



सत्यमेव जयते

FOREIGN TRADE POLICY

[1st April, 2015 – 31st March, 2020]

THE
DOLLAR
BUSINESS™

FOREIGN TRADE • EXPORTS • IMPORTS

Government of India
Ministry of Commerce and Industry
Department of Commerce

CHAPTER 1

LEGAL FRAMEWORK AND TRADE FACILITATION

A. LEGAL FRAMEWORK

1.00 Legal Basis of Foreign Trade Policy (FTP)

The Foreign Trade Policy, 2015-20, is notified by Central Government, in exercise of powers conferred under Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 (No. 22 of 1992) [FT (D&R) Act], as amended.

1.01 Duration of FTP

The Foreign Trade Policy (FTP), 2015-2020, incorporating provisions relating to export and import of goods and services, shall come into force with effect from the date of notification and shall remain in force up to 31st March, 2020, unless otherwise specified. All exports and imports made upto the date of notification shall, accordingly, be governed by the relevant FTP, unless otherwise specified.

1.02 Amendment to FTP

Central Government, in exercise of powers conferred by Section 5 of FT (D&R) Act, 1992, as amended from time to time, reserves the right to make any amendment to the FTP, by means of notification, in public interest.

1.03 Hand Book of Procedures (HBP) and Appendices & Aayat Niryat Forms (AANF):

Director General of Foreign Trade (DGFT) may, by means of a Public Notice, notify Hand Book of Procedures, including Appendices and Aayat Niryat Forms or amendment thereto, if any, laying down the procedure to be followed by an exporter or importer or by any Licensing/Regional

Authority or by any other authority for purposes of implementing provisions of FT (D&R) Act, the Rules and the Orders made there under and provisions of FTP.

1.04 Specific provision to prevail over the general

Where a specific provision is spelt out in the FTP/Hand Book of Procedures (HBP), the same shall prevail over the general provision.

1.05 Transitional Arrangements

- (a) Any License / Authorisation / Certificate / Scrip / any instrument bestowing financial or fiscal benefit issued before commencement of FTP 2015-20 shall continue to be valid for the purpose and duration for which such License/Authorisation/ Certificate / Scrip / any instrument bestowing financial or fiscal benefit Authorisation was issued, unless otherwise stipulated.
- (b) In case an export or import that is permitted freely under FTP is subsequently subjected to any restriction or regulation, such export or import will ordinarily be permitted, notwithstanding such restriction or regulation, unless otherwise stipulated. This is subject to the condition that the shipment of export or import is made within the original validity period of an irrevocable commercial letter of credit, established before the date of imposition of such restriction and it shall be restricted to the balance value and quantity available and time period of such irrevocable letter of credit. For operationalising such irrevocable letter of credit, the applicant shall have to register the Letter of Credit with jurisdictional Regional Authority (RA) against computerized receipt, within 15 days of the imposition of any such restriction or regulation.

B. TRADE FACILITATION & EASE OF DOING BUSINESS

1.06 Objective

Trade facilitation is a priority of the Government for cutting down the transaction cost and time, thereby rendering Indian exports more competitive. The various provisions of FTP and measures taken by the Government in the direction of trade facilitation are consolidated under this chapter for the benefit of stakeholders of import and export trade.

1.07 DGFT as a facilitator of exports/imports

DGFT has a commitment to function as a facilitator of exports and imports. Focus is on good governance, which depends on efficient, transparent and accountable delivery systems. In order to facilitate international trade, DGFT consults various Export Promotion Councils as well as Trade and Industry bodies from time to time.

1.08 Niryat Bandhu - Hand Holding Scheme for new export / import entrepreneurs

- (a) DGFT is implementing the Niryat Bandhu Scheme for mentoring new and potential exporter on the intricacies of foreign trade through counselling, training and outreach programmes.
- (b) Considering the strategic significance of small and medium scale enterprises in the manufacturing sector and in employment generation, 'MSME clusters' have been identified, based on the export potential of the product and the density of industries in the cluster, for focussed interventions to boost exports.
- (c) Outreach activities shall be organized in a structured way with the help of Export Promotion Councils as

'industry partners' and other willing 'knowledge partners' in academia and research community to achieve the objective of Niryat Bandhu Scheme. Further, in order to ensure optimum utilization of resources, efforts would be made to associate all the stakeholders, including Customs, ECGC, Banks and concerned Ministries.

1.09 Citizen's Charter

DGFT has in place a Citizen's Charter, giving time schedules for providing various services to clients.

1.10 Online Complaint Registration and Monitoring System

An EDI Help Desk is available to assist the exporters in filing online applications on the DGFT portal and resolving other EDI related issues. For assistance an email may be sent at dgftedi@nic.in or Toll Free number 1800111550 can be used. Help Desk facility is also operational at the 4 DGFT Zonal Offices (details at <http://dgft.gov.in>). An Online Complaint registration and monitoring system allows users to register complaint and receive status/ reply online (details are at <http://dgft.gov.in>).

1.11 Issue of e-IEC (Electronic-Importer Exporter Code)

(a) Importer Exporter Code (IEC) is mandatory for export/import from/to India as detailed in paragraph 2.05 of this Policy. DGFT has recently introduced the facility of issuing Importer Exporter Code in electronic form (e-IEC). For issuance of e-IEC an application can be made online on DGFT website (<http://dgft.gov.in>). Applicants can upload the documents and pay the required fee through Net banking.

- (b) Processing of such applications by Regional Authority (RAs) of DGFT would be done online and a digitally signed e-IEC would normally be issued/ e-mailed to the applicant within 2 working days.
- (c) In case the application is incomplete or otherwise ineligible, the same shall be rejected and a Rejection letter/email (with reasons for rejection) would be sent to the applicant.
- (d) Application for issue of e-IEC can also be made from eBiz platform (<https://www.ebiz.gov.in>).

1.12 e-BRC

One prominent initiative in recent times has been the e-BRC (Electronic Bank Realisation Certificate) project and its successful implementation by DGFT. It has enabled DGFT to capture details of realisation of export proceeds directly from the Banks through secured electronic mode. This has facilitated the implementation of various export promotion schemes without any physical interface with the stake holders. So far more than one crore e-BRCs have been captured by this system.

1.13 MoU with State Governments for sharing of e-BRC data

MoU has been signed with state governments for sharing of e-BRC data to facilitate refund of VAT by the state governments to exporters. MoU has also been signed with Enforcement Directorate.

1.14 Exporter Importer Profile

An electronic procedure has been created to upload various documents in exporter importer profile. Once uploaded, there will be no need to submit these documents / copies of these documents to Regional Authority repeatedly with each application. It intends to reduce the transaction cost and time and is a step towards paperless processing of different applications in DGFT.

1.15 Reduction in mandatory documents required for Export and Import

The number of mandatory documents required for exports and imports of goods from/into India have been reduced to three each, as prescribed under paragraph 2.06 of FTP.

1.16 Facility of online filing of applications

All the Regional Authorities (RA) of DGFT and extension counters have been networked with high speed internet. The applications are received and processed electronically. DGFT under the EDI initiatives has provided the facility of on line filing of applications to obtain Importer Exporter Code and various authorizations /scrips. DGFT is one of the first digital signature enabled organisation of the Government of India (GOI), which has introduced a higher level of Encrypted 2048 bit digital signature. There is a web interface for online filing of application after accessing DGFT website (<http://dgft.gov.in>). The application can be filed by exporter/CHA sitting at home or office in 24X7 environment. Application fee can also be paid online from linked banks. Efforts are being made to allow payment by debit/credit cards as well. The applications are signed with a digital signature and submitted electronically to the concerned Regional Authority of DGFT, which are then processed on computer by the Regional Authority and authorisations/

scrips are issued. Online filing has minimized the physical interface.

1.17 Online Inter-ministerial consultation

Presently, the exporters are required to file applications online on the website of DGFT under the Icon E-COM and are required to submit the duly signed and stamped printout of the online application along with all the necessary documents viz. technical specifications, literature etc. Now, a facility is being provided to upload copies of all the required documents including technical specifications, literature etc in PDF/JPG/JPEG/GIF format in the online filing system in respect of (a) Fixation of norms under Advance Authorisation by Norms Committees (b) Export of Restricted Items (c) Import of Restricted Items (d) SCOMET Items. The exporters would not be required to submit the hard copy of application except architectural drawings, machine drawings etc which may be difficult to scan and upload. The processing of the applications will also be done online.

1.18 Facility to upload documents by Chartered Accountant / Company Secretary / Cost Accountant

In order to move towards paperless processing, an electronic procedure is being developed to upload digitally signed documents by Chartered Accountant / Company Secretary / Cost Accountant. To start with, this facility would be created for Export From India Schemes under Chapter 3. Such documents like Annexure Attached to ANF 3B, ANF 3C and ANF 3D, which are at present signed by these signatories, can be facilitated by this procedure. Exporter shall link digitally uploaded annexure with his online applications after creation of such facility. These facilities may be extended in phased manner to upload

documents pertaining to other schemes like Advance Authorisation, DFIA and EPCG.

1.19 Electronic Data Interchange (EDI)

DGFT has put in place a robust EDI system for the purpose of export facilitation and good governance. DGFT has set up a secured EDI message exchange system for various documentation related activities including import and export authorizations established with other administrative departments, namely, Customs, Banks and EPCs. This has reduced the physical interface of exporters and importers with the Government Departments and is a significant measure in the direction of reduction of transaction cost. The endeavour of DGFT has been to enlarge the scope of EDI to achieve higher level of integration with partner departments.

1.20 Message Exchange with Community partners

Customs, Banks, Export Promotion Councils (EPCs) are major community partners of DGFT for message exchange. An effective message exchange system is in place with various community partners which is as follows:

(a) Message Exchange with Customs

- (i) Importer Exporter Code Number.
- (ii) Authorisations/Scripts for DFIA, AA, EPCG.
- (iii) Shipping Bills for Duty Free Import Authorisation (DFIA), Advance Authorisation (AA), Export Promotion Capital Goods (EPCG), Reward Scripts.

(b) Message Exchange with eBiz (<https://www.ebiz.gov.in>)

- (i) Application for Importer Exporter Code Number

(ii) Application for e-IEC.

(c) Message Exchange with Banks

(i) Application Fee

(ii) electronic Bank Realisation Certificate (e-BRC) data

(d) Message Exchange with EPCs

Registration cum Membership Certificate (RCMC) data.

1.21 Encouraging development of Third Party API

DGFT will encourage development of third party software for integration with its system to offer users multiple options for interfacing with the DGFT.

1.22 Forthcoming e-Governance Initiatives

DGFT is currently working on the following EDI initiatives:

(i) Message exchange for transmission of export reward scrips from DGFT to Customs.

(ii) Message exchange for transmission of Bills of Entry (import details) from Customs to DGFT.

(iii) Online issuance of Export Obligation Discharge Certificate (EODC).

(iv) Message exchange with Ministry of Corporate Affairs for CIN & DIN information.

(v) Message exchange with CBDT for PAN.

(vi) Acceptance of payment through debit / credit card for payment of application fee under FTP.

(vii) Open API for submission of e-IEC application.

(viii) Mobile Applications for FTP.

1.23 Free passage of Export consignment

Consignments of items meant for exports shall not be withheld/ delayed for any reason by any agency of Central/ State Government. In case of any doubt, authorities concerned may ask for an undertaking from exporter and release such consignment.

1.24 No seizure of export related Stock

No seizure shall be made by any agency so as to disrupt manufacturing activity and delivery schedule of exports. In exceptional cases, concerned agency may seize the stock on the basis of prima facie evidence of serious irregularity. However, such seizure should be lifted within 7 days unless the irregularities are substantiated.

1.25 24 X 7 Customs clearance

- (a) The facility of 24 X 7 Customs clearance for specified import viz. Goods covered by 'facilitated' Bills of Entry and specified exports viz. Factory stuffed containers and goods exported under free Shipping Bills has been made available, at the 18 sea ports at : Chennai, Cochin, Ennore, Gopalpur, JNPT, Kakinada, Kandla, Kolkata, Mumbai, New Mangalore, Marmagoa, Mundra, Okha, Paradeep, Pipavav, Sikka, Tuticorin, Vishakapatnam.
- (b) The facility of 24 X 7 Customs clearance for specified imports viz. Goods covered by 'facilitated' Bills of Entry and all exports viz. Goods covered by all Shipping Bills has also been made available at the 17 air cargo complexes at: Ahmedabad, Amritsar, Bangalore, Chennai, Coimbatore, Cochin, Calicut, Delhi, Goa, Hyderabad, Indore, Jaipur, Kolkata, Mumbai, Nashik, Thiruvananthapuram, Vishakhapatnam.

1.26 Single Window in Customs

- (a) To facilitate trade, the importer and exporter would lodge their clearance documents at a single point only. Required permission if any, from other regulatory agencies would be obtained online without the trader having to approach these agencies. This would reduce interface with Governmental agencies, dwell time and cost of doing business.
- (b) Single Window provides a common platform to trade to meet requirements of all regulatory agencies (such as Animal Quarantine, Plant Quarantine, Drug Controller, Textile Committee, etc) involved in exim trade through message exchange. Single Window Scheme is basically a network of cooperating facilities bound by trust and set of agreed interface specifications in which trade has seamless access to regulatory services delivered through electronic means. Benefits of Single Window Scheme include reduced cost of doing business, enhances transparency, integration of regulatory requirements at one common platform reduces duplicity and cost of compliance, optimal utilization of manpower.

1.27 Self-Assessment of Customs Duty

Self-Assessment of Customs duty by importers or exporters was introduced vide Finance Act, 2011. The system is trust based. The objective is to expedite release of imported / export goods. The system operates on an electronic Risk Management System (RMS).

1.28 Authorised Economic Operator (AEO) Programme

Based upon WCO's SAFE Framework of Standards (FoS), 'Authorised Economic Operator (AEO) programme' has been

developed by Indian Customs to enable business involved in the international trade to reap the following benefits:

- (i) Secure supply chain from point of export to import;
- (ii) Ability to demonstrate compliance with security standards when contracting to supply overseas importers / exporters;
- (iii) Enhanced border clearance privileges in Mutual Recognition Agreement (MRA) partner countries;
- (iv) Minimal disruption to flow of cargo after a security related disruption;
- (v) Reduction in dwell time and related costs; and
- (vi) Customs advise / assistance if trade faces unexpected issues with Customs of countries with which India have MRA.

The AEO programmes have been implemented by other Customs administrations that give AEO status holders preferential Customs treatment in terms of reduced examination, faster clearances and other benefits. Thus, the AEO programme is expected to result in Mutual Recognition Agreements (MRA) with these Customs administrations. MRAs would ensure export goods get due Customs facilitation at the point of entry in the foreign country. Apart from securing supply chain, the benefits include reduction in dwell time and consequent cost of doing business. Indian Customs has signed MRA with Hong Kong Customs to recognise respective AEO Programmes to enable trade to get benefits on reciprocal basis. Indian Customs is also engaged in finalising MRA with other countries such as South Korea, Taiwan, USA etc.

1.29 Prior filing facility for Shipping Bills

To facilitate processing of shipping bills before actual shipment, prior online filing facility for shipping bills has

been provided by the Customs - 7 days for air shipments & ICDs and 14 days for shipments by sea.

1.30 Cutting down delay in filing of Export General Manifest (EGM) for duty drawback

To facilitate quicker filing of EGMs and quicker rectification of EGM errors, there is a mechanism of monthly monitoring of EGMs by Chief Commissioners of Customs to ensure that facilitation does not lag on this account (Instruction No. 603/01/2011-DBK dated 31.07.2013).

1.31 Facility of Common Bond / LUT against authorizations issued under different EP Schemes

CBEC Circular 11(A)/2011-Cus dated 25.02.2011 has provided the financial year-wise facility of executing common Bond/LUT against Advance Authorization (AA)/Export Promotion Capital Goods (EPCG) Authorisation which is usable across all EDI ports/locations.

1.32 Exemption from Service Tax on Services received abroad

For all goods and services exported from India, services received / rendered abroad, where ever possible, shall be exempted from service tax.

1.33 Export of perishable agricultural Products

To reduce transaction and handling costs, a single window system to facilitate export of perishable agricultural produce has been introduced. The system will involve creation of multi-functional nodal agencies to be accredited by Agricultural and Processed Food Products Export Development Authority (APEDA), New Delhi. The detailed procedure has been notified at Appendix 1C to Appendices & ANFs.

1.34 Time Release Study (TRS)

Central Board of Excise and Customs has decided to undertake 'Time Release Study' (TRS) as per WCO guidelines at major Customs locations on six monthly basis. WCO Time Release Study (TRS) is a unique tool and method for measuring the actual performance of Customs. The underlying objectives of Time Release Study are:

- (i) Identifying bottlenecks in the international supply chain / or constraints affecting Customs release.
- (ii) Establishing baseline trade facilitation performance measurement.

1.35 Towns of Export Excellence (TEE)

- (a) **Objective:** Development and growth of export production centres. A number of towns have emerged as dynamic industrial clusters contributing handsomely to India's exports. It is necessary to grant recognition to these industrial clusters with a view to maximize their potential and enable them to move up the value chain and also to tap new markets.
- (b) Selected towns producing goods of Rs. 750 Crore or more may be notified as TEE based on potential for growth in exports. However for TEE in Handloom, Handicraft, Agriculture and Fisheries sector, threshold limit would be Rs.150 Crore. The following facilities will be provided to such TEE's:
 - (i) Recognized associations of units will be provided financial assistance under MAI scheme, on priority basis, for export promotion projects for

marketing, capacity building and technological services.

(ii) Common Service Providers in these areas shall be entitled for EPCG scheme.

(c) Notified Towns (TEEs) are listed in Appendix 1 B of Appendices & ANFs.

1.36 Director General of Commercial Intelligence and Statistics (DGCI&S), Kolkata as the provider of trade data

DGCI&S is an ISO certified organization under the administrative control of DGFT and it is the provider of trade data which is a source of guidance and direction for export & import trade and which help the exporters and importers formulate their trade strategy. Foreign trade data is disseminated by DGCI&S through (i) Monthly & Quarterly publications in CD form and (ii) Generation of data from the Foreign Trade database as per user's request. The DGCI&S has a Priced Information System (PIS) for disseminating data except for purely Central and State Governments and United Nations bodies. DGCI&S has put in place a Data Suppression Policy. The aim of this policy is to maintain confidentiality of importer's and exporter's commercially sensitive business data. Transaction level data would not be made publicly available to protect privacy. DGCI&S trade data shall be made available at aggregate level with a minimum possible time lag on commercial criteria. DGCI&S can be visited at <http://dgciskol.nic.in>.