

This column is compiled by Consultant [EXIM Policy] of EPCH. It contains recent Public Notices, Notifications and Circulars of DGFT, CBEC 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 Equalization Scheme' notified by RBI
DGFT issue Trade Notice about notification of 'Interest Equalization Scheme' previously known as 'Interest Subvention Scheme' applicable with effect from 01.04.2015	The long awaited 'Interest Subvention Scheme' was announced by RBI on 4-12-2015 with the new name of 'Interest Equalization Scheme' vide its Circular No. DBR/Dir/BC No.62/04.02.001./2015-16. The scheme will be applicable w.e.f 01.01-2015 for the information of trade and industry, DGFT has issued a Trade Notice No.09/2015 dt 08-12-2015 on the RBI circular (copy reproduced below): The text of the above circular dt 04-12-2015 appeared in the previous issue (November 2015 of CRAFTCIL on Page 16).

Trade Notice No.09/2015 of DGFT, Dated 08-12-2015

Subject: Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit w.e.f. 1st April, 2015

It is brought to the notice of Trade and Industry that the Interest Equalisation Scheme for Pre and Post Shipment Rupee Export Credit has been announced by the Government of India and notified vide RBI Circular No. DBR/Dir/BC.No.62/04.02.001/2015-16 dated December 4, 2015. The scheme is applicable w.e.f. 1st April, 2015. Details of the scheme are available on the website of RBI www.rbi.org.in.

2. As the scheme is applicable from 01.04.2015, all eligible exporters who have availed pre and post shipment credit facility from 01.04.2015 may contact their respective Banks to enable expeditious decision on availing benefit under the scheme.

Impex # 2	Change in Provisions of 'third party exports' in EPCG Scheme in Handbook of Procedure of 2015-20 not applicable with retrospective effect
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DGFT issue Policy Circular clarifying that the provisions of para 5.10(d) of HBP 2015-20 shall be applicable to third party exports made on or after 01.04.2015 only	In the Handbook of Procedure (vol. 1) of 2015-20, new provisions that did not exist in the old Handbook of 2009-14 have been made relating to third party exports under EPCG Scheme. In order to make it clear that the new provisions applied only to exports on or after 01-04-2015, DGFT has issued a Policy Circular No. 3/2015-20 dt 02-09-2015. Copy reproduced below:
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Policy Circular No. 3/2015-20, dated 02.09.2015

Subject: Applicability of Para 5.10(d) of Handbook of Procedure 2015-20 relating to third party exports under EPCG Scheme

1. Reference have been received in this Directorate regarding the applicability of provisions of Para 5.10(d) of HBP 2015-20 relating to third party exports.
2. It is clarified that the provisions of Para 5.10(d) of HBP 2015-20 shall be applicable to third party exports made on or after 01.04.2015 (even in respect of exports made under EPCG authorizations issued to 01.04.2015). Third party exports which have been made prior to 01.04.2015 will be governed by the provisions of relevant policy/procedure.

This issue with the approved of DGFT.

Question : We are participating in an exhibition in Brazil where retail sale is allowed. How can we remit the money for the product sold during exhibition?

Answer : Participants in international exhibitions and trade fairs have been granted general permission vide regulation 7 (7) of the Foreign Exchange Management (Foreign Currency Account by a Person Resident in India) Regulations, 2000 for opening a temporary foreign currency account abroad. You may deposit the foreign exchange obtained by sale of goods at the international exhibitions and trade fairs and operate the account during your stay outside India provided that the balance in the account is repatriated to India through normal banking channels within a period of one month from the date of closure of the exhibitions and trade fair. Full details should be submitted to the concerned banks.

Question : Are we allowed to invoice in Indian Rupee? Will such transaction be eligible for all exports benefits?

Answer : As per paragraph 2.52 FTP 2015-20, all export contracts and invoices shall be denominated either in freely convertible currency or Indian rupees but export proceeds shall be realised in freely convertible currency. However, export proceeds against specific exports may also be realized in rupees, provided it is through a freely convertible Vostro account of a non-resident bank situated in any country other than a member country of Asian Clearing Union (ACU) or Nepal or Bhutan. Additionally, rupee payment through Vostro account must be against payment in free foreign currency by buyer in his non-resident bank account. Free foreign exchange remitted by buyer to his non-resident bank (after deducting bank service charges) on account of this transaction would be taken as export realization under export promotion schemes of FTP.

Question : We sent goods to a customer who did not take the delivery. We are now diverting it to another customer at 90 per cent of invoice value. Do we require permission of RBI before doing it?

Answer : After a bill has been negotiated or sent for collection and its amount is to be reduced for any reason, you have to approach the bank. Bank may approve such reduction, if satisfied about genuineness of the request, provided: The reduction does not exceed 25 per cent of invoice value; It does not relate to export of product subject to floor price stipulations; The exporter is not on the exporters' caution list of the Reserve Bank; and The exporter is to surrender proportionate export incentives availed of, if any. However, in the case of exporters who have been in the export business for more than three years, reduction in invoice value may be allowed, without any percentage ceiling, subject to the above conditions as also subject to their track record being satisfactory.

Question : A 3 Star Export House has received an export order which is being given to us for execution. Is there any facility to get credit from the bank against the order which is not in our name?

Answer : Banks may grant export packing credit to manufacturer supplier who does not have export orders in his own name and goods are exported through the export houses provided the following requirements are completed with apart from the usual stipulations:

- a) Banks should obtain from the export house a letter setting out the details of the export order and the portion thereof to be executed by the supplier and that the export house has not obtained packing credit in respect of such order.
- b) The export house should open inland L/Cs in favour of the supplier giving relevant particulars of the export orders and the outstanding in the packing credit account should be extinguished by negotiation of bills under such inland L/Cs. If it is inconvenient for the export house in respect of the goods supplied for export and adjust packing credit advances from the proceeds of such bills.
- c) Banks should obtain an undertaking from the supplier that the advance payment, if any, received from the export house against the export order would be credited to the packing credit account.