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 Period of fulfilment of export obligation extended in EPCG scheme

DGFT issues public notice by which the date of submission of documents of E.O. fulfilment has been extended upto 31.12.2020 in those cases where E.O. is expiring/ has expired between 01.02.2020 to 31.10.2020.

Due to COVID -19, many advance authorization holders have failed to fulfill the export obligation between the period 01.02.2020 to 31.10.2020. To take care of such cases, DGFT has issued a Public Notice No. 26/2015-20 dt 16.10.2020 extending the date of fulfilment of E.O. up to 31.12.2020 (copy reproduced below):

(Copy) Public Notice No. 26 /2015-2020-DGFT

Subject: Amendments in Para 4.44 - Monitoring of Export Obligation - of the Handbook of Procedures 2015-20.

In exercise of powers conferred under Paragraph 1.03 of the Foreign Trade Policy 2015-2020, as amended from time to time, the Director General of Foreign Trade makes the following amendments in Para 4.44 of Hand Book of Procedures 2015-2020.

2. A new para 4.44 (g) is inserted as under: -

Para 4.44(g):

(g) For all Advance Authorisations, where Export Obligation period is expiring/ has expired between 01.02.2020 and 31.10.2020, as a one-time temporary measure, date of submission of documents for E.O. fulfilment is extended up to 31.12.2020.

Effect of this Public Notice: Due to COVID 19, Para 4.44 of Handbook of Procedures 2015-20, on Monitoring of Export Obligation stands amended to allow extension in the date of submission of documents for ED fulfilment up to 31.12.2020 for all Advance authorisations, wherever Export Obligation period is expiring/has expired between 01.02.2020 and 31.10.2020.

Impex # 2 Export policy of 'Personal Protection Equipment/Masks' amended once again

DGFT issues notification shifting the export policy of 'Personal Projection Equipment/ Masks' from 'Restricted' to 'Free' category.

On the above subject DGFT has issued a Notification No. 36/ 2015-20 dt 06.10.2020 amending the export policy of export of personal protection equipment's/masks from restricted list to free list. (copy reproduced below):

(Copy) DGFT Notification No. 36/2015-2020, Dated: 6th October, 2020

Subject: Amendment in Export Policy of Personal Protection Equipments/Masks.

S.O. (E).- In exercise of powers conferred by Section 3 of the Foreign Trade (Development & Regulation) Act, 1992 (No. 22 of 1992), as amended, read with Para 1.02 and 2.01 of the Foreign Trade Policy, 2015-20, the Central Government hereby makes following amendment in the Notification No. 29 dated 25.08.2020 amending the Schedule 2 of the ITC (HS) Export Policy 2018 related to the export of Personal Protection Equipments/Masks, as under:

Serial Number	ITC HS Codes	Description	Present Policy	Revised Policy
207A	9020 392690 621790 630790	Following Personal Protection Equipments (PPEs) exported either as part of kits or as individual items - N95/ FFP2 masks or its equivalent	Restricted	Free

2. **Effect of this Notification**:

Notification No. 29 dated 25.08.2020 is amended to the extent that the export policy of N-95/FFP-2 masks or its equivalent is amended from "Restricted" to "Free" category making all types of masks freely exportable.

Impex # 3 Date of installation of 'Radiation Portal Monitors and Containers Scanner' relating to import of metallic waste and scrap extended once again

DGFT issues Public Notice extending once again (upto 31.12.2020) the installation and operational of radiation portal monitors and container scanner.

The extension by DGFT from time to time (by years by now) on the subject above has become a regular feature by now. Now DGFT has issued a Public Notice No 21/2015-20 dt 30th Sept, 2020 extending the relevant date upto 31.12.2020. (copy reproduced below):

(Copy) DGFT Public Notice No. 21/2015-2020, Dated 30th September, 2020

Subject: Amendment of Para 2.54 of the Handbook of Procedures, 2015-2020.

In exercise of powers conferred under paragraph 1.03 and 2.04 of the Foreign Trade Policy (2015-2020), the Director General of Foreign Trade hereby amends Para No. 2.54 (d)(v)(ii) of the Handbook of Procedures (2015-2020) and extends the deadline to install and operationalise Radiation Portal Monitors and Container Scanners in the designated sea ports upto 31.12.2020.

2. Effect of this Public Notice: The period for installation and operationalisation of Radiation Portal Monitors and Container Scanner in the designated sea ports is extended upto 31.12.2020.

Impex # 4 Legal frame in FTP provided for implementation of RoSL Scheme in scrip mode

DGFT issues notification introducing an enabling provision related to issues of scrips under 'Scheme for Rebate of State Levies (RoSL) notified by Ministry of Textiles in 2019.

Ministry of Textiles issued a notification on 07.03.2019 and amended it on 09.06.2020 for issue of duty credit scrip under the scheme for Rebate of State Levies.

In order to provide legal frame work for above scheme, DGFT has issued a Notification No. 37/2015-20 dt 06.10.2020 by adding a sub-para (d) in para 4.01 of the FTP. The notification of DGFT dt 06.10.2020 referred to above is reproduced below:

(Copy) DGFT Notification No. 37/12015-2020, New Delhi Dated 6th October, 2020

Subject: Addition of enabling provision related to the issue of scrips under Scheme for Rebate of State Levies (RoSL) as notified by the Ministry of Textiles-reg.

S.O.(E): In exercise of the powers conferred by Section 5 of the Foreign Trade (Development and Regulation) Act, 1992 read with Para 1.02 of the Foreign Trade Policy, 2015-20, the Central Government hereby makes the following amendment in the Foreign Trade Policy 2015-20 with immediate effect:

2. A sub-para (d) is inserted in pare 4.01 of the Foreign Trade Policy, 2015-20 as below:

"(d) Scheme for Rebate of State Levies (RoSL), as notified in pare 63 of Ministry of Textiles Notification No. 14/26/2016-IT (Vol-II) dated 07.03.2019 and as amended vide Notification No. 12015/11/2020-TTP dated 09.06.2020 will be implemented by the DGFT in scrip mode, for which procedure will be laid down separately."

Effect of this Notification: A new sub-pan has been inserted in the **Foreign Trade Policy, 2015-20** to give effect to the pars 6.3 of the Ministry of Textiles Notification No. 14/2612016-1T (Vol-II) dated 07.03.2019. as amended vide Notification No. 12015/11/2020-TTP dated 09.06.2020 regarding the issue of duty credit scrips under Scheme for Rebate of State Levies.

On the above subject DGFT has also issued a Public Notice No. 25/2015-20 dt 13.10.2020 containing 'Procedure for application and issuance of Scrips under for Rebate of State Levies (RoSL). The same is not reproduced as it runs into eight pages.

Impex # 5 Scope of Electronic filling and issuance of Preferential Certificate of Origin (CoO)

DGFT issues Trade Notice for electronic filling and issuance of CoO for Indian exports under GSP, GSTP, India-Malaysia CECA, India-Malaysia CECA w.e.f. 15.10.2020.

The objective of FTAs/PTAs etc is to accelerate the exports of India to the partner countries. The main document for preferential treatment is CoO (Certificate of Origin) issued from India. To get the advantage expediously, it is therefore necessary that the CoO are issued without any hassle. To ensure it, India has implemented the issue through e-platform. The platform is already operative in respect of eight FTA/PTAs, etc. Now DGFT has issued a Trade Notice No. 30/2020-21 dt 13.10.2020 extending the scope GSP, GSTP, IMCECA and ISCECA (copy reproduced below):

(Copy) DGFT Trade Notice No. 30/2020-2021, Dated: 13.10.2020

Subject: Electronic filing and Issuance of Preferential Certificate of Origin (CoO) for India's Exports under GSP, GSTP, India-Malaysia CECA, India-Singapore CECA w.e.f. 15th October 2020.

In continuation to the earlier Trade Notice(s) 34/2015-2020 dated 19.09.2019, 41/2019-2020 dated 12.12.2020, 53/2019-2020 dated 02.03.2020 and 01/2020-2021 dated 07.04.2020, it is informed that the electronic platform for Preferential Certificate of Origin(CoO) is being expanded to add four more FTAs/PTAs to facilitate electronic application of CoOs.

2. This given e-platform has been designed as a single-point access for al FTAs/PTAs, all designated Certificate of Origin (CoO) issuing agencies and for all export products, and is accessible at the URL: https://coo.dgft.gov.in. It may be noted that the CoO for exports from India under following FTAs/PTAs are already being applied and issued through the e-platform.

ICPTA	India Chile Preferential Trade Agreement
SAFTA	South Asia Free Trade Agreement
SAPTA	SAARC Preferential Trade Agreement
IKCEPA	India Korea Comprehensive Economic Partnership Agreement
IJCEPA	India Japan Comprehensive Economic Partnership Agreement
AIFTA	ASEAN India Free Trade Agreement
ISFTA	India Sri Lanka Free Trade Agreement
APTA	Asia Pacific Trade Agreement

3. To further this trade facilitation initiative, the Preferential Certificate of Origin for exports to various other countries under the following four trade agreements shall also be applied and issued from the CoO e-platform with effect from 15th October 2020.

GSP	Generalized System of Preferences
GSTP	Global System of Trade Preferences
IMCECA	India Malaysia Comprehensive Economic Cooperation Agreement
ISCECA	India Singapore Comprehensive Economic Cooperation Agreement

The given CoO applications for exports from India under GSTP, IMCECA and ISCECA should be submitted through the e-COO platform to the designated issuing agencies. (May please refer to Appendix 2B of the Foreign Trade Policy for details of the designated issuing agencies). No manual application for such a CoO should be submitted to an issuing agency after 15th October 2020. Any manual applications submitted prior to the given date may however be processed by the issuing agencies.

5. CoO applications for exports under GSP may also be submitted through e-CoO platform w.e.f. 15th October 2020. However, the earlier procedure of submitting the manual CoO applications (under GSP) physically to the designated issuing agency shall also be in operation. There shall be a transition period of 3 months when both the online and the physical process shall be operated. Manual submission of GSP CoO applications is accordingly allowed to continue up to 14.01.2021 or until further orders.

6. It is informed that for the applications under the above mentioned FTAs/PTAs, the e-CoO system shall generate all the existing set of CoO copies along with an additional copy i.e. electronic copy. The electronic copy shall bear the image signature of the officer and stamp of the issuing agency. The exporter may however get the remaining copies duly ink-signed by the issuing officer with the stamp from the designated issuing office. The copies of the CoOs so issued may be collected by post or in person, for any submission to the FTAs/PTAs partner countries authorities.

7. The concerned Exporters may please take note of the following additional points with regard to the process being notified herewith:

a. Digital Signature Certificate (DSC) would be required for the purpose of electronic verification. The digital signature would be the same as used in other DGFT applications;

b. The digital signature may be Class II or Class III and should have the IEC of the firm embedded in the DSC;

c. Any new applicant exporter would be required to initially register at the e-platform. The password would be sent on the email and mobile number of the IEC holder. In case the IEC holder desires to update their email on which communication is to be sent, the same may be done by using the 'IEC profile Management' service on the DGFT website https://dgft.gov.in

d. Once registration is completed, the IEC branch details would be auto-populated as per the DGFT-IEC database. Applicant is required to ensure that updated IEC details are available in the DGFT system. Necessary steps may be taken to modify the IEC details online, whenever required.

8. For further guidance on registration and application submission, the Help manual & FAQs may be accessed on the landing page at https://coo.dgft.gov.in . For any further assistance you may utilize any of the following channels -

i. Raise a service request/suggestion ticket through the DGFT Helpdesk service link on the e-platform home page

ii. Call the toll-free Helpline number 1800-111-550

iii. Send an email to coo-dgft@gov.in

Impex # 6

Export Data Processing and Monitoring System (EDPMS) Module for 'Caution/ Decaution Listing of Exporters' reviewed and relaxed

RBI reviews the EDPMS Module for 'Automatic Caution Listing to make the system more exporter friendly and equitable and discontinues the automatic caution-listing.

It is the responsibility of the exporters to realize the export sale proceeds within a period of two years from export. This is monitored by the RBI under its system of 'Export Data Processing and Monitoring System (EDPMS) as detailed in it's A.P. (DIR series) Circular No. 74 dt May 26,2016. Those exporters who fail to fulfil the committed export proceeds were automatically placed on 'Caution/De-caution List'.

It was complained by exporters to RBI that the provisions of para3.1 (i) and 3.1(ii) of the circular referred to in para above were causing undue hassles to the exporters. On review of representation RBIhas issued a Circular No.03 dt Oct 09, 2020 withdrawing the two paras 3.1(i) and 3.1 (ii) above. This will make the system more exporters friendly and equitable. Copy of RBI Circular referred in para above is reproduced on next page:

(Copy) RBI/2020-2021/50 A.P. (DIR Series) Circular No. 03, Dated: October 09, 2020

Subject: Export Data Processing and Monitoring System (EDPMS) Module for 'Caution/De-caution Listing of Exporters'- Review

Please refer to Para 4 of Statement on Development and Regulatory Policies issued on October 9, 2020. In this connection, attention of Authorised Dealer Category - I banks (AD banks) is invited to Para 3.1 of the APDIR Circular No. 74 dated May 26, 2016 on the Module for 'Caution/ De-caution Listing of Exporters' in the EDPMS. The extant procedure as laid down in the above para has since been revisited and it has been decided to withdraw the existing para 3 (1) (i) and 3 (1) (ii) with a view to make system more exporter friendly and equitable.

2. Under the revised procedure, an exporter would be caution-listed by the Reserve Bank based on the recommendations of the AD bank concerned, depending upon the exporters track record with the AD bank and investigative agencies. The AD bank would make recommendations in this regard to the Regional Office concerned of the Foreign Exchange Department of the Reserve Bank in case the exporter has come to the adverse notice of the Enforcement Directorate(ED) / Central Bureau of Investigation (CBI) / Directorate of Revenue Intelligence (DRI) /any such other law enforcement agency and/or the exporter is not traceable and/or is not making sincere efforts to realise the export proceeds.

3. Similarly, the AD bank would also make recommendations to the Regional Office of the Reserve Bank for de-caution-listing an exporter as per the laid down procedure.

4. The procedural aspects on handling of shipping documents of the caution-listed exporters by the AD banks, as outlined in Para 3.2 of the circular ibid, remain unchanged.

5. AD banks may bring the contents of this circular to the notice of their constituents concerned. The Master Direction number 16/2015 dated January 1, 2016 is being updated to reflect the above changes.

6. The directions contained in this circular have been issued under Section 10 (4) and Section 11 (1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Impex # 7

Customs duties against scrips issued under the RoSL scheme of apparel and made ups exempted

Department of Revenue issues notification for exemption of duties of customs against scrips issued under the RoSL scheme for apparel and made-ups.

As the exporters are aware that the Govt. has already decided to phase-out MEIS and replace it with RoSL. The process is already on. The Govt has also decided that the customs benefits against scrips issued under RoSL are no less than the benefits under MEIS scrips. For this the Department of Revenue has issued a Notification No. 38/2020-Customs dt 21.10.2020 exempting duties of customs against scrips issued under the RoSL scheme for apparel & made-ups. The details of the exemption are given in the above notification (reproduced below):

(Copy)Notification No. 38/2020-Customs, New Delhi, Dated:21st October, 2020

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) (hereinafter referred to as the said Act), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts goods, when imported into India against a duty credit scrip (hereinafter referred to as the said scrip) issued by the Regional Authority under the Scheme for Rebate of State Levies on export of garments and made-ups (hereinafter referred to as the RoSL scheme) in accordance with paragraph 4.01(d) of the Foreign Trade Policy read with paragraphs 4.97 and 4.98 of the Handbook of Procedures from -

(a) the whole of the duty of customs leviable thereon under the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the said Customs Tariff Act); and

(b) the whole of additional duty leviable thereon under sub sections (1), (3) and (5) of section 3 of the said Customs Tariff Act.

2. The exemption shall be subject to the following conditions, namely:-

(1) that the duty credit in the said scrip is issued -

(a) against exports of garments and made-ups (hereinafter referred to as the said goods) under the RoSL scheme where the order permitting clearance and loading of goods for exportation under section 51 of the said Act has been made on or after the 20th October, 2016 for garments, on or after the 23rd March, 2017 for made-ups, and till 6th March, 2019 for the said goods;

(b) against exports of the said goods as per the respective rate and cap as notified by the Ministry of Textiles from time to time and in operation at the time of the order permitting clearance and loading of goods for exportation under section 51 of the said Act;

(2) that the exporter has not claimed or shall not claim credit or rebate or refund or reimbursement of the State levies rebated under RoSL scheme under any other mechanism;

(3) that the rebate under the RoSL scheme shall not be applicable for exports made against the Advance Authorisation Scheme under the Foreign Trade Policy 2015-20;

(4) that the said scrip is registered with the Customs authority at the port of registration specified on the said scrip;

(5) that the said scrip is produced before the proper officer of Customs at the time of clearance for debit of the duties leviable on the goods and the proper officer of Customs after taking into account the debits already made under this exemption and debits made under the notification of Government of India, Ministry of Finance, Department of Revenue, No.07/2020-Central Excise, dated the 21st October, 2020 shall ensure the debit of the duties leviable on the goods, but for this exemption;

(6) that the said scrip and goods imported against it shall be freely transferable;

(7) that where the importer does not claim exemption from the additional duty of customs leviable under sub-sections (1), (3) and (5) of section 3 of the said Customs Tariff Act, he shall be deemed not to have availed the exemption from the said duty for the purpose of calculation of the said additional duty of customs;

(8) that the importer shall be entitled to avail of the drawback of the duty of customs leviable under the First Schedule to the said Customs Tariff Act against the amount debited in the said scrip; and

(9) that the importer shall be entitled to avail drawback or CENVAT credit of additional duty leviable under sub-sections (1), (3) and (5) of section 3 of the said Customs Tariff Act against the amount debited in the said scrip;

Explanation. - For the purposes of this notification, -

(a) "capital goods" has the same meaning as assigned to it in paragraph 9.08 of the Foreign Trade Policy;

(b) "Foreign Trade Policy" means the Foreign Trade Policy, 2015-2020, published by the Government of India in the Ministry of Commerce and Industry vide notification number 01/2015-2020, dated the 1st April, 2015 as amended from time to time;

(c) "garments" shall have the same meaning as assigned to it in the Ministry of Textiles' notification no. 12020/03/2016-IT, dated the 12th August, 2016 notifying the Scheme for Rebate of State Levies on Export of Garments;

(d) "made-ups" shall have the same meaning as assigned to it in the Ministry of Textiles' notification no. 12015/47/2016-IT, dated the 3rd January, 2017 notifying the Scheme for Rebate of State Levies on Export of Made-ups;

(e) "goods" means any inputs or goods including capital goods;

(f) "Regional Authority" means the Director General of Foreign Trade appointed under section 6 of the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992) or an officer authorised by him to grant an authorisation including a duty credit scrip under that Act.

Impex # 8 Suggestions invited for new Foreign Trade Policy 2021-26

DGFT invites suggestions from all stakeholders for new Foreign Trade Policy for 2021-26 due to be implemented from April, 2021.

Before releasing a new FTP (Foreign Trade Policy) (usually valid for five years), DGFT invites suggestion from all stakeholders. The present FTP expires on 31.03.2021. DGFT has issued a Trade Notice No. 34/2020-21 dt. 12th Nov, 2020 inviting suggestions from all stakeholders to give suggestion within 15 days from 12th Nov, 2020. The suggestion are to be given in the Google Form mentioned in the Trade Notice No 34/2020-21 dt 12.11.2020 (given below):

(Copy)Trade Notice No. 34/2020-21, Dated 12th November, 2020

To, Export Promotion Councils and Commodity Boards,

Trade/Industry Bodies/Associations/Organisations,

Members of Trade and Industry,

All RAs of DGFT, Other stakeholders

Sub: New Foreign Trade Policy - inviting suggestions regarding.

The Foreign Trade Policy (2015-2020), was extended for a year till 31 March 2021. In order to prepare a new five year Foreign Trade Policy, suggestions/inputs are invited from various stakeholders. To collate, analyze and for ease of processing the suggestions/ inputs received, a Google Form has been created on the following link: https://bit.ly/3khHEI2

2. Stakeholders including Export Promotion Councils (EPCs), Trade/Industry Bodies/Associations, Commodity Boards, RAs and members of trade, industry are requested to send their suggestions/inputs only through above-mentioned Google Form, rather than email or paper based submissions within fifteen days from the date of issue of this Trade Notice.

Impex # 9 Migration of Duty Exemption Scheme online module to new IT environment

DGFT issues Trade notice of migration of AA/EPCG/DFIA online module to the new online DGFT System.

One of the ways to further facilitate imports and exports is to adopt the new IT environment as and when available. DGFT has done a lot in the above direction of more and more 'online'. Now DGFT has issued a Trade Notice No 35/2020-21 dt 12th Nov, 2020 about migration of AA/EPCG/DFIA online module to new IT environment with effect from 1st Dec, 2020 (copy reproduced below):

(Copy)Trade Notice No. 35/2020-21, Dated 12th November, 2020

Subject: Migration of AA/EPCG/DFIA Online modules to the new IT environment from 1st December 2020 and non-availability of licence amendment services from 20th November 2020 to 30th November 2020 -reg.

In continuation to the Trade Notice 33/2020-21 dated 28th October on the linking of IECs in the new DGFT online environment, it is hereby informed that DGFT services for Advance Authorization, EPCG, DFIA and Norms are soon to be migrated to the new Online DGFT systems.

2. In this regard, it is informed that the services for amendment of any Advance Authorization, EPCG or DFIA Licenses would be temporarily suspended from 12:00 PM on 20th November 2020 till 30th November 2020. The amendment of licenses includes cases of re-validation, invalidation, value enhancement, EO extension etc. However, the services for new license issuance, or submission of any new application file would remain available throughout this period.

3. Exporters/Importers are requested to plan their activities related to any license amendments accordingly since these will not be available from 20th November 2020 till 30th November 2020.

4. Exporters/Importers may also refer to the Trade Notice 33/2020-21 dated 28th October 2020 and complete the process of

registration/linking of their IECs in on the DGFT website (https://dgft.gov.in) sufficiently well in advance, as this is a pre-requisite for filing online applications/claims in the new IT environment.

5. All DGFT RAs may sensitize the trade/business community on this limited unavailability of services.

6. For any further assistance you may utilize any of the following channels -

i. Raise a service request/suggestion ticket through the DGFT Helpdesk service link on the e-platform home page

ii. Call the toll-free Helpline number 1800-111-550

iii. Send an email to dgftedi@gov.in

Impex # 10 Questions & Answers

Question : We have exported on a consignment basis at an estimated value. Our consignee has kept the goods in a warehouse and subsequently sold it. He wants to deduct the clearance and storage charge from us. Can we allow him to deduct the same and remit the balance money to us. Is it allowed in India?

Answer : The Reserve Bank of India allows agents/consignees to deduct from sale proceeds of the goods expenses normally incurred towards receipt, storage and saleof the goods, such as landing charges, warehouse rent, handling charges, etc. and remit the net proceeds to the exporter. However, the account sales received from the agent/consignee will be verified by banks. Deductions in account sales should, therefore, be supported by bills/receipts in original except in case of petty items like postage/cable charges, stamp duty, etc.

Question : What is the purpose for which money lying in the EEFC Account can be used by an exporter?

Answer : The eligible credits in EEFC can be used for:

i. Payments for imports, commission, royalty, etc.

ii. Banks may permit their exporter constituents to extend trade related loans/advances to overseas importer out of their EEFC balances without any ceiling subject to compliance of provisions of Notification No. FEMA 3/2000-RB dated May 3, 2000 as amended from time to time.

iii. Banks may permit exporters to repay packing credit advances whether availed in Rupee or in foreign currency from balances in their EEFC account and/or rupee resources to the extent exports have actually taken place.

Question : We are importing a machine from Italy but the supplier wants the payment for the machine sent to his sister concern in Germany. Are such third party payments in imports permitted?

Answer : Third party payments for import transactions are permitted by the RBI. Banks are allowed to make payments to a third party for import of goods, subject to conditions as under:

a) Firm irrevocable purchase order/tripartite agreement should be in place. However, this requirement may not be insisted upon in cases where documentary evidence for circumstances leading to third party payments/name of the third party being mentioned in the irrevocable order/invoice has been produced.

b) Banks should be satisfied with the bonafides of the transactions and should consider the Financial Action Task Force (FATF) statement before handling the transactions.

c) The invoice should contain a narration that the related payment has to be made to the (named) third party.

d) Bill of Entry should mention the name of the shipper as also the narration that the related payment has to be made to the (named) third party.

e) Importers should comply with the related extant instructions relating to imports including those on advance payment being made for import of goods.

Question : We are a unit in the Special Economic Zone (SEZ). Is there any time limit prescribed on us to realize the exports proceeds or can we realize the payment in two years?

Answer : Currently, the period of realization and repatriation of export proceeds shall be nine months from the date of export for all exporters including units in SEZs, status holder exporters, export oriented units (EOUs), units in electronic hardware technology parks (EHTPs), software technology parks (STPs) and bio-technology parks (BTPs). The relaxation given by RBI for fifteen months (instead of the usual limit of nine months) was in respect of exports made up to 31st July, 2020 only.

Question : Can we export in Indian Rupee without taking the approval of the RBI?

Answer : There is no restriction on invoicing of export contracts in Indian Rupees in terms of the Rules, Regulations, Notifications and Directions framed under the Foreign Exchange Management Act, 1999. Further, in terms of Para 2.52 of the Foreign Trade Policy (2015-2020), "All export contracts and invoices shall be denominated either in freely convertible currency or Indian rupees but export proceeds shall be realized 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.

Question : Can we transfer the goods to a different buyer as the original buyer has refused to take the delivery of goods due to financial problems? Do we require approval of the Reserve Bank of India?

Answer : Prior approval of the Reserve Bank of India (RBI) is not required if after the goods have been shipped they are to be transferred to a buyer other than the original buyer in the event of default by the latter. However, the reduction in value, if any, should not exceed 25 percent of the invoice value and the realization of export proceeds is not delayed beyond the prescribed period from the date of export.

Question : What is the new procedure of caution-listing by the RBI?

Answer : An exporter would be caution-listed by the Reserve Bank based on the recommendations of the AD bank concerned, depending upon the exporters track record with the AD bank and investigative agencies. The AD bank would make recommendations in this regard to the concerned regional office of the Foreign Exchange Department of the Reserve Bank in case the exporter has come to the adverse notice of the Enforcement Directorate (ED) / Central Bureau of Investigation (CBI) / Directorate of Revenue Intelligence (DRI) /any such other law enforcement agency and/or the exporter is not traceable and/or is not making sincere efforts to realise the export proceeds. The AD bank would also make recommendations to the regional office of the Reserve Bank for de-caution listing an exporter as per the laid down procedure.

Question : In case we are caution-listed, can in any situation the bank handle our exports documents?

Answer : Shipping documents for negotiation / purchase/ discount/ collection, etc. the AD Category - I bank may accept the documents subject to following conditions:-

i. The exporters concerned should produce evidence of having received advance payment or an irrevocable letter of credit in their favour covering the full value of the proposed exports.

ii. In case of usance bills, the relative letter of credit should cover full export value and also permit such drawings. Besides, the usance bills should also mature within the prescribed realisation period reckoned from date of shipment.

iii. Except under the above mentioned conditions given in 2 (a) (i) and AD banks should not handle the shipping documents of caution-listed exporters. (b) AD Category - I banks should obtain prior approval of the Reserve Bank for issuing guarantees for caution-listed exporters.

News from 'Print Media'

Subsidies won't help boost exports: Goyal

PRESS TRUST OF INDIA
New Delhi, October 3

COMMERCE AND INDUSTRY minister Piyush Goyal on Saturday said quality, technology and scale of production would help India take its annual exports to $1 trillion and not government subsidies.

He exhorted exporters and the industry as a whole to target $1 trillion worth of shipments.

"Why can't we aim for $1 trillion exports from India. We certainly can. I see no reason, (why) we cannot. For that we need to be clear on actionable items (and) subsidies are never going to get us there, I am very very clear about that," he said.

"At least in my six years of engagement, I have not found subsidies to be the solution for India's problems. I think it's quality, technology, growth, scale; and sometimes for a short period you may need to give a little thrust or support. But if they are looking at literally running a long term engagement with the world on subsidy, it is not going to work," he said.

The minister was speaking at a webinar on strategies for alleviating policy constraints for exports in select sectors.

He said there was a need to identify areas where sensible policies could help take exports to $1 trillion.

Business Standard 3rd October 2020

Freight hike may wipe out 1 month of exports: Firms

DILASHA SETH & ADITI DIVEKAR
New Delhi/Mumbai, 22 October

Exporters fear cancellation of orders ahead of the holiday season due to India's inability to fulfil export orders on account of unavailability of shipping containers and an almost 60 per cent hike in freight cost since July.

Currently facing a 20-day delay in shipments, the apex exporters body has estimated that the current delays could wipe out nearly a month's worth of the country's exports in the current fiscal year. Besides, the roll-out of faceless assessment in Customs to end physical interface is causing further delay in clearance of consignments.

The shortage of containers is being attributed to a sharp fall in imports and 'extortion' by shipping companies unwilling to bring empty vessels to India for export shipments. The shortage of containers has resulted in a sharp spike in freight cost by shipping companies.

Export bodies have sought government intervention by putting in place a regulatory body.

"The main reason for shortage of containers is the drastic fall in imports. Ideally, shipping companies have to bring empty containers back," said Federation of Indian Export Organisations (FIEO) President Sharad Kumar Saraf, adding, "We are losing more than 20 days of exports worth $25 billion for the entire year."

Imports have fallen 40 per cent in the April-September period, and exports are down 36 per cent. In September, India's outbound shipments posted a growth after six months at 5.27 per cent, while imports were down 19.6 per cent, compared to last year.

The freight rates for 20-feet containers have shot up to over $1,200 per vessel, up from $400 a few months ago.

Exporters have reached out to the Directorate General of Shipping. The FIEO has suggested establishing a regulatory agency like the Real Estate Regulatory Authority.

Engineering Export Promotion Council Chairman Mahesh Desai said India's export figures could be severely impacted. "India's credibility in the export market will suffer. If we are not able to fulfil orders in time, it will be a missed opportunity," said Desai.

He added that they have taken up the issue with the commerce department and the shipping ministry. "There is no overarching regulations for shipping companies. India does not have national shipping conglomerates like the China Ocean Shipping Company," said Desai.

While freight to mainland European ports has been hiked by 60 per cent, that to Latin America and the US has been hiked by 50 per cent.

The Federation of Freight Forwarders' Associations in India is meeting the Central Board of Indirect Taxes and Customs on Friday.

Its Chairman V Vijaykumar said it will recommend automation of the system and supervision by senior officers, along with room to raise objections.

Mark S Fernandes, director, IMC Chamber of Commerce and Industry, pointed out that after the introduction of faceless assessment, consignments getting cleared in 24-72 hours have started taking 15 days. "If one is lucky, it gets cleared in 6-7 days," he said, adding that the Ministry of Finance has also imposed a penalty of ₹10,000 per day on importers if advance noting was not filed.

Other traders said that air cargo and sea cargo, which normally take 24 hours and 72 hours, respectively, for clearance, are facing a delay of 8-10 days on average.

"This is causing havoc in trade. Manufacturers are starved of raw material, or imported components. The clearance delay has taken detention and demurrage charges through the roof. They have jumped 400-500 per cent," said a trader.

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Restrictions on N-95 Mask Exports Removed

NEW DELHI India on Tuesday removed the restriction on the export of N-95/FFP2 masks, making all kinds of masks freely exportable. The Directorate General of Foreign Trade (DGFT) had on August 25 allowed their exports with a restriction that fixed the monthly export quota of 5 million units of N-95/FFP2 masks. "The export policy of N-95/FFP-2 masks or its equivalent is amended from 'restricted' to 'free' category, making all types of masks freely exportable," the DGFT said in a notification. The country had in February banned exports of many medical textiles including clothing and masks used in health-care activities where there is a risk of contamination, amid the pandemic but it gradually removed the export restrictions on most personal protection equipment. —Our Bureau

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