

TRADE FACILITATION MEASURES
(SUPPLEMENT TO FOREIGN TRADE POLICY 2004-09)
ANNOUNCED ON
26TH FEBRUARY, 2009

**MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE
GOVERNMENT OF INDIA**

TRADE FACILITATION MEASURES

(SUPPLEMENT TO FOREIGN TRADE POLICY 2004-09)

FTP BENEFITS WITHOUT BRC

1. Duty credit scrips under Chapter 3 and under DEPB scheme shall now be issued without waiting for realization of export proceeds. The exporters shall be required to submit proof of export proceeds realization within the time limits prescribed by Reserve Bank of India. The issuance of these benefits without BRC would be subject to a Bank Guarantee/LUT in terms of Circular to be issued. This provision shall be applicable for applications made on or after 1.4.2009.

ADDITIONAL BENEFITS UNDER PROMOTIONAL SCHEMES

2. Rupees 325 Crores would be provided under Promotional Schemes for Leather, Textile etc. for exports made with effect from 1.4.09.
3. Benefit of 5% under FPS has been notified for export of Handmade carpets, in lieu of 3.5% benefit allowed earlier under VKGUY Scheme.
4. Technical textiles and stapling machine have been added under Focus Product Scheme. An additional benefit of 2.5% is notified for export of dried vegetables under VKGUY

GEMS & JEWELLERY SECTOR

5. STCL Limited, Diamond India Limited, MSTC Limited, Gem & Jewellery Export Promotion Council and Star Trading Houses (for gem and jewellery sector) have been added under the list of nominated agencies notified under Para 4A.4 of Foreign Trade Policy for the purpose of import of precious metals. The procedure and monitoring provisions for implementation of these additional agencies would be notified separately in line with RBI guidelines.
6. Import restrictions on worked corals have been removed to address the grievance of gem and jewellery exporters.

7. Authorised person of Gem & Jewellery units in EOU shall be allowed personal carriage of gold in primary form upto 10 kgs in a financial year subject to RBI and customs guidelines.

ADVANCE AUTHORISATION

8. Export obligation period against advance authorizations has been extended upto 36 months in view of the present global economic slowdown.
9. Supply of an Intermediate product by the domestic supplier directly from their factory to the Port against Advance Intermediate Authorisation, for export by ultimate exporter, has been allowed.
10. For Advance Licenses issued prior to 1.4.2002, the requirement of MODVAT/CENVAT certificate dispensed with in cases where the Customs Notification itself prescribed for payment of CVD. This will help in closure of a number of pending advance licences.
11. In case of Advance Authorisation for Annual Requirement where Standard Input-Output Norms are not fixed, the provisions in Customs Notification have been amended in line with Foreign Trade Policy.

DEPB SCHEME

12. At present, DEPB/Duty Credit Scrip can be used for payment of duty only on items which are under free category. The utilization is now extended for payment of duty for import of restricted items also.
13. Value cap applicable under DEPB have been revised upwards for 2 products.

EPCG SCHEME

14. Under EPCG scheme, in case of decline in exports of a product(s) by more than 5%, the export obligation for all exporters of that product(s) is to be reduced proportionately. This provision has been extended for the year 2009-10, for exports during 2008-09.

15. EPCG Authorisation / Redemption Form i.e ANF 5A and 5B are being simplified and new forms would be issued shortly.

PREMIER TRADING HOUSES

16. At present, Govt. recognizes Premier Trading Houses based on an export turnover of Rs.10,000 crores in the previous three years and the current year taken together. In view of the prevailing global slowdown, the threshold limit for recognition as Premier Trading House has now been reduced to Rs.7500 crores.

TOWNS OF EXPORT EXCELLENCE

17. Bhilwara in Rajasthan and Surat in Gujarat have been recognized as Towns of Export Excellence, for textiles and diamonds respectively.

OTHER FACILITATION MEASURES

18. Re-imbursement of additional duty of excise levied on fuel under the Finance Acts would also be admissible in respect of EOUs.

19. Re-credit of 4% SAD, in case of payment of duty by incentive scheme scrips such as VKGUY, FPS and FMS, has now been allowed.

20. As per the existing procedure, applicants have to submit individual invoices certified by the jurisdictional excise authorities for claiming duty drawback claims. Further, for getting refund of Terminal Excise Duty deemed export ER-1 / ER-3 are required as documentary proof evidencing payment of excise duty. A simplified provision has now been introduced and exporters can now submit a Central Excise certified statement in lieu of individual invoices and a Monthly Statement confirming duty payment in lieu of ER-1/ ER-3, for the purpose of Deemed Export Benefits.

21. Export of blood samples is now permitted without license after obtaining 'no objection certificate' from Director General of Health Services (DGHS).

22. Simplified export procedure for issue of Free Sale Certificate.

23. Independent office of DGFT being opened at Srinagar.

24. Krishnapatnam seaport included for the purpose of Export Promotion Scheme.

25. Electronic Message Transfer facility for Advance Authorisation and EPCG Scheme established for shipments from EDI ports w.e.f. 1.4.2009. Requirement of hard copy of Shipping Bills dispensed with for Export Obligation discharge.

26. In addition to the above, DGFT and Department of Revenue provisions have been aligned in following matters:

- (i) Utilization of Duty Credit scrip allowed under Reward Schemes of Chapter 3 / DEPB in Chapter 4 of FTP for payment of duty under EPCG Scheme .
- (ii) Notification of DFIA scheme aligned with FTP provisions.
- (iii) Granite Sector EOUs have been allowed procurement of spares upto 5% value of quarrying equipment in each financial year.
- (iv) High Tech Products duty credit scrip - Issuance of corresponding Customs Notification for implementing High Tech Products duty credit scrip.
- (v) Re-import of exported pharmaceutical samples by EOUs without payment of duty for statutory requirement of Stability or Retention has been allowed and notified by DOR.
- (vi) Department of Revenue shall issue necessary clarification implementing provisions of paragraph 6.9(e) of FTP related to EOUs, thereby allowing them to supply goods and services at Zero Duty to authorized organisations notified for Zero Duty import.
- (vii) Customs Notification to allow import of Agricultural Capital Goods / Equipments by Status Holders (under para 3.8.6 of FTP) aligned with provisions of FTP.