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**Government of India
Ministry of Commerce and Industry
Department of Commerce
Directorate General of Foreign Trade**

Public Notice No. 16/2015-2020

New Delhi: 4th June, 2015

In exercise of powers conferred under paragraph 1.03 of the Foreign Trade Policy, 2015-2020, the Director General of Foreign Trade hereby notifies the amendments to Handbook of Procedures of FTP 2015-20. These amendments shall be deemed to have come into force with effect from 1st April, 2015.

1. Amendment in paragraph 1.07

Amended heading of Para 1.07 shall read as under:-

“1.07. Separate applications from EDI and **Non** EDI ports”.

2. Amendment in paragraph 2.47(A)(i) and (B)(i)

Amended paragraph 2.47(A)(i) shall read as under:-

“(A) **R&D Equipment for Pharmaceuticals and Bio-technology Sector**

- (i) Duty free import of goods (as specified in list 28 of **Customs notification No.21/2012 dated 17.3.2012**, as amended from time to time) upto 25% of FOB value of exports during preceding licensing year, shall be allowed.”

Amended paragraph 2.47(B)(i) shall read as under:-

“(B) **Agro-Chemicals Sector**

- (i) Duty free imports of goods as specified in list 28A of **Customs notification No. 21/2012 dated 17.3.2012**, 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.”

3. **Amendment in paragraph 2.59**

Amended paragraph 2.59 shall read as under:-

“2.59. Services of Inspection and Certification Agencies

Customs or any other Central or State Government authority may avail of services of Inspection and Certification Agencies in **Appendix 2 I** of the Appendices and Aayat Niryat Forms, for certifying residual life as well as valuation / purchase price of capital goods.”

4. **Amendment in paragraph 2.108(d)**

Amended paragraph 2.108(d) shall read as under:-

2.108 Rules of Origin (Non-Preferential)

“(d). The agency would ensure that goods are of Indian origin as per criteria defined in **(a) above** before granting CoO (non preferential). Certificate would be issued as per format given in **Annexure-II to Appendix 2 E**. It should be ensured that no correction/re-type is made on certificate. Any agency desirous of enlistment in **Appendix-2 E** may submit their application as per **Annexure-I to Appendix 2 E** to DGFT.”

5. **Amendment in paragraph 4.37(a)**

In Paragraph 4.37(a), in the list of **Sea Ports** “Paragraphdeep” may be read as **“Paradeep”**.

6. **Amendment in paragraph 4.38**

Amended paragraph 4.38 shall read as under:-

“4.38. Facility of Clubbing of Authorisations

(i) **No clubbing of Authorisations issued on or before 31st March, 2009 shall be allowed. Cases already considered by PRC shall not be re-examined by RA under Para 4.38 of HBP for the purpose of clubbing. Applicant shall declare that he has not included any Advance Authorisation in respect of which request for clubbing has been considered earlier by PRC.**

(ii) **Request for clubbing shall be made in ANF - 4C to the concerned RA who has issued the Authorisations.**

(iii) Clubbing of authorisations covered under Appendix 4 J and authorisations with EOP less than 18 months shall not be allowed.

(iv) Facility of clubbing of Advance Authorisations shall be available only for redemption / regularisation of such authorisations and no further import or export shall be allowed.

(v) Facility of clubbing shall not be available for Advance Authorisation for Annual Requirement.

(vi) For clubbing, Authorisations are required to have been issued under similar Customs notifications. Such Authorisations may pertain to different financial years.

(vii) (a) **Clubbing of Authorisations issued before 05.06.2012:**

Only such Advance Authorisations shall be clubbed which have been issued within 36 months from the date of issue of the earliest Authorisation.

(b) **Clubbing of Authorisations issued on or after 05.06.2012:**

Only such Advance Authorisations shall be clubbed which have been issued within 18 months from the date of issue of earliest Authorisation.

(c) **Clubbing of Authorisation issued before 5.6.2012 with authorisation issued on or after 5.6.2012:**

Only such Advance Authorisations shall be clubbed which have been issued within 18 months from the date of issue of the earliest Authorisation.

(viii) **Accounting of exports made outside the export obligation period of earliest Authorisation shall be regularized, on payment of composition fee, in the following manner:**

(a) **Where Authorisations were issued with initial obligation period of 36 months and last date of shipment is within 48 months:**

In such cases, exports made upto 48 months from the date of issuance of earliest authorization shall only be taken into

consideration for clubbing. Accounting of exports made shall be subject to payment of a composition fee @ 0.5% of FOB value of exports made after 36 months from the date of issue of earliest authorisation but upto 42 months. For the exports effected after 42nd month till 48th month from the date of earliest Authorisation, the composition fee will be @ 0.5% per month of FOB value of exports made.

- (b) Where Authorisations are issued with initial obligation period of 18 months and last date of shipment is within 30 months:

In such cases, exports made upto 30 months from the date of issuance of earliest authorization only will be taken into consideration for clubbing. Accounting of exports shall be subject to payment of a composition fee @ 0.5% of FOB value of exports made after 18 months from the date of earliest authorisation but upto 24 months. For the exports effected after 24th month till 30th month from the date of earliest Authorisation, the composition fee will be @ 0.5% of FOB value of exports made.

- (c) Where Authorisation(s) with initial obligation period of 36 months is clubbed with authorization(s) with initial obligation period of 18 months.

In such cases, exports made upto 30 months from the date of issuance of earliest authorization only will be taken into consideration for clubbing. Accounting of exports shall be subject to payment of a composition fee @ 0.5% of FOB value of exports made after 18 months from the date of earliest authorisation but upto 24 months. For the exports effected after 24th month till 30th month from the date of earliest Authorisation, the composition fee will be @ 0.5% of FOB value of exports made.

- (ix) Minimum value addition as prescribed in FTP and Procedures for the export product will be required to be maintained. **Upon clubbing, if shortfall in value or quantity is noticed, the same shall be regularized under the provisions of Para 4.49 of HBP. However, clubbing of authorisations issued with different minimum value addition criteria shall not be allowed by RA.**
- (x) After clubbing, authorisations shall for all purposes, be deemed to be one Authorisation. The value addition would be calculated on the basis of total CIF and total FOB arrived at after clubbing the Authorisations.”

7. **Amendment in paragraph 4.42**

Amended paragraph 4.42 shall read as under:-

“4.42. Export Obligation (EO) Period and its Extension

- (a) **Period of EO fulfilment** under an Advance Authorisation shall commence from date of issue of Authorisation, unless otherwise specified. **The period of EO fulfilment is given in paragraph 4.22 of FTP.**
- (b) Regional Authority may consider a request of Advance Authorisation holder for one extension of EO period upto six months from the date of expiry of EO period subject to payment of composition fee of 0.5% of the shortfall in EO. Authorisation holder will have to submit a self declaration to RA stating that unutilised imported/domestically procured inputs are available with the applicant.
- (c) Request for further extension of six months after first extension as in (b) above can be considered by Regional Authority, provided Authorisation holder has fulfilled minimum 50% export obligation in quantity as well as in value, on pro-rata basis. This will be subject to payment of composition fee @ 0.5% per month on unfulfilled FOB value of export obligation. No further extension shall be allowed by Regional Authority. This provision shall also be applicable to Advance Authorisations issued during FTP 2009-2014. **However, only two extensions of six months each as given in sub-para (c) and in this sub-para can be allowed subject to payment of composition fee and under no circumstance Regional Authority shall allow any extension beyond 12 months from date of expiry of EO period.** At the time of filing application for second extension, authorisation holder will have to submit a certificate to RA from an independent Chartered Accountant/Chartered Engineer certifying that unutilised imported/domestically procured inputs are available with the applicant.
- (d) However, extension in EO period in respect of an Advance Authorization issued for import of an input listed under Appendix 4J of HBP 2015-2020 **or Appendix 30A of Hand Book of Procedures 2009-14** shall not be permitted by RA.
- (e) Whenever a ban / restriction is imposed on export of any product, export obligation period in respect of Advance Authorisation already issued prior

to imposition of ban, would stand automatically extended for a period equivalent to the duration of ban, without any composition fee.”

8. **Amendment in paragraph 4.85**

Amended paragraph 4.85 shall read as under:-

“4.85 Exports against Advance Authorisation

- (a) Procedure applicable to Advance Authorisations under Chapter 4 of Hand Book of Procedures shall generally apply to this scheme except norms for value addition, EO period and regularization of default. Value addition for Gems and Jewellery items shall be as per paragraph **4.61** of this Handbook of Procedures.
- (b) EO will be required to be fulfilled within 120 days from date of import of each consignment against Authorisation. However EO period shall be 180 days from date of import of findings, mountings made of gold, platinum and silver and export of jewellery. No further extension in EO period will be allowed.
- (c) Advance Authorisation holder may obtain gold /silver / platinum from nominated agencies in lieu of direct imports. In such a case, nominated agency shall make, both exchange control copy and customs purpose copy of Authorisation invalid for direct imports.”

9. **Amendment in paragraph 7.02(c)**

Amended paragraph 7.02(c) shall read as under:-

7.02. Criteria for claiming benefits

“(c) In respect of supply of goods to an EPCG Authorisation holder, against Invalidation Letter, application for Advance Authorisation / DFIA shall be made as per procedures given in Chapter 4 of HBP. **Since supply of goods to an EPCG Authorization holder is not exempted from payment of TED, claim for such TED refund may be made to the RA concerned, as per the invalidation letter.** In respect of supply of goods to EPCG Authorisation holder against ARO, issued as per Paragraph 5.08 of HBP, refund of TED shall be allowed. If Advance Authorisation / DFIA is not obtained for duty free inputs, Duty drawback shall be allowed on duty paid inputs used in the resultant product.”

10. **Amendment in paragraph 9.10 Time Bound Disposal of Applications.**

In the table under this paragraph, time limit for disposal of applications under category at **Sl. No. vii** is being modified and a new category at **Sl. No. xv** is being added as per details below:

| S. No. | Category of Application | Time Limit For Disposal (in working days) |
|---------------|--------------------------------|--|
| vii | Acceptance of BG/LUT | 3 |
| xv | Schemes of Chapter 3 | 3 |

Effect of this Public Notice: Amendments to the Handbook of Procedures of FTP 2015-2020, are hereby notified which shall be deemed to have come into effect from 1st April, 2015.

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