

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

Much awaited new scheme of "RoDTEP Scheme" with rates announced effective from 01-01-2021

DGFT issues notification containing the "Scheme guidelines and rates for the new scheme for Remission of Duties and Taxes on Exported Products (RoDTEP).

DGFT has issued a Notification No. 19/2015-20 dt 17.08.2021 containing the details of RoDTEP with rates covering 8555 items which cover handicraft items also. It will take effect from 01.01.2021. The Govt. has provided sum of RS 12454 crore for its implementation for the financial year 2021-2022. The rates for different sectors range between 0.3 to 4.3 %.

Handicraft exporters as well as other exporters are disappointed at the low rates of RoDTEP (as compared to MEIS rates) and low provision of RS. 12454 crore. But the exporters know that the Govt. had to discontinue the MEIS

as the same was held invalid by WTO and as such replace it with a new WTO compatible scheme. And the name of the new scheme is 'RoDTEP Scheme'.

EPCH has issued a Circular No. EPCH/RoDTEP/2021-2022 dt 17.08.2021 (copy reproduced below) containing the RoDTEP Rates on 154 handicraft items. Copy of DGFT Notification No. 19/2015-20 dt 17.08.2021 is also reproduced.

Copy of Circular No. EPCH/RoDTEP/2021-2022 dt 17.08.2021

Sub: Announcement of RoDTEP Rates For Handicrafts Sector-Reg

Dear Members,

The Remission of Duties and Taxes on Exported Products (RoDTEP) for various export products including handicrafts have been announced by the Director General of Foreign Trade (DGFT) vide its Notification No.19/2015-2020 dated 17th August 2021, made effective from 1st January 2021.

The Appendix 4R containing the RoDTEP export items rates and per unit value cap, wherever applicable is available at https://epch.in/policies/RoDTEP_Circular.pdf

With regards,

(Rakesh Kumar)
Director General

RoDTEP Rate for Handicrafts Sector vide Notification No. 19/2015-2020 dated 17th August 2021 w.e.f 1st January 2021

S No.	RoDTEP Entry No.	Tariff Item	Description of Goods (As per CTH)	RoDTEP Rate as % age of FOB (#)	UQC	Cap (Rs. Per UQC)
1	1922	33019031	Attars of all kinds in fixed oil base	0.8%	Kg	
2	1980	33074100	"Agarbatti" and other odoriferous preparations which operate by burning	1.5%	Kg	3.5
3	1981	33074900	Other	0.8%	Kg	
4	2040	34060010	Candles	0.9%	Kg	

5	2730	39231020	Watch-box, jewellery box and similar containers of plastics	1.0%	Kg	
6	3028	42022910	Hand bags of other materials excluding wicker-work or basket work	1.2%	u	
7	3030	42023110	Jewellery box	1.2%	u	
8	3035	42023910	Jewellery box	1.2%	u	
9	3245	44140000	Wooden Frames for Paintings, Photographs, Mirrors or Similar Objects	1.4%	Kg	
10	3268	44191900	Other	0.5%	Kg	
11	3271	44199090	Other	0.5%	Kg	
12	3272	44201000	Statuettes and other ornaments, of wood	1.4%	Kg	
13	3273	44209010	Wood marquetry and inlaid wood	1.4%	Kg	
14	3274	44209090	Other	0.5%	Kg	
15	3285	44219160	Parts of domestic decorative articles used as tableware and kitchenware	0.5%	Kg	
16	3312	46012900	Other	1.4%	Kg	
17	3316	46019900	Other	1.4%	Kg	
18	3317	46021100	Of bamboo	1.4%	Kg	
19	3318	46021200	Of rattan	1.4%	Kg	
20	3319	46021911	Baskets	1.4%	Kg	
21	3320	46021919	Other	1.4%	Kg	
22	3321	46021990	Other	1.4%	Kg	
23	3324	48021010	Paper	2.4%	Kg	3.1
24	3325	48021020	Paperboard	2.4%	Kg	3.1
25	3518	48237030	Articles made of paper mache other than artware and moulded or pressed goods of wood pulp	2.4%	Kg	3.1
26	3527	48239018	Products consisting of sheets of paper or paperboard, impregnated, coated or covered with plastics (including thermoset resins or mixtures thereof or chemical formulations containing melamine, phenol or urea formaldehyde with or without curing agents or catalysts), compressed together in one or more operations	1.1%	Kg	
27	4644	56050020	Imitation zari thread	1.0%	Kg	
28	4645	56050090	Other	1.0%	Kg	
29	4794	58041090	Other	1.0%	Kg	
30	4798	58043000	Hand-made lace	1.0%	Kg	
31	4799	58050010	Tapestries handmade or needle worked by hand, of cotton	1.0%	Kg	
32	4819	58081090	Other	1.0%	Kg	
33	4827	58090010	Zari border	1.0%	Kg	
34	4828	58090090	Other	1.0%	Kg	

35	4829	58101000	Embroidery without visible ground	1.0%	Kg
36	4831	58109210	Embroidered badges, motifs and the like	1.0%	Kg
37	4834	58110010	Kantha (multilayer stitched textile fabrics in piece used for bedding, mattress pads or clothing)	1.0%	m2
38	4835	58110020	Quilted wadding	1.0%	m2
39	4981	64032040	Kolapuri chappals and similar footwear	1.3%	pa
40	5009	64061010	Embroidered uppers of textile materials	1.3%	Kg
41	5026	65040000	Hats and other Headgear, platted or made by assembling strips of any material whether or not lined or trimmed	1%	Kg
42	5028	65050090	Other	1%	Kg
43	5037	66020000	Walking-Sticks, Seat-Sticks, Whips, Riding Crops and the Like	0.5%	u
44	5041	67010010	Feather dusters	0.5%	Kg
45	5046	67029090	Other	1%	Kg
46	5145	68159990	Other	1%	Kg
47	5193	69111011	Of Bone china and soft porcelain	1%	Kg
48	5194	69111019	Other	1%	Kg
49	5195	69111021	Of Bone china and soft porcelain	1%	Kg
50	5196	69111029	Other	0.01	Kg
51	5197	69119010	Toilet articles	1%	Kg
52	5198	69119020	Water filters of a capacity not exceeding 40 Litres	1%	Kg
53	5199	69119090	Other	1%	Kg
54	5200	69120010	Tableware	1%	Kg
55	5201	69120020	Kitchenware	1%	Kg
56	5202	69120030	Toilet articles	1%	Kg
57	5203	69120040	Clay articles	1%	Kg
58	5204	69120090	Other	1%	Kg
59	5205	69131000	Of porcelain or china	1%	Kg
60	5206	69139000	Other	1%	Kg
61	5207	69141000	Of porcelain or china	1%	Kg
62	5208	69149000	Other	1%	Kg
63	5253	70099200	Framed	1.3%	Kg
64	5265	70132800	Other	1.3%	Kg
65	5266	70133300	Of lead crystal	1.3%	Kg
66	5267	70133700	Other	1.3%	Kg
67	5268	70134100	Of lead crystal	1.3%	Kg
68	5270	70134900	Other	1.3%	Kg
69	5271	70139100	Of lead crystal	1.3%	Kg
70	5289	70181010	Bangles	1.3%	Kg
71	5290	70181020	Beads	1.3%	Kg

72	5291	70181090	Other	1.3%	Kg	
73	5293	70189010	Glass Statues	1.3%	Kg	
74	5307	70200011	Globes for lamps and lanterns	1.3%	Kg	
75	5311	70200029	Other	1.3%	Kg	
76	5312	70200090	Other	1.3%	Kg	
77	5402	71131110	Jewellery with filigree work	0.01%	Kg	
78	5428	71171100	Cuff-links and studs	0.5%	Kg	2.5
79	5429	71171910	Bangles	0.5%	Kg	2.5
80	5430	71171920	German Silver jewellery	0.5%	Kg	2.5
81	5431	71171990	Other	0.5%	Kg	2
82	5432	71179010	Jewellery studded with imitation pearls or imitation or synthetic stones	0.5%	Kg	2.5
83	5433	71179090	Other	0.5%	Kg	2
84	5517	74181021	Of brass	0.3%	Kg	
85	5518	74181022	Of copper	0.3%	Kg	
86	5519	74181023	Of other copper alloys	0.3%	Kg	
87	5520	74181024	E.P.N.S.Ware	0.3%	Kg	
88	5521	74181031	Of E.P.N.S	0.3%	Kg	
89	5522	74181039	Other	0.3%	Kg	
90	5531	74199920	Articles of copper alloys electro-plated with nickel-silver	0.3%	Kg	
91	5532	74199930	Articles of brass	0.3%	Kg	
92	5533	74199940	Copper worked articles	0.3%	Kg	
93	5647	76151030	Other table, kitchen or household articles	1.2%	Kg	
94	5649	76151090	Part	1.2%	Kg	
95	5903	83061000	Bells, gongs and the like	0.6%	Kg	
96	5906	83062190	Other	0.6%	Kg	
97	5907	83062910	Statuettes	0.6%	Kg	
98	5909	83062990	Other	0.6%	Kg	
99	5910	83063000	Photograph, picture or similar frames; mirrors	0.6%	Kg	
100	5919	83089020	Imitation zari spangles	0.6%	Kg	
101	5920	83089031	For garments, made ups, knitwear, plastic and leather goods	0.6%	Kg	
102	5921	83089039	Other	0.6%	Kg	
103	8268	92029000	Other	0.5%	u	
104	8270	92059010	Flutes	0.5%	u	
105	8272	92059090	Other	0.5%	u	
106	8273	92060000	Percussion Musical Instruments (for Example, Drums, Xylophones, Cymbols, Castanets, Maracas)	0.5%	u	
107	8325	94033010	Cabinetware	0.5%	Kg	
108	8326	94033090	Other	0.5%	Kg	

109	8328	94035010	Bed stead	0.5%	u
110	8329	94035090	Other	0.5%	u
111	8330	94036000	Other wooden furniture	0.5%	u
112	8332	94038200	Of bamboo	0.5%	u
113	8334	94038900	Other	0.5%	u
114	8335	94039000	Parts	0.5%	Kg
115	8347	94049099	Other	0.5%	Kg
116	8348	94051010	Hanging lamps, complete fittings	0.5%	u
117	8349	94051020	Wall lamps	0.5%	u
118	8353	94053000	Lighting sets of a kind used for Christmas trees	0.5%	u
119	8356	94055010	Hurricane lanterns	0.5%	u
120	8376	95030010	Of wood	1%	u
121	8379	95030090	Other	1%	u
122	8387	95051000	Articles for Christmas festivities	1%	Kg
123	8388	95059010	Magical equipments	1%	Kg
124	8431	96011000	Worked ivory and articles of ivory	0.5%	Kg
125	8432	96019010	Worked tortoise-shell and articles thereof	0.5%	Kg
126	8433	96019020	Worked mother of pearl and articles thereof	0.5%	Kg
127	8434	96019030	Worked bone (excluding whale bone) and articles thereof	0.5%	Kg
128	8435	96019040	Worked horn, coral and other animal carving material and articles thereof	0.5%	Kg
129	8436	96019090	Other	0.5%	Kg
130	8437	96020010	Worked vegetable carving material and articles thereof	0.5%	Kg
131	8438	96020020	Moulded or carved articles of wax, stearin, natural gums and resins and other moulded or carved articles	0.5%	Kg
132	8440	96020040	Other articles of unhardened gelatin	0.5%	Kg
133	8441	96020090	Other	0.5%	Kg
134	8442	96031000	Brooms and brushes, consisting of twigs or other vegetable materials, bound together, with or without handles	0.5%	u
135	8458	96062200	Of base metals, not covered with textile material	0.5%	Kg
136	8493	96089910	Pen holders, pencil holders and similar holders	0.5%	Kg
137	8513	96140000	Smoking Pipes(including Pipe Bowls) and Cigar or Cigarette Holders and Parts Thereof	0.5%	u
138	8532	97011010	Madhubani paintings (on textiles)	0.01%	u
139	8533	97011020	Kalamkari paintings (on textiles)	0.01%	u
140	8534	97011030	Rajasthani paintings (on textiles)	0.01%	u
141	8535	97011090	Other	0.01%	u
142	8536	97019091	Domestic articles of wood (hand decorated)	0.01%	Kg
143	8537	97019092	Restaurant decoration of plastics	0.01%	Kg

144	8538	97019099	Other	0.01%	Kg
145	8539	97020000	Original Engravings, Prints and Lithographs	0.01%	u
146	8540	97030010	Original sculptures and statuary, in metal	0.01%	u
147	8541	97030020	Original sculptures and statuary, in stone	0.01%	u
148	8542	97030090	Original sculptures and statuary, in other materials	0.01%	u
149	8543	97040010	Used postal stamp	0.01%	Kg
150	8544	97040020	Used or unused first-day covers for philatelists	0.01%	Kg
151	8545	97040090	Other	0.01%	Kg
152	8546	97050010	Stuffed animals and birds (taxidermy)	0.01%	Kg
153	8547	97050090	Other	0.01%	Kg
154	8548	97060000	Antiques of an Age Exceeding One Hundred Years	0.01%	Kg

(Copy)

DGFT Notification No. 19/2015-2020-DGFT, Dated 17th August 2021

Subject: **Scheme Guidelines for Remission of Duties and Taxes on Exported Products (RoDTEP)**

S.O. 3359(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 amendments in the Foreign Trade Policy 2015-20 with immediate effect:

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

"(e) Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) notified by Department of Commerce and administered by Department of Revenue.

3. The following is also added in the chapter 4 of the Foreign Trade Policy 2015-20:

Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP)

4.54 Scheme Objective and Operating Principles

- i. The Scheme's objective is to refund, currently un-refunded:
 - a. Duties/ taxes / levies, at the Central, State and local level, borne on the exported product, including prior stage cumulative indirect taxes on goods and services used in the production of the exported product and
 - b. Such indirect Duties/ taxes / levies in respect of distribution of exported product.
- ii. The rebate under the Scheme shall not be available in respect of duties and taxes already exempted or remitted or credited.
- iii. The determination of ceiling rates under the Scheme will be done by a Committee in the Department of Revenue/Drawback Division with suitable representation of the DoC/DGFT, line ministries and experts, on the sectors prioritized by Department of Commerce and Department of Revenue.
- iv. The overall budget/outlay for the RoDTEP Scheme would be finalized by the Ministry of Finance in consultation with Department of Commerce (DoC), taking into account all relevant factors.
- v. The Scheme will operate in a Budgetary framework for each financial year and necessary calibrations and revisions shall be made to the Scheme benefits, as and when required, so that the projected remissions for each financial year are managed within the approved Budget of the Scheme. No provision for remission of arrears or contingent liabilities is permissible under the Scheme to be carried over to the next financial year.

- vi. The sequence of introduction of the Scheme across sectors, prioritization of the sectors to be covered, degree of benefit to be given on various items within the rates set by the Committee and within a ceiling as may be prescribed, on the per item/total overall benefit amount permissible, within the overall budget/ outlay finalized, will be decided and notified by the Department of Commerce (DoC) in consultation with Department of Revenue.
- vii. Under the Scheme, a rebate would be granted to eligible exporters at a notified rate as a percentage of FOB value with a value cap per unit of the exported product, wherever required, on export of items which are categorized under the notified 8 digit HS Code. However, for certain export items, a fixed quantum of rebate amount per unit may also be notified. Rates of rebate / value cap per unit under RoDTEP will be notified in Appendix 4R. In addition to necessary changes which may be brought in view of budget control measures as mentioned above, efforts would be made to review the RoDTEP rates on an annual basis and to notify them well in advance before the beginning of a financial year.
- viii. The rebate allowed is subject to the receipt of sale proceeds within time allowed under the Foreign Exchange Management Act, 1999 failing which such rebate shall be deemed never to have been allowed. The rebate would not be dependent on the realization of export proceeds at the time of issue of rebate. However, adequate safeguards to avoid any misuse on account of non-realization and other systemic improvements as in operation under Drawback Scheme, IGST and other GST refunds relating to exports would also be applicable for claims made under the RoDTEP Scheme.
- ix. Mechanism of Issuance of Rebate: Scheme would be implemented through end to end digitization of issuance of rebate amount in the form of a transferable duty credit/electronic scrip (e-scrip), which will be maintained in an electronic ledger by the Central Board of Indirect Taxes & Customs (CBIC). Necessary rules and procedure regarding grant of RoDTEP claim under the Scheme and implementation issues including manner of application, time period for application and other matters including export realization, export documentation, sampling procedures, record keeping etc. would be notified by the CBIC, Department of Revenue on an IT enabled platform with a view to end to end digitization. Necessary provisions for recovery of rebate amount where foreign exchange is not realized, suspension/withholding of RoDTEP in case of frauds and misuse, as well as imposition of penalty will also be built suitably by CBIC.
- x. The Scheme will take effect for exports from 1st January 2021. However for exports made by categories under Para 4.55 (x), (xi) and (xii), the implementation date will be decided later as per provisions of Para 4.55B.

4.55 Ineligible Supplies/ Items/Categories under the Scheme: The following categories of exports/ exporters shall not be eligible for rebate under RoDTEP Scheme:

- i. Export of imported goods covered under paragraph 2.46 of FTP
- ii. Exports through trans-shipment, meaning thereby exports that are originating in third country but trans-shipped through India
- iii. Export products which are subject to Minimum export price or export duty
- iv. Products which are restricted for export under Schedule-2 of Export Policy in ITC (HS)
- v. Products which are prohibited for export under Schedule-2 of Export Policy in ITC (HS).
- vi. Deemed Exports
- vii. Supplies of products manufactured by DTA units to SEZ/FTWZ units
- viii. Products manufactured in EHTP and BTP
- ix. Products manufactured partly or wholly in a warehouse under section 65 of the Customs Act, 1962 (52 of 1962)
- x. Products manufactured or exported in discharge of export obligation against an Advance Authorization or Duty Free Import Authorization or Special Advance Authorization issued under a duty exemption scheme of relevant Foreign Trade Policy

- xi. Products manufactured or exported by a unit licensed as hundred per cent Export Oriented Unit (EOU) in terms of the provisions of the Foreign Trade Policy
- xii. Products manufactured or exported by any of the units situated in Free Trade Zones or Export Processing Zones or Special Economic Zones
- xiii. Products manufactured or exported availing the benefit of the Notification No. 32/1997-Customs dated 1st April, 1997.
- xiv. Exports for which electronic documentation in ICEGATE EDI has not been generated/ Exports from non-EDI ports
- xv. Goods which have been taken into use after manufacture

4.55 A Government, however, reserves the right to modify any of the categories as mentioned above for inclusion or exclusion under the scope of RoDTEP, at a later date.

4.55 B Inclusion of exports made by categories mentioned in para 4.55 (x), (xi) and (xii) above and RoDTEP rates for export items under such categories would be decided based on the recommendations of the RoDTEP Committee.

4.56 Nature of Rebate: The e-scrips would be used only for payment of duty of Customs leviable under the First Schedule to the Customs Tariff Act, 1975 viz. Basic Customs Duty.

4.57 Monitoring, Audit and Risk Management System:

For the purposes of audit and verification, the exporter would be required to keep records substantiating claims made under the Scheme. A monitoring and audit mechanism with an IT based Risk Management System (RMS) would be put in place by the CBIC, Department of Revenue to physically verify the records of the exporters on sample basis. Sample cases for physical verification will be drawn objectively by the RMS, based on risk and other relevant parameters.

4.57A For a broad level monitoring, an Output Outcome framework will be maintained and monitored at regular intervals.

4.58 Residual Issues: Residual issues related to the Scheme arising subsequently shall be considered by an Inter-Ministerial Committee, named as "RODTEP Policy Committee (RPC)" chaired by DGFT (comprising members of Department of Commerce and Department of Revenue), whose decisions would be binding.

4.59 The Appendix 4R containing the eligible RoDTEP export items, rates and per unit value caps, wherever applicable is available at the DGFT portal www.dgft.gov.in under the link 'Regulatory Updates >RoDTEP'.

Effect of this Notification: Scheme guidelines and rates for the new Scheme for Remission of Duties and Taxes and Exported Products have been notified.

Impex # 2

Online procedure for transfer of Advance Authorization/ EPCG Authorization in case of amalgamation/ de-merger/ acquisition etc. announced

DGFT Issues Trade Notice on the subject above.

These days amalgamation, separation and take-over of entities are quite common but at the same time the outstanding liabilities and obligations towards the Govt. at the time of above acts have to be fulfilled by the resultant new entity.

DGFT has issued a Trade Notice No.14/2021-22 dt 04.08.2021 containing the online procedure for transfer of Advance Authorizations/ EPCG Authorizations in case of amalgamation/de-merger/acquisition etc. (copy reproduced below):

Copy of DGFT Trade Notice No.14/2021-22 dt 04.08.2021

Subject: Online Procedure for transfer of Advance Authorisation/EPCG Authorisation in case of amalgamation/de-merger/acquisition etc. -reg

In continuation to Public Notice 34/2015-2020 dated 24.12.2020, it is stated that in case of amalgamation/de-merger/acquisition/insolvency the export obligation(s)/contingent liability(s) are required to be transferred from the

earlier entity to the new entity as required under the related laws and rules on the amalgamation/de-merger/acquisition/insolvency process.

2. An online procedure is accordingly being notified to provide for online filing and transfer of Advance Authorization(s) and EPCG Authorisation(s) from the earlier entity to the new entity(s). The detailed steps are presented as follows for perusal -
 - (i) Applicant would request for amalgamation/de-merger/ acquisition of IEC by navigating to DGFT Website > Services - > IEC Profile Management - > 'Request for Merger/De-merger'. The given process is implemented as per Public Notice 34/2015-2020 dated 24.12.2020
 - (ii) Post approval of the given IEC request, the firm may apply for amendment of each of their AA/EPCG authorizations separately. The request may be submitted on the DGFT Website > Services - > AA (or EPCG) > Transfer of Authorisation
 - (iii) The request for amendment of the Authorisation(s) would be auto-submitted to the concerned jurisdictional RA from the which the Authorisation was issued.
 - (iv) On approval of the request the given authorization would be amended and updated details would be transmitted electronically to Customs.
 - (v) For EPCG authorizations, for the Annual Average Export Obligation (AEO) mentioned on EPCG authorizations, Company A (EPCG authorization holder merging into Company B) the AEO of new entity = AEO of Company A + AEO of company B based on date of merger.
 - (vi) For the purpose of AEO of company B, firm would be required to submit Chartered Accountant Certificate (CAC) to the concerned RA as part of the online amendment request.
 - (vii) S/Bs and B/Es under the earlier IEC would be available under Bills Repository of the new IEC during the authorization closure process.
3. Difficulties, if any, in implementation of these provisions may please be brought to the notice of this Directorate immediately. For guidance on these new processes, the Help manual & FAQs may be accessed on the DGFT Website > Learn > 'Application Help & FAQs'. For any further assistance you may utilize any of the following channels -
 - i. Raise a ticket through the DGFT Helpdesk service under Services - > 'DGFT Helpdesk Service'
 - ii. Call the toll-free Helpdesk number
 - iii. Send an email to the Helpdesk on dgftedi@gov.in

Impex # 3

Principles of prohibition and restrictions amended by DGFT

DGFT issues notification amending the present provision of prohibition and restrictions.

DGFT has issued a Notification No. 17/2015-20 dt 10.08.2021 amending Para 2.07 of the current FTP relating to "Principles of Restrictions". The amendments were necessary for the FTP to be in line with international agreements.

Copy of notification dt 10.08.2021 referred to above is reproduced below:

Copy of DGFT Notification No. 17/2015-2020, Dated: 10th August 2021

Subject: Amendment in Para 2.07 of Foreign Trade Policy, 2015-2020

S.O.(E): In exercise of powers conferred by Section 3 read with Section 5 of FT (D&R) Act, 1992, read with paragraph 1.02 and 2.01 of the Foreign Trade Policy, 2015-2020, as amended from time to time, the Central Government hereby amends the existing Para 2.07 of Foreign Trade Policy, 2015-2020 to read as under:

Existing Provision	Revised Provision
<p>DGFT may, also through a Notification, impose prohibitions or restrictions on export and import, necessary for:-</p> <ul style="list-style-type: none"> (a) Protection of public morals; (b) Protection of human, animal plant life or health; (c) Protection of patents, trademarks and copyrights, and the prevention of deceptive practices; (d) Prevention of use of prison labour; (e) Protection of national treasures of artistic, historic or archaeological value; (f) Conservation of exhaustible natural resources; (g) Protection of trade of public fissionable material or material from which they are derived; (h) Prevention of traffic in arms, ammunition and implements of war; (i) Relating to the importation or protection exportation of gold or silver. 	<p>DGFT may, through a Notification, impose 'Prohibition' or 'Restriction':-</p> <ul style="list-style-type: none"> a. on export of foodstuffs or other essential products for preventing or relieving critical shortages; b. on imports and exports necessary for the application of standards or regulations for the classification, grading or marketing of commodities in or international trade; c. on imports of fisheries product, imported in any form, for enforcement of governmental measures to restrict production of the domestic product or for certain other purposes; d. on imports to safeguard country's external financial position and to ensure a level of reserves. e. on imports to promote establishment of a particular industry; f. for preventing sudden increases in imports from causing serious injury to domestic producers or to relieve producers who have suffered such injury; g. for protection of public morals or to maintain order; h. for protection of human, animal or plant life or health i. relating to the importations or exportations of gold or silver; j. necessary to secure compliance with laws and regulations including those relating to the of patents, trademarks and copyrights, and the prevention of deceptive practices k. relating to the products of prison labour l. for the protection of national treasures of artistic, historic or archaeological value m. for the conservation of exhaustible natural resources n. for ensuring essential quantities for the domestic processing industry o. essential to the acquisition or distribution of products in general or local short supply; p. for the protection of country's essential security interests: <ul style="list-style-type: none"> i. relating to fissionable materials or the materials from which they are derived; ii. relating to the traffic in arms, ammunition and implements of war; iii. taken in time of war or other emergency in international relations; or q. in pursuance of country's obligations under the United Nations Charter for the maintenance of international peace and security.

Effect of the Notification: Para 2.07 of the FTP regarding principles of prohibition and restrictions , is amended to be in line with international agreements.

Question : How is it that the rates under RoDTEP Scheme announced under DGFT Notification No. 19/2015-20 dt 17th Aug, 2021 are so low compared to the rates under MEIS of FTP 2015-20?

Answer : It is pointed out the MEIS was a direct export subsidy (reward) scheme which was challenged in WTO. In spite of the best efforts of the Govt. of India to defend the same on various grounds, the WTO held the same incompatible with the objectives and aims of WTO. Per force it had to be replaced by a scheme compatible in WTO. It has replaced by a scheme known as RoDTEP scheme. It related to remission of tax/ duties/levies that are currently not refunded through other schemes. So the parameters of calculations of the rates under the two schemes are different leading to low rates under RoDTEP.

Question : Whether EEFC Accounts can be opened by Special Economic Zone (SEZ) Units?

Answer : No, SEZ Units cannot open EEFC Accounts. However, a unit located in a Special Economic Zone can open a Foreign Currency Account with an Authorised Dealer in India subject to conditions stipulated in Regulation 4 (D) of Foreign Exchange Management (Foreign Currency Accounts by a person Resident in India) Regulations.

Question : Who is eligible for applying for manufacture and other operations in a bonded warehouse scheme?

Answer : The following are eligible to apply for manufacture and other operations in a bonded warehouse:

- (i) A person who has been granted a licence for a warehouse under Section 58 of the Customs Act, in accordance with Private Warehouse Licensing Regulations, 2016.
- (ii) A person can also make a combined application for a licence for a warehouse under Section 58, along with permission for undertaking manufacturing or other operations in the warehouse under Section 65 of the Act.

The persons mentioned have to be a citizen of India or an entity incorporated or registered in India.

Question : Can a unit undertaking manufacture in a bonded warehouse import capital goods without payment of duty? For how long is duty deferment available?

Answer : A unit licensed under Sections 58 and 65 can import capital goods and warehouse them without payment of duty. Thus both Basic Customs Duty and IGST on imports stand deferred. In the case of capital goods, the import duties (both BCD and IGST) stand deferred till they are cleared from the warehouse for home consumption or are exported. The capital goods can be cleared for home consumption as per Section 68 read with Section 61 of the Customs Act on payment of applicable duty without interest. The capital goods can also be exported after use, without payment of duty as Per Section 69 of the Customs Act. The duty deferment is without any time limitation. Per Section 69 of the Customs Act. The duty deferment is without any time limitation.

Question : How much foreign exchange earnings can be put into an EEFC account?

Answer : 100 percent foreign exchange earnings can be credited to the EEFC account subject to the condition that the sum total of the credits in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding calendar month after adjusting for utilization of the balances for approved purposes or forward commitments.

Question : What are the permissible uses of an EEFC account?

Answer : Following payments can be made from EEFC account:

- i) Payment outside India towards a permissible current account transaction and permissible capital account transaction.
- ii) Payment in foreign exchange towards the cost of goods purchased from a 100% Export Oriented Unit or a Unit in
 - a) Export Processing Zone or
 - b) Software Technology Park or
 - c) Electronic Hardware Technology Park.
- iii) Payment of customs duty in accordance with the provisions of the Foreign Trade Policy.
- iv) Trade related loans/advances, extended by an exporter holding such an account to his importer customer outside India, subject to compliance with the Foreign Exchange Management Regulations, 2000.
- v) Payment in foreign exchange to a person resident in India for supply of goods/services including payments for airfare and hotel expenditure.

Question : Whether there is any restriction on withdrawal in rupees of funds held in an EEFC account?

Answer : No, there is no restriction on withdrawal in Indian Rupees of funds kept in the EEFC account. However, the amount withdrawn in Indian Rupees shall not be eligible for conversion into foreign currency and for re-credit to the account.

News from 'Print Media'

LOW OUTLAY
RoDTEP scheme has exporters worried

Scheme brings predictability & wider coverage, but caps benefits

HOW THEY STACK UP

Period	RoDTEP	Share of covered firms in merchandise export value (%)
Pre-pandemic	7.6%	56%
Jan 2021	4.1%	47%
Jan 2022	4.5%	3-5%

FE BUREAU
New Delhi, August 17

THE GOVERNMENT ON Tuesday notified tax refund rates under the Refundation of Duties and Taxes on Exported Products (RoDTEP) scheme that will cover as many as 75% of tariff lines, ending months of uncertainty over the actual coverage and magnitude of relief under the programme. The rates will be in the range of 0.5-4.5% of the freight-in based value of the exported products.

However, while the programme will cover 4,555 items (HSIT lines), over a thousand more than the Merchandise Exports from India Scheme (MEIS) that it has replaced, the allocation for its beneficiaries will be what was the government's annual outlay under the MEIS.

Of course, both the schemes are not strictly comparable as MEIS was an incentive programme, but the RoDTEP relief will effectively reduce the benefit for most exporters, as they get up to take advantage of a respite in input costs in the aftermath of the pandemic.

Thomas, president of exports services have been kept out of the RoDTEP ambit, commerce secretary BVR Subrahmanyam said, given that exports from these sectors are falling relatively well. This has

awet exporters of these products. Similarly, engineering goods firms, accounting for about a fifth of merchandise exports, have complained that taxes embedded in primary input (steel) are not factored in the RoDTEP rates further.

The RoDTEP scheme is supposed to replicate various

Government notifies RoDTEP Scheme
(a) boost exports by creating a level playing field for exporters... will enable 'zero-rating' of exports for building an 'Atmanirbhar Bharat'.

— PRADEEP GOHAL, COMMERCE MINISTER

Continued on Page 2

Financial Express - 18th August 2021

FM Launches New Fund for MSMEs

CHAMPION SECTORS FUND: UP's ODDP scheme to aid in identification of 'champion sectors' among MSMEs

LENDING A HAND
Some developed countries like Germany have tried this where they have identified champion sectors and tried to support and handhold micro-businesses

THE GOVERNMENT has today launched a new fund to support MSMEs in India. The fund, called the Champion Sectors Fund, will be used to identify and support 'champion sectors' among MSMEs. The fund will be used to identify and support 'champion sectors' among MSMEs. The fund will be used to identify and support 'champion sectors' among MSMEs.

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Economic Times
28th August 2021

Financial Express
18th August 2021