

This column is compiled by Consultant [EXIM Policy] of EPCH. It contains recent Public Notices, Notifications and Circulars of DGFT, CBIC and Department of Revenue. If a handicraft exporter has question[s] to ask on Foreign Trade Policy, he/she may please write / e-mail to EPCH at policy@epch.com

Impex # 1

'Interest Equalisation Scheme' of RBI extended by two months upto 31.08.2024

DGFT issues Trade Notice about extension of 'Interest Equalisation Scheme' by two months upto 31.08.2024

The purpose of 'Interest Equalisation Scheme' of RBI is to lessen the interest burden on export finance so that the Indian exports get competitive abroad.

The above scheme has been in operation for years by now with amendments. It expired on 30.06.2024.

Now DGFT has issued a Trade Notice No. 07/2024-25 dt 28.06.2024 (copy below) extending the above scheme by two months upto 31.08.2024.

Copy of DGFT-Trade Notice No.07/2024-2025, Dated: 28th June 2024

Subject: Extension of Interest Equalisation Scheme (IES) for Pre and Post shipment Rupee Export Credit for two months beyond 30th June, 2024.

Trade and Industry is hereby informed that the Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit, which had earlier been extended up to 30.06.2024 as a fund limited scheme, has been further extended for two months i.e., up to 31.08.2024.

2. However, this extension is applicable only for MSME exporters, and for such extended period, the total outlay of the scheme is capped at Rs. 750 Cr. Apart from that, such extension is made with the same terms and conditions as the present scheme.
3. Claims of non-MSME exporters are not to be entertained beyond 30th June, 2024.
4. Guidelines issued by Reserve Bank of India and relevant RBI notifications issued from time to time on this subject may be referred.

Impex # 2

'Automation Module' for Exchange rate launched (ERAM)

CBIC issues circular about launch of Exchange Rate Automation Module

The purpose of 'Interest Equalisation Scheme' of RBI is to lessen the interest burden on export finance so that the Indian exports get competitive abroad.

The above scheme has been in operation for years by now with amendments. It expired on 30.06.2024.

Now DGFT has issued a Trade Notice No.07/2024-25 dt 28.06.2024 (copy below) extending the above scheme by two months upto 31.08.2024.

Circular No. 07/2024-Customs Dated: 25th June, 2024

Subject: Launch of Exchange Rate Automation Module (ERAM) -reg.

In terms of section 14 of the Customs Act, the value of any imported goods or export goods shall be calculated with reference to the rate of exchange as in force on the date on which a bill of entry is presented under section 46, or a shipping bill/bill of export is presented under section 50. For this purpose, Board currently notifies exchange rates of 22 currencies (listed at Annexure) twice a month, i.e. every 1st and 3rd Thursdays. These notified exchange rates become effective from midnight of the following day. Where a due date, i.e. 1st or 3rd Thursday, falls on a holiday, the rates are notified on the previous working day.

- 1.1 Further, on a given day, if it is noticed that exchange rate of a currency has fluctuated more than $\pm 5\%$ vis-à-vis the notified rate, the rate for that currency is re-notified with effect from the following day.
2. These notifications are based on the rates obtained from the State Bank of India (SBI) on a daily basis. The SBI communicates 'card rates' which include 'Bill rates', 'TT rates' and 'TC rates' to CBIC everyday. While the Bill rates are used in transactions related to Letters of Credit, the TT rates are used in telegraphic transfers and TC rates for travelers' cheques. The rates notified by the Board are the Bill rates (for transaction up to Rs 10 lakh) received from SBI, adjusted to the nearest five paise.
3. The existing process of notifying exchange rates is manual. Also, the rates so notified are manually incorporated in the Indian Customs EDI System (ICES) by an officer designated for this purpose.
4. It has now been decided to automate the aforesaid process of issuing exchange rates, beginning with forwarding of exchange rate data by SBI to ICEGATE through message exchange. The exchange rates received from SBI shall be adjusted to the nearest five paise and integrated with ICES.
- 4.1 These exchange rates shall be published on ICEGATE website at 6:00 p.m. as per the existing frequency (as stated in Para 1 and Para 1.1 above) and shall be accessible for public viewing on ICEGATE website i.e. <https://www.icegate.gov.in>.
5. These rates, so published online, shall come into effect from midnight of the following day. For instance, exchange rates published on the evening of 11th July 2024 shall come into force from 00:00 hrs of 12th July 2024 and shall remain in force till the next revision.
6. The published exchange rates will be stored and shall remain accessible on ICEGATE for future reference, so as to enable a user to check the exchange rates for a previous date.
7. As a contingency plan for catering to any technical snag, the following procedure shall be followed for ensuring uninterrupted accessibility of exchange rates at any given time:
 - (i) Nodal Officers have been appointed in the SBI, Board, ICD (Patparganj), Air Cargo Complex (Bengaluru) and DG (Systems) to monitor and manually intervene, where needed.
 - (ii) Nodal Officer at ICD (Patparganj) shall continue to monitor the exchange rates in ICES as per the current practice. If any issue is noticed or in case of any unforeseen exigencies, he shall inform the Nodal Officer in DG (System) to take corrective action.
 - (iii) Where, on a due date when the rates are to be published, there is a failure in electronic transmission from SBI or an incomplete message is received, the last updated rates shall remain in force for the following day and the rates shall be revised the following day by 6:00 p.m. to apply from 00:00 hrs of the next day.
 - (iv) Where, on a due date when the rates are to be published, the exchange rates received from SBI fail to get integrated on ICES by 6:00 p.m., the message received from SBI shall be discarded and the last updated rates shall remain in force for the following day. The rates shall be revised the following day by 6:00 p.m. to apply from 00:00 hrs of the next day.
 - (v) As soon as the situation indicated at (iii) or (iv) above is encountered, an automated email and SMS alert will be sent to the Nodal Officers at ICD (Patparganj), Air Cargo Complex (Bengaluru), DG (System), SBI and the Board for corrective action. If the issue remains unresolved for consecutive two days, the exchange rates shall be updated on the System through manual intervention using the 'admin' interface by the Nodal Officer at ICD (Patparganj).

8. The automated system of ascertaining and publishing of exchange rates, as above, shall come into effect from 1st Thursday of July 2024, i.e. 4th July, 2024., upon which the existing system of notifying exchange rates through a notification would be dispensed with. A link shall be provided on the CBIC website which will take the user to the ICEGATE website, where the published rates will be available for viewing.

Annexure

List of Currencies

1.	Australian Dollar	9.	New Zealand Dollar	17.	Swiss Franc
2.	Bahraini Dinar	10.	Norwegian Kroner	18.	Turkish Lira
3.	Canadian Dollar	11.	Pound Sterling	19.	UAE Dirham
4.	Chinese Yuan	12.	Qatari Riyal	20.	US Dollar
5.	Danish Kroner	13.	Saudi Arabian Riyal	21.	Japanese Yen
6.	EURO	14.	Singapore Dollar	22.	Korean Won
7.	Hong Kong Dollar	15.	South African Rand		
8.	Kuwaiti Dinar	16.	Swedish Kroner		

Note: The list of currencies is subject to revision from time to time, based on requirement of the trade.

Impex # 3

Implementation of 'Sea Cargo Manifest and Transshipment Regulation (SCMTR)

CBIC issues custom circular about implementation 'Sea Cargo Manifest and Transshipment Regulation (SCMTR).

SCMTR is an important activity to facilitate imports and exports. The CBIC has issued a custom circular no 08/2024/customs dt 30.06.2024 (copy reproduced below) by which transitional provisions of the SCMTR under custom notification no. 47/2024-customs (N.T0 dt 30.06.2024 have been implemented

Circular No. 08/2024-Customs dated 30th June, 2024

Subject: Implementation of the Sea Cargo Manifest and Transshipment Regulations (SCMTR) -reg.

Madam/Sir, Kind attention is invited to the Notification No.47/2024-Customs (N.T.) dated 30th June, 2024 vide which the transitional provisions of the SCMTR has been extended from 30th June, 2024 to 31st August, 2024 on the captioned subject.

- The SCMTR seeks to bring about transparency, predictability of movement, advance collection of information for expeditious Customs clearance. The regulations stipulate the obligations, the roles and responsibilities, for the various stakeholders involved in the movement of imported/exported goods. The regulations also specify the changes to the formats and timelines for filing the manifest declarations. Board Circular No. 43/2020-Customs dated 30.09.2024 has elaborated more on the above aspects.
- As the transitional provision under Regulation 15 (2), the old formats have continued to be accepted, thereby giving sufficient time for complying with the new formats in a phased manner.
- With the deadline of 30th June, Directorate General of Systems (DGoS) has been interacting with all the stakeholders and extensively testing the formats as per the SCMTR Regulations. More than 15 major changes have been carried out in the application based on the feedback and the ICEGATE 2.0 module development is also

complete and is receiving the test files in the new format. It is further noted that, few stakeholders have shown readiness and are filing in the new format, while many others are yet to start testing in the new format, thereby creating the doubt regarding the readiness to move completely into the new format since 1st July 2024.

5. On reviewing the status of readiness of the stakeholders by the Board, it has been decided to provide extension for filing under the old format, as a final preparatory phase for migration into new system from 31st August 2024 onwards. Therefore, the stakeholders are advised to start filing in the new format on a parallel basis on priority, as failure of the same may negatively impact the cargo clearance times for those consignments.
6. Following aspects may be kept in mind during the parallel filing of the declaration:
 - a. Any amendment may be filed in old format during parallel filing.
 - b. The complete details may be filed in the new format. The details filed in old & new format will be matched to analyze the completeness.
 - c. During parallel filing, the amendments to the IGM can be filed till the arrival of the vessel without approval of the officer.
7. The DGoS will be issuing various guidelines related to the registration process and filing requirements under the new Sea Cargo Manifest and Transshipment Regulations (SCMTR) for different stakeholders such as Shipping Lines, Freight Forwarders, Trans-shippers etc., who are integral to the implementation of the said regulations. The same are made available at www.icegate.gov.in -> Advisories - > SCMTR.
8. In this preparatory phase, DGoS will analyse the errors, troubleshoot and ensure robustness in the parallel filing of messages. The messages will be made mandatory location-wise within this period, by way of local Public Notice(s), in consultation with DGoS.
9. This Circular may be given wide publicity by issue of suitable Trade Notice/ Public Notice. The Officers under your jurisdiction may be sensitized to handhold the stakeholders for filing in the format under SCMTR and be at readiness at the end of this extension. Difficulties, if any, in the implementation of the above Circular may be brought to the notice of the Board.

Impex # 4

Questions & Answers

Question : Whether I need to register at the port for the purpose of claiming and utilization of RoDTEP benefits?

Answer : Registration on the ICEGATE online portal and creation of the e-credit ledger seems to be sufficient compliance to avail the benefit of this scheme. This is more so because the entire mechanism of issuance, processing, generation, and utilization of the scrips is being carried out through a common portal in the ICEGATE.

Question : What is the validity of RoDTEP or RoSCTL scrips?

Answer : The validity of both categories of scrips has been extended from 1 year to 2 years by the Customs Notification No.79/2022 dated 15th September, 2022 by amending the "Electronic Duty Credit Ledger Rules." The period of 2 years will be reckoned from the date of scrip generation/creation.

Question : We want to import capital goods to be sent to our job worker. Can we claim ITC for the same and how long the job worker can retain such capital goods?

Answer : Principal (you) can send inputs or capital goods directly to the job worker without bringing them to his premises, still you can avail the credit of tax paid on such capital goods. However, inputs capital goods sent to a job worker are required to be returned to you within 3 years from the date of sending such capital

goods to the job worker. Further, the provision of return of goods is not applicable in case of moulds and dies, jigs and fixtures or tools supplied by the principal to the job worker. The capital goods shall be sent to the job worker under the cover of a challan issued by you. The challan shall be issued even for the capital goods sent directly to the job worker. The challan shall contain the details specified in rule 10 of the Invoice Rules. The responsibility for keeping proper accounts for the inputs or capital goods shall lie with the principal (you).

Question : What are the fines or penalties if the capital goods are not received back from the place of business of the job worker within the prescribed time period?

Answer : If the capital goods are not received back by the principal, it would be deemed that such capital goods had been supplied by the principal to the job worker on the day when the said capital goods were sent out by the principal (or on the date of receipt by the job worker where the capital goods were sent directly to the place of business of job worker). Thus the principal would be liable to pay tax accordingly.

Question : Whether the goods of principal directly supplied from the job worker's premises to the buyer will be included in the aggregate turnover of the job worker?

Answer : No. It will be included in the aggregate turnover of the principal. However, the value of goods or services used by the job worker for carrying out the job work will be included in the value of services supplied by the job worker.

Question : In case of non-realisation of exports proceeds and non recovery from the exporter, is it recovered from the transferee who is an importer?

Answer : The Government has amended the relevant Customs Notification prescribing the same by Custom Notification No.75/2022(NT) dated 14th September, 2022 deleting reference of transferee for any recovery either on non realisation of exports proceeds by the exporter or inadvertent excess release of RoDTEP to exporter which may have been subsequently utilised by the transferee.