned. RA shall endorse a copy of the same along with a forwarding letter to the Customs Authority at the Port of registration for their information and record.

2.20A
Execution of BG
/ Legal
Undertaking for
DEPB / Freely
transferable
schemes under

At the time of filing application for scrip(s) under DEPB Scheme/Freely transferable incentive Scheme under Chapter 3 of FTP without Bank Realisation Certificate (BRC), the applicant shall execute BG/LUT (as per Customs circular no. 58/2004) with the RA as per Appendix 25C or Appendix 25D respectively.

Chapter 3

2.20.1 Corporate Guarantee

A status holder or a PSU may also submit Corporate Guarantee in lieu of Bank Guarantee/LUT in terms of the provisions of relevant Customs Circular in this regard. In case of a group company, if one company of a Group is a status holder, Corporate Guarantee may be given for another company by this company, which is not a status holder.

2.21 Certificate of Origin (CoO)

(a) Certificate of Origin (CoO) is an instrument to establish evidence on origin of goods imported into any country.

- (b) There are two categories of CoO viz.
- (i) Preferential and
 - (ii) Non preferential.

2.21.1 Preferential

(a) Preferential arrangement / schemes under which India is receiving tariff preferences for its exports are Generalised System of Preferences (GSP), Global System Of Trade Preferences (GSTP), SAARC Preferential Trading Agreement (SAPTA), Asia-Pacific Trade Agreement (APTA), India–Sri Lanka Free Trade Agreement (ISLFTA) and Indo- Thailand Free Trade Agreement. These arrangements / agreements prescribe Rules of Origin which have to be met for exports to be eligible for tariff preference.

(b) Authorised agencies shall provide services relating to issue of CoO, including details regarding rules of origin, list of items covered by an agreement, extent of tariff preference, verification and certification of eligibility. Export Inspection Council (EIC) is the agency authorised to print blank certificates.

(c) The fee for issuance of Certificate of Origin (Preferential) for India's exports under India's Free Trade Agreements (FTAs), Preferential Trade Agreements (PTAs) and for exports under GSP, Global System of Trade Preferences (GSTP) schemes shall be Rs. 350/- (Rupees Three Hundred and Fifty only). The enhanced fee would be applicable for the applications received w.e.f. April 1, 2011.

Generalised System of Preferences (GSP)

(a) GSP is a non-contractual instrument by which industrialized (developed) countries unilaterally and based on non-reciprocity extend tariff concessions to developing countries. Following countries extend tariff preferences under their GSP Scheme:

- (i) United States of America
- (ii) New Zealand
- (iii) Belarus
- (iv) European Union
- (v) Japan
- (vi) Russia
- (vii) Canada
- (viii) Norway
- (ix) Australia (only to LDCs)
- (x) Switzerland
- (xi) Bulgaria

GSP schemes of these countries detail sectors / products and tariff lines under which benefits are available, including conditions and procedures governing benefits. These schemes are renewed and modified from time to time. Normally Customs of GSP offering countries require information in Form 'A' (prescribed for GSP Rules Of Origin) duly filled by exporters of beneficiary countries and certified by authorised agencies. List of agencies authorised to issue GSP CoO is given in Appendix-4A.

Global System of Trade Preference (GSTP)

(b) Under agreement establishing GSTP, tariff concessions are exchanged among developing countries, who have signed agreement. Presently, 46 countries are members of GSTP and India has exchanged tariff concessions with 12 countries on a limited number of products. EIC is sole agency authorised to issue CoO under GSTP.

SAARC Preferential Trading Agreement (SAPTA)

(c) SAPTA was signed by seven SAARC members namely India, Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka and Maldives in 1993 and came into operation in 1995. Four rounds of trade negotiations have been completed and more than 3000 tariff lines are under tariff concessions among SAARC countries. List of agencies, authorised to issue CoO under SAPTA are notified under Appendix – 4B.

Asia- Pacific Trade Agreement (APTA)

(d) APTA is a preferential trading arrangement designed to liberalise and expand trade in goods progressively in Economic and Social Commission for Asia and Pacific (ESCAP) region through liberalization of tariff and nontariff barriers. At present, Bangladesh, Sri Lanka, South Korea, India and China are exchanging tariff concessions under APTA. Agencies authorised to issue CoO under APTA are listed in Appendix – 4B.

- India-Sri Lanka Free Trade Agreement (ISLFTA)** (e) Free Trade Agreement (FTA) between India and Sri Lanka was signed on 20.12.1998 and was operationalised in March, 2000 following notification of required Customs tariff concessions by Government of Sri Lanka and India. EIC is sole agency to issue CoO under ISLFTA.
- India Afghanistan Preferential Trade Agreement** (f) A Preferential Trade Agreement between Transitional Islamic State of Afghanistan and Republic of India was signed on 6.3.2003 and was operationalised with issuance of Customs Notification No 76/2003 dated 13.5.2003. EIC is sole agency to issue CoO under India Afghanistan Preferential Trade Agreement.
- Indo – Thailand Framework Agreement for Free Trade Area** (g) India and Thailand have signed protocol to implement Early Harvest Scheme under India- Thailand Free Trade Agreement on 01.09.2004. Tariff preferences for imports on items of Early Harvest Scheme would be available only to those products, which satisfy Rules of Origin Criteria, notified by Department of Revenue, Ministry of Finance, vide notification No.101/2004-Customs dated 31.08.2004. EIC would be sole agency to issue CoO under Early Harvest Scheme of Framework Agreement on India-Thailand Free Trade Agreement.
- 2.21.2 Non Preferential** (a) Government has also nominated certain agencies to issue Non Preferential CoO in accordance with Article II of International Convention Relating to Simplification of Customs formalities, 1923. These CoOs evidence origin of goods and do not bestow any right to preferential tariffs. List of notified agencies is provided in Appendix – 4C. In addition, agencies authorized to issue Preferential CoO as per Para 2.21.1 of HBP v1 are also authorized to issue Non-Preferential CoO.
- (b) All exporters who are required to submit CoO (Non Preferential) would have to apply to any of agencies enlisted in Appendix-4C with following documents:
- (i) Details of quantum / origin of inputs / consumables used in export product.
 - (ii) Two copies of invoices.
 - (iii) Packing list in duplicate for concerned invoice.
 - (iv) Fee not exceeding Rs.100 per certificate as may be prescribed by concerned agency.
- (c) The agency would ensure that goods are of Indian origin as

per general principles governing rules of origin before granting CoO (non preferential). Certificate would be issued as per Format given in Annexure-II to Appendix-4C. It should be ensured that no correction/re-type is made on certificate.

(d) Any agency desirous of enlistment in Appendix-4C may submit their application as per Annexure I to Appendix 4C to the concerned RA / DGFT.

(e) In case of tea, all exporters who are required to submit CoO (Non-Preferential) shall apply to Tea Board or any Inspection Agency authorized by Tea Board and enlisted in Appendix-4C of HBP v1 with documents listed above.

**2.22
Automatic
Licence /
Certificate /
Authorisation /
Permission**

Status holders shall be issued Authorisation automatically within stipulated time period. Deficiency, if any, informed through covering letter, shall be required to be rectified by status holders within 10 days from date of communication of deficiency.

**2.23
Submission of
Certified Copies
of Documents**

Wherever original documents have been submitted to a different RA / nominated agencies or to a different division of same RA, applicant can furnish photocopy of documents duly certified by him in lieu of original.

**2.24
Advance
Payment**

In case, payment is received in advance and export / deemed exports takes place subsequently, application for an Authorisation shall be filed within specific period following the month during which exports / deemed exports are made, unless otherwise specified.

**2.25.1
Payment
through ECGC
cover**

Payment through ECGC cover would count for benefits under FTP.

**2.25.2
Payment
through
General/Private
Insurance
Companies**

Amount of Insurance Cover for transit loss by General Insurance and Private Approved Insurance Companies in India would be treated as payment realized for exports under various export promotion schemes.

**2.25.3
Irrevocable
Letter of Credit**

In case where applicant applies for duty credit scrip / DEPB / DFIA / discharge of EO against confirmed irrevocable letter of credit (or bill of exchange which is unconditionally Avalised / Co-Accepted / Guaranteed by a bank) and this is confirmed and certified by exporter's bank in relevant Bank Certificate of Export and

- Realization, payment of export proceeds shall be deemed to be realized. For Status Holders, irrevocable letter of credit would suffice.
- 2.25.4 RBI write-off on export proceeds realization** Realization of export proceeds shall not be insisted under any of the Export Promotion Schemes under this Foreign Trade Policy, if the Reserve Bank of India (RBI) writes off the requirement of realization of export proceeds on merits and the exporter produces a certificate from the concerned Foreign Mission of India about the fact of non-recovery of export proceeds from the buyer. However, this would not be applicable in self-write off cases.
- 2.26 Export by post** In case of export by post, exporter shall submit following documents in lieu of documents prescribed for export by sea / air:
- (a) Bank Certificate of Export and Realisation as in Appendix-22A.
 - (b) Relevant postal receipt
Invoice duly attested by Customs authorities.
- 2.26.1 Import/ Export through Courier Service** Imports / Exports through a registered courier service is permitted as per Notification issued by DoR. However, importability / exportability of such items shall be regulated in accordance with FTP.
- 2.26.2 Direct negotiation of export documents** In cases where exporter directly negotiates document (not through authorised dealer) with permission of RBI, he is required to submit following documents for availing of benefits under export promotion schemes:
- (a) Permission from RBI allowing direct negotiation of documents (not required for status holders),
 - (b) Copy of Foreign Inward Remittance Certificate (FIRC) as per Form 10-H of Income Tax department in lieu of BRC and
 - (c) Statement giving details of shipping bills / invoice against which FIRC was issued.
- 2.27 Import/Export of Samples**
- (a) No Authorisation 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 Authorisation by any person connected with Tea industry.
 - (b) Duty free import of samples upto Rs 100,000 for all exporters (Rs.300,000 for gems and jewellery sector) shall be allowed as per terms and conditions of Customs notification. Exports of bonafide trade and technical samples of freely

exportable item shall be allowed without any limit.

**2.28
Import under
Lease Financing**

Import under lease financing shall be available under EPCG Scheme, EOU / SEZ scheme. Domestic supplier of capital goods to eligible categories of deemed exports shall be eligible for benefits of deemed exports as in paragraph 8.3 of FTP, even in cases where supplies are under lease financing.

**2.29
Exhibits
Required for
National and
International
Exhibitions or
Fairs and
Demonstration**

(a) Import / export of exhibits, including construction and decorative materials required for the temporary stands of foreign / Indian exhibitors at exhibitions, fair or similar show or display for a period of six months on re-export / re-import basis, shall be allowed without an Authorisation on submission of a certificate from an officer of a rank not below that of an Under Secretary / Deputy DGFT in DoC / DGFT or an officer of Indian Trade Promotion Organization (ITPO) duly authorised by its Chairman in this behalf, to effect that such exhibition, fair or similar show or display.

- (i) has been approved or sponsored by DoC or ITPO; and
- (ii) is being held in public interest.

(b) Extension beyond six months for re-export / re-import will be considered by Customs authorities on merits. Consumables such as paints, printed material, pamphlets, literature etc. pertaining to exhibits need not be re-exported / re-imported.

**2.30
Import Policy**

Policy relating to general provisions regarding import of capital goods, raw materials, intermediates, components, consumables, spares, parts, accessories, instruments and other goods is given in Chapter 2 of FTP / ITC (HS).

**2.31
General
Procedure for
Licensing of
Restricted
Goods**

Wherever an import Authorisation, including CCP, is required under FTP, procedure contained in this chapter shall be applicable.

2.32

Import of Metallic Waste and Scrap

2.32.1

Import of any form of metallic waste, scrap will be subject to the condition that it will not contain hazardous, toxic waste, radioactive contaminated waste / scrap containing radioactive material, any type of arms, ammunition, mines, shells, live or used cartridge or

any other explosive material in any form either used or otherwise.

2.32.2

(a) Import of following types of metallic waste and scrap will be free subject to conditions detailed below:

Sl.No.	Exim code	Item description
1.	720410 00	Waste and scrap of cast iron
2.	72042190	Other
3.	72042920	Of High speed steel
4.	72042990	Other
5.	72043000	Waste and scrap of tinned iron or Steel
6.	72044100	Turnings, shavings, chips, milling waste, saw dust, fillings, trimmings and stampings, whether or not in bundles
7.	72044900	Other
8.	72045000	Remelting scrap ingots
9.	74040010	Copper scrap
10.	74040022	Brass scrap
11.	75030010	Nickel scrap
12.	76020010	Aluminium scrap
13.	79020010	Zinc scrap
14.	80020010	Tin scrap
15.	81042010	Magnesium scrap

Procedure for import in Shredded form

(b) Import of metallic waste and scrap listed above in shredded form shall be permitted through all ports of India subject to following conditions:

a. Importer shall furnish the following documents to the customs at the time of clearance of goods:

I) Pre-shipment inspection certificate as per the format in Annexure I to Appendix 5 from any of the Inspection & Certification agencies given in Appendix-5, to the effect that the consignment was checked for radiation level and scrap does not contain radiation level (gamma and neutron) in excess of natural background. The certificate shall give the value of background radiation level at that place as also the maximum radiation level on the scrap; and

II) Copy of the contract between the importer and

the exporter stipulating that the consignment does not contain any radio active contaminated material in any form.

b. Import from Hodaideh, Yemen and Bandar Abbas, Iran will be in shredded form only.

Procedure for import in unshredded compressed and loose form

(c) Import of metallic waste, scrap listed in para 2.32.2 above in unshredded compressed and loose form shall be subject to the following conditions:-

a. Importer shall furnish the following documents to the Customs at the time of clearance of goods:

I) Pre-shipment inspection certificate as per the format in Annexure-I to Appendix 5 from any of the Inspection & Certification agencies given in Appendix-5 to the effect that:

i) The consignment does not contain any type of arms, ammunition, mines, shells, cartridges, or any other explosive material in any form either used or otherwise, and that the consignment was checked for radiation level and it does not contain radiation level (gamma and neutron) in excess of natural background. The certificate shall give the value of background radiation level at that place as also the maximum radiation level on the scrap.

ii) The imported item (s) is actually a metallic waste/scrap/seconds/defective as per the internationally accepted parameters for such a classification.

II) Copy of the contract between the importer and the exporter stipulating that the consignment does not contain any type of arms, ammunition, mines, shells, cartridges, radio active contaminated, or any other explosive material in any form either used or otherwise.

b. Import of scrap would take place only through following designated ports and no exceptions would be allowed even in case of EOUs, SEZs:-

“1.Chennai, 2.Cochin, 3.Ennore, 4.JNPT, 5.Kandla, 6.Mormugao, 7.Mumbai, 8.New Mangalore, 9.Paradip, 10.Tuticorin, 11.Vishakhapatnam, 12. ICD Loni, Ghaziabad, 13.Pipava, 14.Mundra, 15.Kolkata, 16.ICD Ludhiana, 17.ICD Dadri (Greater Noida), 18.ICD Nagpur, 19.ICD Jodhpur, 20.ICD Jaipur, 21.ICD Udaipur, 22.CFS Mulund, 23.ICD

Kanpur, 24.ICD Ahmedabad, 25.ICD Pitampur and 26.ICD Malanpur”.

- 2.32.2A
Recognition as
Pre-shipment
Inspection
Agency (PSIA)
and issuance of
Pre-shipment
Certificate
(PSIC)**
- (a) Application for recognition in respect of PSIAs have to be made in proforma prescribed in Appendix 5-A.
- (b) For applicants based in India application fee will be Rs. 7500/- and for applicants based abroad the application fee will be US \$200. The fees may be amended from time to time by DGFT.
- (c) The applications will be considered by an Inter-Ministerial Committee.
- (d) The PSIAs will be issued a recognition certificate valid for three years. However, DGFT has the right to suspend/cancel such a certificate at any time during the 3 year term. At the end of 3 years PSIA has to make a fresh application for further recognition.
- (e) PSIA shall issue Pre-Shipment Inspection Certificate (PSIC) in the format given in Appendix 5-B.
- 2.32.2B
Responsibility
and Liability of
PSIA and
Importer**
- (a) In case of any mis-declaration in PSIC, PSIA would be liable to pay a penalty upto Rs. 10 Lakhs (if the agency is based in India) or up to US \$20,000/- (if the agency is based in foreign country), in addition to suspension/ cancellation of recognition.
- (b) The importer would also be responsible for import of any material in contravention of the declaration as required under Para 2.32.2 of HBP Vol.I and would be liable to pay penalty upto Rs. 10 Lakhs.
- 2.32.3**
- However, import of other kinds of metallic waste and scrap will be allowed in terms of conditions of ITC (HS).
- 2.32.4**
- Import policy for second and defective, rags, PET bottles / waste, and ships is given in ITC (HS).
- 2.33
Import of
Second Hand
Capital Goods**
- (a) Import of second hand capital goods including refurbished / reconditioned spares, except those of personal computers / laptops, shall be allowed freely, subject to conditions for following categories:
- (b) Import of second hand computers including personal

computers / laptops and refurbished/reconditioned spares thereof is restricted.

- (c) Import of refurbished / reconditioned spares of capital goods, other than those of personal computers/laptops will be allowed on production of a Chartered Engineer certificate that such spares have atleast 80% residual life of original spare.

2.33A

Customs or any other Central or State Government authority may avail of services of Inspection and Certification Agencies in Appendix 5 of the HBP v1, for certifying residual life as well as valuation / purchase price of capital goods.

2.34 Import of Ammunition by Licensed Arms Dealers

- (a) Import of following types of ammunition are allowed against an Authorisation by licensed arms dealers subject to conditions as may be specified:

- (i) Shotgun Cartridges 28 bore;
- (ii) Revolver Cartridges of .450, .455 and .45 bores;
- (iii) Pistol Cartridges of .25, .30 Mauser, .450 and .45 bores;
- (iv) Rifle Cartridges of 6.5 mm, .22 savage, .22 Hornet, 300 Sherwood, 32/40, .256, .275, .280, 7m/m Mauser, 7 m/m Man Schoener, 9m/m Mauser, 9 m/m Man Schoener, 8x57, 8x57S, 9.3 m/m, 9.5 m/m, .375 Magnum, .405, .30.06, .270, .30/30 Winch, .318, .33 Winch, .275 Mag., .350 Mag., 400/350, .369 Purdey, .450/400, .470, .32 Win, .458 Win, .380 Rook, .220 Swift and .44 Win. bores.

- (b) An import Authorisation shall be issued at 5% of value of annual average sales turnover of ammunition (whether indigenous or imported) during preceding three licensing years subject to a minimum of Rs. 2000.

- (c) An application for grant of an Authorisation for items listed above may be made to RA in ANF 2B along with documents prescribed therein.

2.35 Restricted Items Required By Hotels,

Items mentioned as restricted for imports in ITC (HS) required by hotels, restaurants, travel agents and tour operators may be allowed against an Authorisation, based on recommendation of Director General, Tourism, Government of India.

**Restaurants,
Travel Agents,
Tour Operators
And Other
Specified
Categories**

- 2.35.1** Hotels, including tourist hotels, recognised by Director General of Tourism, Government of India or a State Government shall be entitled to import Authorisation upto a value of 25% of foreign exchange earned by them from foreign tourists during preceding licensing year, for import of essential goods related to hotel and tourism industry.
- 2.35.2** Travel agents, tour operators, restaurants, and tourist transport operators and other units for tourism, like adventure / wildlife and convention units, recognized by Director General of Tourism, Government of India, shall be entitled to import authorisation up to a value of 10% of foreign exchange earned by them during preceding licensing year, for import of essential goods which are restricted for imports related to travel and tourism industry, including office and other equipment required for their own professional use.
- 2.35.3** Import entitlement under paragraphs 2.35.1 and 2.35.2 of any one licensing year can be carried forward, either in full or in part, and added to import entitlement of two succeeding licensing years and shall not be transferable except within the group company or to managed hotels.
- 2.35.4** Such imported goods may be transferred after 2 years with permission of DGFT. No permission for transfer will be required in case the imported goods are re-exported. However, re-export shall be subject to all conditionality, or requirement of licence, or permission, as may be required under Schedule II of ITC (HS).
- 2.35.5** An application for grant of an Authorisation under paragraphs 2.35.1 and 2.35.2 may be made in ANF 2B to DGFT through Director of Tourism, Government of India who will forward application to RA concerned along with their recommendations.
- 2.36** ITC (HS) contains list of restricted items. An application for import of such items may be made, in ANF 2B along with documents
- Import of Other**

- Restricted Items** prescribed therein. Original application along with Treasury Receipt (TR) / Demand Draft shall be submitted to RA concerned and self-attested copy of same shall be submitted to DGFT in duplicate along with proof of submission of application to concerned RA.
- 2.37
EXIM
Facilitation
Committee** Restricted item Authorisation may be granted by DGFT or any other RA authorised by him in this behalf. DGFT / RA may take assistance and advice of a Facilitation Committee. The Assistance of technical authorities may also be taken by seeking their comments in writing. Facilitation Committee will consist of representatives of Technical Authorities and Departments / Ministries concerned.
- 2.37A** Import authorizations for a restricted item, if so directed by the competent authority, shall be issued for import through one of the sea ports or air ports or ICDs or LCS, as per the option indicated, in writing, by the applicant. However, for import of rough marble, port of registration is mandatory and the applicant must indicate the same in the application itself. Authorization holder shall register the import authorisation at the port specified in the Authorization and thereafter all imports against said authorization shall be made only through that port, unless the authorization holder obtains permission from customs authority concerned to import through any other specified port.
- 2.38
Gifts of
Consumer or
Other Goods** (a) In terms of provisions contained in paragraph 2.19 of FTP, an application for grant of CCP for import as gifts of items appearing as restricted for imports in ITC (HS) shall be made to the DGFT as in ANF 2B along with documents prescribed therein.
- (b) Where recipient of a gift is a charitable, religious or an educational institution registered under any law in force, and gift sought to be imported has been exempted from payment of customs duty, such import shall be allowed by customs authorities without a CCP.
- 2.39
Import under
Govt. to Govt.
Agreements** Import of goods under Government to Government agreements may be allowed without an Authorisation or CCP on production of necessary evidence to satisfaction of Customs authorities
- 2.40** Indian branches of foreign banks, insurance companies and travel

- Import of Cheque Books / Ticket Forms etc.** agencies may import chequebooks, bank draft forms and travellers cheque forms without a CCP. Similarly, airlines / shipping companies operating in India, including persons authorised by such airlines / shipping companies, may import passenger ticket forms without a CCP.
- 2.41 Import of Reconditioned/ Second Hand Aircraft Spares** Import Authorisation for reconditioned / second hand aircraft spares is not needed on recommendation of Director General of Civil Aviation, Government of India (DGCA).
- 2.42 Import of Replacement Goods** Goods or parts thereof on being imported and found defective or otherwise unfit for use or which have been damaged after import, may be exported without an Authorisation, and goods in replacement thereof may be supplied free of charge by foreign suppliers or imported against a marine insurance or marine-cum-erection insurance claim settled by an insurance company. Such goods shall be allowed clearance by the customs authorities without an import Authorisation provided that:
- (a) Shipment of replacement goods is made within 24 months from date of clearance of previously imported goods through Customs or within guarantee period in case of machines or parts thereof where such period is more than 24 months; and
 - (b) No remittance shall be allowed except for payment of insurance and freight charges where replacement of goods by foreign suppliers is subject to payment of insurance and / or freight by importer and documentary evidence to this effect is produced while making remittance.
- 2.42.1** (a) In case of short-shipment, short-landing or loss in transit, import of replacement goods will be permitted based on certificate issued by customs authorities without an import Authorisation.
- (b) This procedure shall also apply to cases in which short shipment of goods is certified by foreign supplier, who has agreed to replace free of cost.
- 2.42.2** Cases not covered by above provisions will be considered on merits by DGFT for grant of Authorisation for replacement of goods for

which an application may be made.

2.43
Transfer of
Imported Goods

Freely importable goods can be transferred by sale or otherwise by importer freely. Transfer of imported goods, which are subject to Actual User condition and have become surplus to needs of Actual User, shall be made only with prior permission of RA concerned. Following information alongwith supporting documents shall be furnished with request for grant of permission for transfer, to RA concerned:

- (i) Reasons for transfer of imported material;
- (ii) Name, address, IEC number and industrial Authorisation registration, if any, of transferee;
- (iii) Description, quantity and value of goods imported and those sought to be transferred;
- (iv) Copies of import Authorisation and bills of entry relating to imports made;
- (v) Terms and conditions of transfer as agreed upon between buyer and seller.

2.43.1

Prior permission of RA shall not, however, be necessary for transfer or disposal of goods, which were imported with Actual User condition, provided such goods are freely importable without Actual User condition on date of transfer.

2.43.2

(a) Prior Permission of RA shall not be required for transfer or disposal of imported goods after a period of two years from the date of import.

(b) Transfer of Imported Firearms will not require permission from DGFT (a) after 10 years of import or (b) on attaining the age of 60 years by such importer.

(c) Prior Permission of DGFT shall also not be required for transfer of imported weapons (firearms) by the Renowned Shooters* after 5 years from date of import. In respect of those shooters categorised as Renowned Shooter for at least 3 consecutive years, no permission would be required from DGFT after 3 years from date of import.

2.44
Sale of Exhibits

(a) Sale of exhibits of restricted items, mentioned in ITC (HS), imported for an international exhibition / fair organized / approved / sponsored by ITPO may also be made, without an Authorisation

within bond period allowed for re-export, on payment of applicable customs duties, subject to a ceiling limit of Rs.5 lakhs (CIF) for such exhibits for each exhibitor.

However, sale of exhibits of items, which were freely imported shall be made, without an Authorisation, within bond period allowed for re-export on payment of applicable customs duties.

(b) If goods brought for exhibition are not re-exported or sold within bond period due to circumstances beyond control of importer, customs authorities may allow extension of bond period on merits.

- 2.45**
Import of Overseas Office Equipment On winding up of overseas offices, set up with approval of RBI, used office equipment and other items may be imported without Authorisation.
- 2.46**
Prototypes Import of new / second hand prototypes / second hand samples may be allowed on payment of duty without an Authorisation to an Actual User (industrial) engaged in production of or having industrial licence / letter of intent for research in item for which prototype is sought for product development or research, as the case may be, upon a self-declaration to that effect, to satisfaction of customs authorities.
- 2.47**
Restricted items for R&D All restricted items and items permitted to be imported by STEs, except live animals, required for R&D purpose may be imported without an Authorisation by Government recognized Research and Development units.
- 2.48**
Export Policy Policy relating to Exports is given in Chapter-2 of FTP. Further, Schedule 2, Appendix-1 of ITC (HS) specifies list of items, which may be exported without an Authorisation but subject to terms and conditions specified.
- 2.49**
Application for Grant of Export Authorisation/ Certificate / Permission An application for grant of Export Authorisation in respect of restricted items [other than Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET)] mentioned in Schedule 2 of ITC (HS) Classifications of Export and Import Items may be made in ANF 2D to DGFT along with documents prescribed therein. EFC shall consider applications on merits for issue of export Authorisation.

2.49 A An application for grant of Export Authorisation in respect of SCOMET items mentioned in Appendix 3 to Schedule 2 of ITC (HS) Classifications of Export and Import Items may be made in ANF 2E to DGFT (Hqrs) along with documents prescribed therein.

2.49 A.1 An Inter-Ministerial Working Group (IMWG) in DGFT shall consider applications for export of SCOMET items as specified in Appendix-3 to Schedule 2 of ITC (HS) Classifications of Export and Import Items based on following guidelines :

I. Applications for Authorisation to export items or technology on SCOMET List are considered on the basis of following general criteria:

- a. Credential of end-user, credibility of declaration of end-use of the item or technology, integrity of chain of transmission of item from supplier to end-user, and on potential of the item or technology, including timing of its export, to contribute to end-uses that are not in conformity with India's national security or foreign policy goals and objectives, goals and objectives of global non-proliferation, or India's obligations under International treaties/Agreements to which it is a State party.
- b. Assessed risk that exported items will fall into hands of terrorists, terrorist groups, and non-State actors;
- c. Export control measures instituted by the recipient State;
- d. Capabilities and objectives of programmes of the recipient State relating to weapons and their delivery;
- e. Assessment of end-use(s) of item(s);
- f. Applicability of provisions of relevant bilateral or multilateral agreements, to which India is a party, to the case under consideration.

II. Application shall be accompanied by an end user certificate as per Appendix-36, certifying that:

- a. The item will be used only for stated purpose and that such use will not be changed, nor items modified or replicated without consent of Government of India;
- b. Neither the items nor replicas nor derivatives thereof will be

re-transferred without consent of Government of India;

- c. End-user shall facilitate such verifications as are required by Government of India.

III. The end-user certificate will indicate the name of the item to be exported, the name of the importer, the specific end-use of the subject goods and details of Purchase Order/Contract.

IV. Government of India may also require additional formal assurances, as deemed appropriate, including those on end-use and non-retransfer, from the State of the recipient.

V. Licensing authority for items in Category 0 in Appendix 3 to Schedule 2 of ITC (HS) is Department of Atomic Energy. Applicable guidelines are notified by the Department of Atomic Energy under Atomic Energy Act, 1962. For certain items in Category 0, formal assurances from the recipient State will include non-use in any nuclear explosive device. Authorisations for export of certain items in Category 0 will not be granted unless transfer is additionally under adequate physical protection and is covered by appropriate International Atomic Energy Agency (IAEA) safeguards, or any other mutually agreed controls on transferred items.

VI. Additional end-use conditions may be stipulated in Authorisations for export of items or technology that bear possibility of diversion to or use in development or manufacture of, or use as, systems capable of delivery of weapons of mass destruction.

VII. Authorisations for export of items in SCOMET List (other than those under Category 0, 1 and 2) solely for purposes of display or exhibition shall not require any end-use or end-user certification. However, no export Authorisation for display or exhibition shall be issued for 'Technology' in any category.

2.49 A.2

Export of items not on SCOMET List may also be regulated under provisions of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005.

Note 1: Export or attempt to export in violation of any of conditions of Authorisation shall invite civil and/or criminal prosecution.

Note 2: Authorisations for export of items in SCOMET List for

display or exhibition abroad are subject to a condition of re-import within a period not exceeding six months. Exporters are entitled to apply for an export authorisation for such items exhibited abroad. If exhibitor intends to offer that item for sale during exhibition abroad, such sale shall not take place without a valid Authorisation.

Note 3: Export of items in Category 2 of SCOMET list may also be controlled by other applicable guidelines issued from time-to time.

Note 4: Exporters are entitled to request that only such conditions need be imposed as are subject of government-to-government instruments of accord over export of items on SCOMET List.

Note 5: 'Technology' (see also entry 'Technology' in glossary in Appendix-3 to Schedule 2 of ITC (HS) Classifications of Export and Import Items): Approval of export of an item on the SCOMET List also authorizes the export to same end-user of minimum 'technology' required for installation, operation, maintenance and repair of the item.

2.49 A.3

No export authorisation is required for supply of SCOMET items from DTA to SEZ. However, all supplies of SCOMET items from DTA to SEZ will be reported to the Development Commissioner of the respective SEZ by the supplier in the prescribed proforma [Annexure 1 to Appendix-3 to Schedule 2 of ITC (HS) Classifications of Export and Import Items] within one week of the supplies getting effected. An annual report of such supplies from DTA to SEZ shall be sent to SCOMET Cell, DGFT (Hqrs), Department of Commerce, Udyog Bhawan, Maulana Azad Road, New Delhi-110011, by the Development Commissioner (DC), SEZ in the prescribed proforma [Annexure 2 to Appendix-3 to Schedule 2 of ITC (HS) Classifications of Export and Import Items]. Report by the DC, SEZ is to be filed by 15th May of every financial year for the supplies effected during the preceding financial year. Export Authorisation is, however, required if the SCOMET items are to be physically exported outside the country from SEZ i.e. to another country (Refer Rule 26 of the SEZ Rules, 2006).

2.49 A.4

DGFT in association with Administrative Ministries/ Departments and Trade Associations will organize Industry

Outreach Programme on regular basis for an effective awareness among the exporters/ importers dealing with trade, in particular, in SCOMET items.

**2.49 A.5
Procedure/
Guidelines for
filing/ Evaluation
of Applications
for Entering into
an Arrangement
or Understanding
for Site Visits,
On-site
Verification and
Access to Records
/ Documentation**

An application for entering into an arrangement or understanding involving site visit, on-site verification or access to records/documentation by a foreign government or a foreign third party either acting directly or through an Indian party as mentioned in Appendix 3 of Schedule 2 of ITC (HS) Classifications of Export and Import Items shall be made in ANF 2EE to DGFT (Hqrs.), New Delhi along with documents prescribed therein. These applications shall be considered by an Inter-Ministerial Working Group (IMWG) in DGFT based on following guidelines/general criteria:

I. Following factors, among others, will be taken into account in the evaluation of applications for entering into an arrangement or understanding for site visits, on-site verification and access to records/ documentation:

(a) Purpose for which arrangement / understanding is proposed under which site visit or on-site verification or access to records/documentation is to be undertaken.

(b) Credentials and details of the parties involved.

(c) Credentials of end-user, credibility of declarations of end-use of the items or technology, the integrity of chain of transmission of the item from the supplier to the end-user, and on the potential of the item or technology, including the timing of its export, to contribute to end-uses that are not in conformity with India's national security or foreign policy goals and objectives, the objectives of global nonproliferation, or its obligations under treaties to which it is a State party.

(d) The assessed risk that the arrangement / understanding could lead to dual-use items and technology falling into the hands of terrorists, terrorist groups and non-State actors.

(e) In case site visit, on-site verification or access to records/documentation is to be carried out by a foreign government or its representative(s), the following shall be taken into consideration :-

i. Export control measures instituted by the foreign

government;

ii. Capabilities and objectives of programs of the foreign government relating to weapons and their delivery.

- (f) Applicability of relevant bilateral and multilateral agreements to which India is a party.
- (g) Assessment of any threat that such site visit, on-site verification or access to records/ documentation may pose to India's national security, and relations with any other country.
- (h) Assessment of possible links of the foreign parties with terrorist organizations and non-state actors within their own country or in any other country.

II. Permission for arrangement or understanding involving site visit, on-site verification or access to records / documentation will be subject to the following conditions:

- (a) Site visit, on-site verification or access to records /documentation will be confined to the purpose, sites and activity for which permission given/which have been mentioned in the authorization.
- (b) Site visit, on-site verification or access to records/documentation will be allowed only to individuals mentioned in the authorization.
- (c) Site visit, on-site verification or access to records/documentation shall be concluded during the period mentioned in the authorization.
- (d) Exporter/Importer will keep a record of site visit, on site verification or access to records/documentation alongwith detail of individuals who visited the premises during this visit and produce the same as and when required to do so by the Government of India.
- (e) No exchange of goods, services and technologies and any documentation including drawings, specification sheets etc. will take place during the visit.
- (f) Exporter/importer may be required to give any additional assurance that the Government of India may require.
- (g) Any other condition that may be stipulated in the

permission.

III. Provisions of Weapons of Mass Destruction Act, 2005 shall also apply to an arrangement or understanding that involves site visit, on-site verification or access to records/documentation.

IV. Any violation of any condition of the license shall invite civil/ criminal prosecution as per law.

**2.49.1
Free Sale and
Commerce
Certificate**

(a) (i) RAs may issue, on application, Free Sale and Commerce Certificate for export of items not covered under Drugs & Cosmetics Act, 1940, which have usage in hospitals, nursing homes and clinics, for medical and surgical purposes and are not prohibited for export. Validity of such certificate shall be two years from date of issue unless otherwise specified.

(a) (ii) An application for grant of Free Sale and Commerce Certificate may be made to RA concerned as per format in Appendix 39 of HBP Vol.1, along with Annexure A therein. RA shall issue Free Sale and Commerce Certificate as per Annexure B of Appendix 39.

(b) (i) RAs may also issue, on application, Free Sale and Commerce Certificate for export of any other item which is not restricted or prohibited for export. Validity of such certificate shall be two year from date of issue unless otherwise specified.

(b) (ii) An application for grant of Free Sale and Commerce Certificate for these items may be made to RA concerned as per format in Appendix 39-A of HBP Vol. I along with Annexure A therein. RA shall issue Free Sale and Commerce Certificate as per Annexure B of Appendix 39-A.

**2.50
Export of Items
under State
Trading Regime
(STR)**

An application for export of items mentioned in ITC (HS) under STR regime may be made to DGFT.

**2.51
Exports Of
Samples /**

An application for export of samples or exhibits, which are restricted for export, may be made to DGFT.

Exhibits

- 2.52**
Free of Cost Exports 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.10 lakh or 2% of average annual export realisation during preceding three licensing years whichever is higher.
- 2.53**
Gifts / Spares / Replacement Goods For export of gifts, indigenous / imported warranty spares and replacement goods in excess of ceiling / period prescribed in paragraphs 2.32, 2.33 and 2.37 respectively of FTP, an application may be made to DGFT.
- 2.54**
Furnishing of Returns in respect of Exports in non Physical form
- (a) All exports made in non physical form by using communication links including high speed data communication links, internet, telephone line or any other channel which do not involve Customs authorities has to be compulsorily reported on quarterly basis to concerned EPC (Para 3.12 of FTP) as given in Appendix 19C.
- (b) These provisions shall be applicable to all exporting units located anywhere in country including those located in STP, SEZ, EHTP and under 100% EOU scheme.
- 2.55**
Duty Free Import of R&D Equipment for Pharmaceuticals and Bio-technology Sector
- (a) Duty free import of goods (as specified in list 28 of Customs notification No.21/2002 dated 1.3.2002, as amended from time to time) upto 25% of FOB value of exports during preceding licensing year, shall be allowed.
- (b) The eligible unit may furnish an application given in Appendix-15A to RA concerned duly countersigned by Chartered Accountant.
- (c) In respect of duty free import of R&D equipment, units not registered with Central excise shall be allowed to give Installation Certificate issued by an independent Chartered Engineer.
- 2.55.1**
- (a) Duty free imports of goods as specified in list 28A of Customs notification No. 21/2002 dated 1.3.2002, upto 1% of FOB value of exports made during preceding licensing year, shall be allowed to agro chemicals sector unit having export turnover of Rs. 20 crore or above during preceding licensing year.
- (b) The eligible unit shall apply in form given in Appendix-15B

to RA concerned duly countersigned by Chartered Accountant.

(c) In respect of duty free import of R&D equipment, units not registered with Central excise shall be allowed to give Installation Certificate issued by an independent Chartered Engineer.

2.56
Conversion of
E.P. copy of
shipping bill
from one
Scheme To
Another

If Customs Authorities, after recording reasons in writing, permit conversion of an E.P. copy of any scheme-shipping bill on which benefit of that scheme has not been availed, exporter would be entitled to benefit under scheme in which shipment is subsequently converted.

2.57
Offsetting of
Export Proceeds

Subject to specific approval of RBI, any payables, or equity investment made by an Authorization holder under any export promotion scheme, can be used to offset receipts of his export proceeds. In such cases, offsetting would be equal to realisation of export proceeds and exporter would have to submit following additional documents:

- (a) Appendix-22D in lieu of Bank Realisation Certificate.
- (b) Specific permission of RBI.

2.58
Quality
Certification

It has been a constant endeavor to promote quality standards in export product / units manufacturing export product.

2.58.1

One of salient features incorporated in FTP as per paragraph 3.10.3 for promotion of quality standards is grant of Export / Trading House status on achievement of a lower threshold limit for units having ISO-9000 (series), ISO-14000 (Series) or HACCP certification or WHOGMP or SEI CMM level-2 & above status / certification.

2.58.2

(a) List of such agencies authorised to grant quality certification is given in Appendix-6.

(b) For ISO 9000 (Series) and for ISO 14000 (Series), the Agencies accredited with National Accreditation Board for Certification Bodies (NABCB) under Quality Council of India shall be deemed to be authorized under this Policy. List of such accredited agencies is available on the web site www.qcin.org and also provided under Appendix 6.

(c) Any agency desirous of enlistment in Appendix -6 may

submit their application as per Annexure I to Appendix 6 to concerned RA.

**2.59
Procedure for
import under the
Tariff Rate
Quota Scheme**

Attention is invited to Government of India, Ministry of Finance (Department of Revenue), Notification No. 21/2002- Customs dated 01.03 2002 and Notification No. 33/2010- Customs dated 12.03.2010. As per these, import of four items viz., (1) Skimmed and whole milk powder, milk food for babies etc. (0402.10 or 0402.21) and White Butter, Butter oil, Anhydrous Milk Fat (0405) (2) Maize (corn): other (1005.90) (3) Crude sunflower seed or safflower oil or fractions thereof (1512.11) and (4) Refined rape, colza or mustard oil, other (1514.19 or 1514.99) is allowed in a financial year, up to quantities as well as such concessional rates of customs duty as indicated below:

List of items covered under Tariff Rate Quota Scheme			
S.No	ITC Code No. & Item	Quantity of Quota	Concessional Duty
1(i)	Tariff Code No. 0402.10 or 0402.21 Skimmed and whole Milk Powder. Milk Food for babies etc.	50,000 MTs	0%
(ii)	Tariff Code No. 0405 White Butter, Butter oil, Anhydrous Milk Fat	15,000 MTs	0%
2	Tariff Code No. 1005.90 Maize (Corn): other	5,00,000 MTs	0%
3	Tariff Code No. 1512.11 Crude Sunflower seed or safflower oil or fractions thereof	150,000 MTs	50%
4	Tariff Code No. 1514.19 & 1514.99 Rape, Colza, Canola or Mustard Oil, Other (Refined)	150,000 MTs	45%

2.59.1
Eligible entities
for allocation of
quota

(a) Milk Powder (Tariff Code No. 0402.10 or 0402.21) and White Butter, Butter oil, Anhydrous Milk Fat (0405): National Dairy Development Board (NDDB), State Trading Corporation (STC), National Cooperative Dairy Federation (NCDF), National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED), Minerals and Metals Trading Corporation (MMTC), Projects & Equipment Corporation of India Limited (PEC) and Spices Trading Corporation Limited (STCL).

(b) Maize (corn)(Tariff Code No. 1005.90): National Agricultural Cooperative Marketing Federation of India Ltd.(NAFED), State Trading Corporation (STC), Minerals and Metals Trading Corporation (MMTC), Projects & Equipment Corporation of India Limited(PEC), Spices Trading Corporation Limited (STCL) and State Cooperative Marketing Federations

(c) Crude sunflower seed or safflower oil or fractions thereof (Tariff Code No. 1512.11) and Refined rape, colza, canola or mustard oil, other (Tariff Code No. 1514.19 or 1514.99): National Dairy Development Board (NDDB), State Trading Corporation (STC), National Agricultural Cooperative Marketing Federation of India Ltd.(NAFED),Spices Trading Corporation Limited (STCL) and Central Warehousing Corporation (CWC), State Cooperative Marketing Federation & State Cooperative Civil Supplies Corporation

All eligible entities are eligible to avail quotas as per request of applicants received.

All eligible entities desiring availment of quota as mentioned above, may make application to EFC in ANF to DGFT, Udyog Bhavan, New Delhi – 110 011. Completed application forms along with prescribed documents must reach on or before 1st March of each financial year preceding to the year of quota [e.g. Applications for TRQ for 2011-2012 must reach DGFT by 01.03.2011].

Imports have to be completed before 31st March of financial year i.e. consignments must be cleared by customs authorities before this date.

Since import of maize (corn) is through STEs, the allottees of quota i.e. designated agencies in para 1 (b) above for this item shall also be granted an import Authorisation for allotted quantities as

indicated at Sl. No. 21(b) of Customs Notification No. 21/2002 dated 1.3.2002 in terms of para 2.11 of FTP, 2004-2009, if they do not wish to make imports through FCI.

Application fee for these applications shall be paid according to procedure contained in Appendix 21B to HBP v1.

EFC in DGFT will evaluate and allot quota among applicants by 31st March of each financial year preceding to year of quota [e.g. for 2011-2012, EFC will allot quota by 31st March 2011].

**2.60
Issuance of
scrips against
lost EP copy of
the Shipping
Bills and / or
original Bank
Realisation
Certificate**

In case where EP copy of Shipping Bill / original BRC has been lost, claim under VKGUY/ FMS/ FPS can be considered subject to submission of following documents:

- (a) A duplicate /certified copy of concerned document issued by Customs Authority / Bank in lieu of original;
- (b) An application fee equivalent to 2% of relevant entitlement. However, no fee shall be charged when such document is lost by Government agencies and a documentary proof to this effect is submitted;
- (c) An affidavit by exporter about loss of document and an undertaking to surrender it immediately to concerned RA, if found subsequently;
- (d) An indemnity bond by exporter to effect that he would indemnify Government for financial loss if any on account of duty credit issued against lost Shipping Bills / BRC. Customs Authority, before allowing clearance, shall ensure that benefit / duty credit against such shipping bill has not been availed.

2.60.1

Claim against lost Shipping Bill / BRC shall be preferred within a period of six months from date of release of duplicate copy of Shipping Bill / on date of realization of export proceeds. Any application received thereafter shall be rejected.

**2.61
Export
Promotion
Council (EPC)/
Commodity
Boards
(CB)**

A list and product category of EPCs, including CB is given in Appendix-2. Commodity Boards function as EPCs for products allotted to them. EPC is authority issuing RCMC.

**2.62
Non-Profit,**

EPCs are non-profit organizations registered under Companies Act or Societies Registration Act.

Autonomous and Professional Bodies**2.62.1**

EPCs shall be autonomous and shall regulate their own affairs. However, if Central Government frames uniform bylaws for constitution and / or for transaction of business for EPCs, they shall adopt the same with such modifications as Central Government may approve having regard to special nature or functioning of such EPC.

Concerned Administrative Ministry would interact with Managing Committee of EPC concerned at least twice a year.

2.63 Registering Authorities issuing RCMC

(a) While obtaining RCMC, an exporter has to declare his main line of business in the application. The exporter is required to obtain RCMC from the Council which is concerned with the product of his main line of business.

(b) A status holder has an option to obtain RCMC from Federation of Indian Exporters' Organization (FIEO).

(c) In case an export product is not covered by any Export Promotion Council/Commodity Board etc., RCMC in respect thereof is to be obtained from FIEO. Further, in case of multi product exporters, not registered with any EPC, where main line of business is not discernible, the exporter has an option to obtain RCMC from Federation of Indian Exporters Organization (FIEO).

(d) Exporters of minor forest produce and their value added products shall obtain RCMC from SHEFEXIL, EPC. Software exporters shall register themselves with Electronic and Software EPC.

(e) Exporters of 14 specific services as listed in Appendix-2 of HBP v1, are required to register themselves with Services EPC. Other service exporters shall register themselves with FIEO.

(f) In respect of exporters having their head office / registered office in State of Orissa, RCMC may be obtained from FIEO office in Bhubaneswar irrespective of product being exported by them. However, exporters of minor forest product from the State can also obtain RCMC from SHEFEXIL, EPC.

(g) In respect of multi product exporters having their head office/ registered office in the North Eastern States, RCMC may be obtained from Shellac & Forest Products Export Promotion Council (except for the products looked after by APEDA, Spices Board and Tea Board).

(h) In respect of exporters of handicrafts and handloom products from the State of Jammu & Kashmir, Director, Handicrafts, Government of Jammu & Kashmir is authorized to issue Registration Cum Membership Certificate (RCMC)

**2.64
Registration-
cum-
Membership
Certificate
(RCMC)**

(a) An exporter may, on application given in Appendix 19A, register and become a member of EPC. On being admitted to membership, applicant shall be granted forthwith Registration-cum-Membership Certificate (RCMC) of EPC concerned, in format given in Appendix-19B. In case an exporter desires to get registration as a manufacturer exporter, he shall furnish evidence to that effect.

(b) Prospective / potential exporters may also, on application, register and become an associate member of an EPC.

**2.64.1
Validity Period
of RCMC**

RCMC shall be deemed to be valid from 1st April of licensing year in which it was issued and shall be valid for five years ending 31st March of licensing year, unless otherwise specified.

**2.65
Intimation
Regarding
Change In
Constitution**

In case of change in ownership, constitution, name or address of an exporter, it shall be obligatory on part of RCMC holder to intimate such change to registering authority within a period of one month from date of such change. Registering authority, however, may condone delays on merits.

**2.66
Furnishing Of
Returns**

Exporter shall furnish quarterly returns / details of his exports of different commodities to concerned registering authority. However, status holders shall also send quarterly returns to FIEO in format specified by FIEO.

**2.67
De-Registration**

Registering authority may de-register an RCMC holder for a specified period for violation of conditions of registration. Before such de-registration, RCMC holder shall be given a show cause notice by registering authority, and an adequate and reasonable

opportunity to make a representation against the proposed de-registration. Upon de-registration, concerned EPC shall intimate the same to all RAs.

**2.68
Appeal Against
Deregistration**

A person aggrieved by a decision of registering authority in respect of any matter connected with issue of RCMC may prefer an appeal to DGFT or an officer designated in this behalf within 45 days against said decision and decision of appellate authority shall be final.

**2.69
Directives of
DGFT**

DGFT may direct any registering authority to register or deregister an exporter or otherwise issue such other directions to them consistent with and in order to implement provisions of FT (D&R) Act, Rules and Orders made there under, FTP or this Handbook.

**2.70
Electronic Data Interchange**

**2.70.1
Eligibility**

Facility of electronic filing of applications shall be available to all exporters.

**2.70.2
Procedure**

(a) An exporter would be able to file his application on DGFT website at <http://dgft.gov.in/>. Application will then be processed in accordance with prevalent rules and regulations.

(b) Applicant will have to visit concerned office to hand-over hard copy of application along with requisite documents including application fee. Authorisation shall be issued on receipt of hard copies of documents as mentioned above after due scrutiny as prescribed in HBP v1.

**2.70.3
Fiscal Incentives
for EDI**

Following deductions in Application Fee would be admissible for applications signed digitally and / or where application fee is paid electronically through EFT (electronic fund transfer):

Sr. No.	Mode of Application	Fee Deduction (as a % of normal application fee)
1	Digitally signed	25%
2	Application fee payment vide EFT	25%
3	Both digitally signed as well as use of EFT for payment of application fee	50%

**2.70.4
Benefits**

Facility will reduce unnecessary physical interface with DGFT. It will enable faster processing, speedier communication of deficiencies, if any, and on-line availability of application processing status.

2.70.5

Authorisation issued using DGFT Electronic Application System shall be transmitted electronically to Customs through EDI Mode. This shall also obviate need for verification of Authorisations before allowing clearance.