

CHAPTER 3

PROMOTIONAL MEASURES

- 3.1 Status Certificate** Policy for Status Holder is given in Chapter 3 of FTP.
- 3.2 Application for grant of Status Certificate** Application for grant of status recognition shall be filed in ANF 3A by 31st March of the current year. An existing status holder shall be automatically treated to be an equivalent status holder as given in Para 3.10 of FTP.
- 3.2.1** Application for status recognition shall be filed with jurisdictional RA / Development Commissioner (DC). However, in cases where export performance of EOUs / SEZs is clubbed together with company /firm / Group Company in DTA, the same will be considered by jurisdictional RA of DGFT only.
- 3.2.2**
- (a) All newly issued Status Certificates shall be valid from 1st April of the year during which application for recognition was filed.
 - (b) For renewals: In case application for renewal of status certificate is filed before expiry of current validity, the status certificate shall have a validity commencing from 1st April of next licensing year; otherwise validity of recognition shall commence from 1st April of year during which application was filed.
 - (c) All Status Certificates shall be valid for a period of 5 years reckoned from 1st April of the year in which the certificate was issued. Status Certificates valid beyond 31.3.2014 shall continue to remain in force, in case provisions of Foreign Trade Policy (2014-19) continue to recognize the status.
 - (d) Existing Status Holders who have applied for recognition before expiry of their status, shall have a grace period of 6 months, pending finalization of application for grant of recognition. During this 6 months grace period, such Status Holders will continue to be recognized as Status Holders even after the expiry of earlier Status Certificate i.e. till September end, unless their applications are rejected or status recognition granted once again, as the case may be.
- 3.3 Maintenance of Accounts**
- (a) Status Holder shall maintain true and proper accounts of its exports and imports based on which such recognition has been granted.
 - (b) Records shall be maintained during validity period of status

recognition and for a minimum period of three years thereafter. These accounts shall be made available for inspection to RA concerned or any authority nominated by DGFT.

**3.4
Refusal
/Suspension
/Cancellation of
Certificate**

Status Certificate may be refused / suspended/ cancelled by RA concerned, if status holder or any agent or employee or authorized representative acting on his behalf :

- (a) Fails to discharge export obligation imposed;
- (b) Tampers with Authorisations;
- (c) Misrepresents or has been a party to any corrupt or fraudulent practice in obtaining any Authorisation;
- (d) Commits a breach of FT (D& R) Act, or Rules, Orders made there under and FTP; or
- (e) Fails to furnish information required by this Directorate.

3.4.1

A reasonable opportunity shall be given to Status Holder before taking any action under above paragraph.

**3.5
Appeal**

An applicant, who is not satisfied with decision taken to suspend or cancel Status Certificate, may file an appeal to DGFT within 45 days. Decision of DGFT shall be final thereon.

3.6

SERVED FROM INDIA SCHEME (SFIS)

- (a) Policy for SFIS is given in Chapter 3 of FTP.
- (b) An application for grant of Duty Credit Scrip for foreign exchange earned during current financial year, shall be filed on monthly/quarterly/ half-yearly/ annual basis, in ANF 3B along with documents prescribed therein at the option of the applicant to be exercised along with first application for the current financial year. This option will be filed with jurisdictional RA. The last date for filing application shall be 12 months from the end of relevant month / quarter / half-year /year.
- (c) Service providers shall submit a statement of imports made under the Duty Credit Scrip to jurisdictional RA with a copy to jurisdictional Excise authorities (service tax cell) within one month

of completion of imports or expiry of validity of Duty Credit Scrip, whichever is earlier.

**3.6.1
Ineligible
Remittances and
Services for SFIS
scheme**

Foreign exchange remittances other than those earned for rendering of 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 :

a) Foreign Exchange remittances:

I. related to Financial Services Sector

1. Raising of all types of foreign currency Loans;
2. Export proceeds realization of clients;
3. Issuance of Foreign Equity through ADRs / GDRs or other similar instruments;
4. Issuance of foreign currency Bonds;
5. Sale of securities and other financial instruments;
6. Other receivables not connected with services rendered by financial institutions; and

II. earned through contract/regular employment abroad (e.g. labour remittances);

b) Payments for services received from EEFC Account;

c) Foreign exchange turnover by Healthcare Institutions like equity participation, donations etc. (However, remittances received on account of medical treatment, surgery, testing, consultancy and health care provided by the institution shall be eligible.);

d) Foreign exchange turnover by Educational Institutions like equity participation, donations etc. (However remittances received on account of the course fees and consultancy provided by the institution shall be eligible.);

e) Export turnover relating to services of units operating under SEZ / 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;and

g) Exports of Goods.

(h) Foreign Exchange earnings for Services provided by Shipping Lines Service Providers from plying from any country X to any country Y routes, not touching India at all. (Added by PN-12 dated 26.7.2012)

3.7 VISHESH KRISHI AND GRAM UDYOG YOJANA (VKGUY)

3.7.1 Policy pertaining to VKGUY is given in Chapter 3 of FTP. The list of VKGUY items along with the admissible date of export is given in Appendix 37A. An application for grant of VKGUY Duty Credit Scrip for exports made w.e.f 27.8.2009 shall be filed with concerned RA in ANF3C along with documents prescribed therein.

3.7.2 (a) Policy pertaining to Agri. Infrastructure Incentive Scrip under VKGUY is given in Para 3.13.4 of Chapter 3 of FTP. Status Holders may apply for grant of Duty Credit Scrip in ANF 3D along with documents prescribed therein to RA, CLA, New Delhi for export made during current year.

(b) One application can be filed by an applicant before the last date prescribed for each half year period (Apr-Sep / Oct-Mar). Applications for exports during Apr-Sept period shall be filed from 15th January till 15th February of current year financial year and for exports during Oct-Mar period, applications shall be filed from 1st May till 31st May of the next licensing year.

(c) Applications received after the last date shall be summarily rejected, as provisions of Para 9.2 and Para 9.3 of HBP shall not be applicable.

(d) The allocation of Duty Credit Scrip by RA, CLA, New Delhi, under Para 3.13.4 of FTP, shall be done proportionate to the eligible claims of individual applicants, vis-à-vis the total eligible claims of all the status holders put together, received for each half year (Apr-Sep / Oct-Mar) periods, in such a way that the total benefits granted for all status holders put together does not exceed the limit prescribed for each half year in Para 3.13.4 of FTP. Accordingly if

the total eligible claim of all the status holders put together is, say, Rs 200 Cr, each applicant status holder would be granted one-fourth of the claim an applicant is eligible for.

3.8 FOCUS MARKET SCHEME (FMS)

3.8.1 (a) Policy pertaining to FMS is given in Chapter 3 of FTP. Notified Markets are listed in Appendix 37C.

(b) An application for exports made from 27.8.2009 onwards shall be filed with RA concerned in ANF3C along with documents prescribed therein.

(c) Eligibility of Focus Market (as in Appendix 37C) shall be determined from date of export as per Para 9.12 of HBP v1.

3.8.2 Proof of Landing – for FMS and MLFPS

(a) Applicant shall be required to submit proof of landing of export consignment in specified market. Any one of the following documents should suffice, as a proof of landing of export consignment in specified Focus Market:

- (i) A self attested copy of import bill of entry filed by importer in specified market, or
- (ii) Delivery order issued by port authorities, or
- (iii) Arrival notice issued by goods carrier, or
- (iv) Tracking report from the goods carrier (Shipping Line/Airline etc. or his accredited agent in India) duly certified by them, evidencing arrival of export cargo to destination Focus Market, or
- (v) For Land locked Focus Market, Rail/Lorry receipts of transportation of goods from Port to Land locked Focus Market, or
- (vi) Any other document that may satisfactorily prove to RA concerned that goods have landed in / reached the Focus Market.

(b) In case of (iv) and (vi) above, the accredited agent of the Goods Carrier must certify that he is the accredited agent of the concerned Goods Carrier on the date of issuance of the tracking report / document.

(c) Further, in the case of issuance of any other document under (vi) above, the accredited agent must state that proof of landing of goods

in relevant Focus Market is given based on information available in the Goods Carrier's backup database and he has verified the same and issued this document accordingly.

FOCUS PRODUCT SCHEME (FPS)

3.9 Policy pertaining to FPS is given in Chapter 3 of FTP. Notified Products are listed in Appendix 37D.

3.9.1 (a) An application for exports made from 27.8.2009 onwards shall be filed, with RA concerned in ANF3C along with documents prescribed therein.

(b) Eligibility of Focus Product (as in Appendix 37D) shall be determined from date of export as per Para 9.12 of HBP v1.

3.9.2 (a) The procedure for filing applications for export of Market Linked Focus Products under FPS (Para 3.15.3 of Foreign Trade Policy) will be the same as laid down for Focus Product Scheme in Para 3.9.1 above.

(b) For proof of landing of export consignment in specified market, provisions of para 3.8.2 of HBP Vol.1 as above shall apply.

3.10 Procedure for Status Holders Incentive Scrip

3.10.1 Policy pertaining to Status Holders Incentive Scrip is given in Para 3.16 of Chapter 3 of FTP.

3.10.2 Application for grant of SHIS (Para 3.16 of FTP) for exports made during 2009-10, 2010-11, 2011-12 or 2012-13 as the case may be, shall be made to jurisdictional RA concerned in ANF3E along with documents prescribed therein.

3.10.3 (a) The last date for filing SHIS application shall be 31st March 2011/2012/2013/2014 for exports made during 2009-10/ 2010-11/ 2011-12 and 2012-13 respectively.

~~(b) In case an applicant has availed Zero Duty EPCG Authorisation during the year 2010-11 (from 1.4.2010 till 31.3.2011), 2011-12 or 2012-13 they shall not be eligible for SHIS for export made during that year. In such cases para 9.3 is also not applicable.~~

b) In case an applicant has availed Zero Duty EPCG Authorisation during the year 2010-11 or 2011-12 or 2012-13, they shall not be entitled to SHIS for that year [i.e. for export made during the respective previous years (2009-10, 2010-11, 2011-12)]. Such SHIS applications will be summarily rejected and para 9.3 (late cut for delay in filing application) shall also not be applicable. [Amended by PN-12 dated 26.7.2012]

3.10.4

As Para 3.17.8 of FTP does not apply to SHIS, shipments where VKGUY, FMS, FPS (including MLFPS) benefits have been claimed/will be claimed by applicant or by the supporting manufacturer (based on disclaimer by the exporter), shall be entitled for SHIS benefits to the exporter status holder. Shipments where foreign exchange realisation is in the name of applicant Status Holder, will only be entitled for SHIS.

3.10.5

(a) Merchant Status Holders can list the supporting manufacturers till the date of filing of application for claiming SHIS.

(b) Proof of supporting manufacturer can be given to RA concerned by providing any of the export documents (Shipping Bill/Bill of Export/ARE forms/Customs/Bank attested Invoices) evidencing the same.

(c) Listed Supporting Manufacturers shall be co-licensee of the SHIS.

(d) Valid SHIS Holders, can apply for endorsement of transferability to RA concerned. Such application will be accompanied with a copy of valid status holder certificate of transferee and a copy of SSI/IEM/SIA or Certificate of Central Excise showing the manufacturing facility of the transferee status holder. RA will endorse the valid SHIS with transferability and mention the sector(s) for which the transferee has manufacturing facility and for which transferability is being granted. Validity of SHIS will remain unchanged.

3.10.6

SHIS can be used for payment of applicable duties on import of Capital Goods (as defined in FTP) relating to the sectors specified in Para 3.16.4 of FTP and para 3.10.8 of HBPv1. SHIS can also be used for payment of excise duty on domestically procured Capital Goods. The Scrip / the goods so imported shall be with Actual User Condition except as provided in para 3.16.3 of FTP. Imports / domestic procurement of Capital Goods shall relate to any of the sectors listed in Para 3.16.4 of FTP and para 3.10.8 of HBPv1,

without any sector wise value limitation; even by the listed supporting manufacturers.

3.10.7 Monitoring of realization of export proceeds shall be in terms of Para 3.11.12 & 3.11.13 of this HBP.

3.10.8 The following additional sectors shall be eligible for Status Holders Incentive Scrip on exports made during 2010-11, 2011-12 and 2012-13:

Sl. No.	Products/Product Groups	ITC (HS)
1	Chemical & Allied Products (other than Bulk minerals, Granite/Stones, Processed minerals, Cement, Clinkers and asbestos)	
	i) Rubber products,	4001 to 4010, 4014 to 4017
	ii) Paints, Varnishes & Allied Products	3208, 3209, 3210
	iii) Glass and glassware	Chapter 70
	iv) Plywood and allied products	Chapter 44
	v) Ceramics / refractories	Chapter 69
	vi) Paper, Paper Boards & Paper products	Chapter 48
	vii) Books, Publications & Printings	Chapter 49
	viii) Animal By-products (Codes 35030030, 05069099, 05079010, 05079020, 05079050, 23011010, 23011090, 96062910, and 96063010)	Various codes
	ix) Ossein & Gelatine	Codes 05061039 and 35030020
	x) Graphite Products (Codes 3801, 85451100 and 85451900) & Explosives	Various codes

	(Codes 3601, 3602 and 3603) xi) Misc. Products (Codes 3201, 32029010, 32030010, 3604, 3605, & 38021000)	Various codes
2	Electronics Products	
3	Sports Goods and Toys	Chapter 95 and Codes 420321,650610
4	Engineering products for the three groups indicated below (i) Iron and Steel (ii) Pipes and tubes (iii) Ferro Alloys	Chapter 72

3.11 COMMON PROCEDURAL FEATURES FOR PROMOTIONAL SCHEMES, APPLICABLE TO ALL SCHEMES IN THIS CHAPTER, UNLESS SPECIFICALLY PROVIDED FOR:

3.11.1 Jurisdictional RA / RA Concerned Applicant shall have option to choose Jurisdictional RA on the basis of Corporate Office/ Registered Office/ Branch Office address endorsed on IEC. Once an option is exercised, no change would be allowed.

3.11.2 (a) Provisions contained in Chapter 2 and 9 of this HBP shall apply to all Promotional Schemes.

(b) It is however clarified that in case the importer wants to use a specific permission/ license for import of a restricted item and pay duty using Duty Credit Scrip, then Duty Credit Scrip shall be allowed to be used only if the item is also importable under the respective para of Duty Credit Scrip (reference FTP para 3.12.6, 3.13.4, 3.16.4, and 3.17.5).

3.11.3 Port of Registration (a) Duty Credit Scrip (including splits) shall be issued with a single port of registration which shall be the port of export. After issue of Duty Credit Scrip, but before registration with Customs, the Applicant can change the port of registration from RA concerned.

(b) However, applicant may use Duty Credit Scrip for imports from any other port (including ICD/LCS) after obtaining TRA from

customs authorities at port of registration. The above procedure shall be applicable only in respect of EDI enabled ports. In case of exports through non-EDI ports, the port of registration shall be the port of exports.

**3.11.4
Facility for Split
Scrips**

(a) On request, split certificates of Duty Credit Scrip subject to a minimum of Rs 5 Lakh each and multiples thereof may also be issued, at the time of application. Such split scrips can be issued with different port of registration.

(b) Once Duty Credit Scrip has been issued, request for splits can be permitted with same port of registration as appearing on the original Scrip. The above procedure shall be applicable only in respect of EDI enabled ports.

(c) In case of export through non-EDI ports, the facility of splits shall not be allowed after issue of Scrip.

**3.11.5
Import from
private / public
Bonded
warehouses**

Entitlement can be used for import from private / public bonded warehouses subject to fulfillment of paragraph 2.28 of FTP and terms and conditions of DoR notification.

**3.11.6
Re-export of
defective / unfit
goods**

Goods imported which are found defective or unfit for use, may be re-exported, as per DoR guidelines. Where Duty Credit Scrip has been used for imports, Customs shall issue a certificate containing particulars of Scrip used, date of import of re-exported goods and amount debited while importing such goods. Based on this certificate, upon application, a fresh Scrip shall be issued by concerned RA to extent of 98% of debited amount, with same port of registration and valid for a period equivalent to balance period available on date of import of the defective / unfit goods.

**3.11.7
Validity Period &
Revalidation**

~~Duty Credit Scrip shall be valid for a period of 24 months. Revalidation of Duty Credit Scrip shall not be permitted unless covered under paragraph 2.13.1 or paragraph 2.13.2 A of HBP v1.~~

Duty Credit Scrip shall be valid for a period of 18 months. Revalidation of Duty Credit Scrip shall not be permitted unless covered under paragraph 2.13.1 or paragraph 2.13.2 A of HBP v1.

[Amended by PN-12 dated 26.7.2012]

**3.11.8
Declaration of
Intent on Free**

~~The requirement of "Declaration of Intent" for claiming Chapter 3 benefits is dispensed with, with immediate effect.~~

Shipping Bills

(a) “Export shipments filed under the Free Shipping Bill category, would need the following declaration on the Shipping Bills in order to be eligible for claiming benefits under chapter 3 of FTP:

‘We intend to claim benefits under Chapter 3.’

(b) Such declaration shall not be required for export shipments under any of the schemes of Chapter 4 (including drawback), Chapter 5 or Chapter 6 of FTP.

(c) If there is a decision subsequently / later to include any new product or new market to avail such benefit, then:

(i) For exports of such products/ export to such markets, a grace period of one month from the date of decision/ notification/public notice will be allowed for making this declaration of intent on free shipping bills.

(ii) After the grace period of one month, all exports (of such products or to such markets) would have to include the declaration of intent on the free shipping bills.

(iii) For exports made prior to date of decision/notification/public notice of products/markets, such a declaration will not be required since such exports would have already taken place. [Amended by PN-12 dated 26.7.2012 w.e.f 5.6.2012]

**3.11.9
Last date of filing
of application for
Duty Credit
Scrip, except for
FTP Para 3.13.4
and FTP Para
3.16**

(a) Application for obtaining Duty Credit Scrip shall be filed within a period of twelve months from the date of export or within six months from the date of realization or three months from the date of printing / release of shipping bill, whichever is later, in respect of shipments for which claim is being filed. Further, for shipments already made prior to the inclusion/modification of the items / markets in relevant appendices by various Public Notices issued from time to time; the last date for filing applications shall be six months from the end of the month of the relevant Public Notice that included/ modified the items/markets, or the time period permitted in the first sentence of this Para, whichever is later.

(b) For SFIS for current financial year, the last date shall be 12 months from the end of application frequency period.

3.11.10

(a) Shipments from EDI Ports and Non-EDI Ports cannot be clubbed in one application.

(b) Port of registration for EDI enabled ports shall be the port of

export. Shipments from different EDI ports will not require separate application.

(c) In case of exports through non-EDI port, the port of registration shall be the relevant non EDI port of exports. Accordingly separate application shall be filed for each non EDI port.

3.11.11

(a) Freely Transferable Duty Credit Scrip shall be granted on FOB value of exports. FOB Value of Exports shall be taken from the Shipping Bill (FOB value in free foreign exchange declared on the Shipping Bill and converted into Indian Rupees at the Monthly Customs Rate of Exchange on the date of LEO).

(b) Date of export is determined as per Para 9.12 of HBPv1.

(c) Multiple Applications can be filed and supplementary cut shall not be applicable. However, an application can be filed with upto a maximum of 50 shipping bills.

3.11.12

All the pre-realization cases are to be monitored by RA concerned with respect to realization of export proceeds. The procedure prescribed in Para 4.45 shall apply, mutatis mutandis, to freely transferable Duty Credit Scrip issued under Chapter 3 on the prerealization basis. However for adjustment of excess / short realisation, procedure in Para 3.11.13 is to be followed.

3.11.13

(a) In case there is no claim pending for an exporter and there is no cash deposit towards the excess amount claimed by such exporter immediately after the expiry of 12 months time period from the date of issuance of the Scrip, the RA shall initiate necessary action against the exporter. If the Scrip Holder does not pay the amount within 60 days of the expiry of aforesaid 12 months time period, the Scrip Holder shall be required to pay the said amount along with 15% interest per annum from the date of issuance of the Scrip(s) for the Duty Credit for which BRC or Documentary evidence (evidencing realisation of export proceeds as required under FTP or the Procedure laid thereunder) could not be produced. In case the Holder surrenders the valid unutilized / partially utilized Duty Credit Scrip, then unutilized / partially utilized credit shall be deducted from the payable amount.

(b) In case the FOB value realized in free foreign exchange is higher as per BRC, when compared to the FOB value in free foreign

exchange as declared on the Shipping Bill(s) on which the original Duty Credit Scrip was issued, supplementary claim shall be filed within a period of six months from the date of realization.