



सत्यमेव जयते

# FOREIGN TRADE POLICY

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THE  
DOLLAR  
BUSINESS™

FOREIGN TRADE • EXPORTS • IMPORTS

Government of India  
Ministry of Commerce and Industry  
Department of Commerce

## CHAPTER 2

### GENERAL PROVISIONS REGARDING IMPORTS AND EXPORTS

#### 2.00 Objective

The general provisions governing import and export of goods and services are dealt with in this chapter.

#### 2.01 Exports and Imports – ‘Free’, unless regulated

- (a) Exports and Imports shall be ‘Free’ except when regulated by way of ‘prohibition’, ‘restriction’ or ‘exclusive trading through State Trading Enterprises (STEs)’ as laid down in Indian Trade Classification (Harmonised System) [ITC (HS)] of Exports and Imports. The list of ‘Prohibited’, ‘Restricted’ and ‘STE’ items can be viewed by clicking on ‘Downloads’ at <http://dgft.gov.in>.
- (b) Further, there are some items which are ‘free’ for import/export, but subject to conditions stipulated in other Acts or in law for the time being in force.

#### 2.02 Indian Trade Classification (Harmonised System) [ITC (HS)] of Exports and Imports

- (a) ITC (HS) is a compilation of codes for all merchandise / goods for export/ import. Goods are classified based on their group or sub-group at 2/4/6/8 digits.
- (b) ITC (HS) is aligned at 6 digit level with international Harmonized System goods nomenclature maintained by World Customs Organization (<http://www.wcoomd.org>). However, India maintains national Harmonized System of goods at 8 digit level which may

be viewed by clicking on 'Downloads' at <http://dgft.gov.in>.

- (c) The import/export policies for all goods are indicated against each item in ITC (HS). Schedule 1 of ITC (HS) lays down the Import Policy regime while Schedule 2 of ITC (HS) details the Export Policy regime.
- (d) Except where it is clearly specified, Schedule 1 of ITC (HS), Import Policy is for new goods and not for the Second Hand goods. For Second Hand goods, the Import Policy regime is given in Para 2.31 in this FTP.

### **2.03 Compliance of Imports with Domestic Laws**

- (a) Domestic Laws/ Rules/ Orders/ Regulations / Technical specifications/ environmental/ safety and health norms applicable to domestically produced goods shall apply, mutatis mutandis, to imports, unless specifically exempted.
- (b) However, goods to be utilized/ consumed in manufacture of export products, as notified by DGFT, may be exempted from domestic standards/quality specifications.

### **2.04 Authority to specify Procedures**

DGFT may specify procedure to be followed by an exporter or importer or by any licensing/Regional Authority (RA) or by any other authority for purposes of implementing provisions of FT (D&R) Act, the Rules and the Orders made there under and FTP. Such procedure, or amendments, if any, shall be published by means of a Public Notice.

## **Importer-Exporter Code / e-IEC**

### **2.05 Importer-Exporter Code (IEC)**

(I) An IEC is a 10-digit number allotted to a person that is mandatory for undertaking any export/import activities. Now the facility for IEC in electronic form or e-IEC has also been operationalised.

**(a) Application for IEC/e-IEC:**

Application for obtaining IEC can be filed manually and submitting the form in the office of Regional Authority (RA) of DGFT. Alternatively, an application for e-IEC may be filed online in ANF 2A, in accordance with Para 2.08 of Handbook of Procedure on payment of application fee of Rs. 500/-, to be paid online through net banking or credit/debit card (to be operationalised shortly). Documents/ details required to be uploaded/ submitted along with the application form are listed in the Application Form (ANF 2A).

(b) When an e-IEC is approved by the competent authority, applicant is informed through e-mail that a computer generated e-IEC is available on the DGFT website. By clicking on “Application Status” after having filled and submitted the requisite details in “Online IEC Application” webpage, applicant can view and print his e-IEC.

(c) Briefly, following are the requisite details /documents (scanned copies) to be submitted/ uploaded along with the application for IEC:

- (i) Details of the entity seeking the IEC:
- (1) PAN of the business entity in whose name Import/Export would be done (Applicant individual in case of Proprietorship firms).
  - (2) Address Proof of the applicant entity.
  - (3) LLPIN /CIN/ Registration Certification Number (whichever is applicable).
  - (4) Bank account details of the entity. Cancelled Cheque bearing entity's pre-printed name or Bank certificate in prescribed format ANF2A(I).
- (ii) Details of the Proprietor/ Partners/ Directors/ Secretary or Chief Executive of the Society/ Managing Trustee of the entity:
- (1) PAN (for all categories)
  - (2) DIN/DPIN (in case of Company /LLP firm)
- (iii) Details of the signatory applicant:
- (1) Identity proof
  - (2) PAN
  - (3) Digital photograph
- (d) In case the applicant has digital signature, the application can also be submitted online and no physical application or document is required. In case the applicant does not possess digital signature, a print out of the application filed online duly signed by the applicant has to be submitted to the concerned jurisdictional RA, in person or by post.

(e) Detailed guidelines for applying for e-IEC are available at <[http://dgft.gov.in/exim/2000/iec\\_anf/iecanf.htm](http://dgft.gov.in/exim/2000/iec_anf/iecanf.htm)>.

**(II) No Export/Import without IEC:**

(i) No export or import shall be made by any person without obtaining an IEC number unless specifically exempted.

(ii) Exempt categories and corresponding permanent IEC numbers are given in Para 2.07 of Handbook of Procedures.

**(III) Only one IEC against one Permanent Account Number (PAN)**

Only one IEC is permitted against one Permanent Account Number (PAN). If any PAN card holder has more than one IEC, the extra IECs shall be disabled.

**2.06 Mandatory documents for export/import of goods from/into India**

(a) Mandatory documents required for export of goods from India:

1. Bill of Lading/Airway Bill
2. Commercial Invoice cum Packing List\*
3. Shipping Bill/Bill of Export

(b) Mandatory documents required for import of goods into India

1. Bill of Lading/Airway Bill
2. Commercial Invoice cum Packing List\*
3. Bill of Entry

[Note: \*(i) As per CBEC Circular No. 01/15-Customs dated 12/01/2015. (ii) Separate Commercial Invoice and Packing List would also be accepted.]

- (c) For export or import of specific goods or category of goods, which are subject to any restrictions/policy conditions or require NOC or product specific compliances under any statute, the regulatory authority concerned may notify additional documents for purposes of export or import.
- (d) In specific cases of export or import, the regulatory authority concerned may electronically or in writing seek additional documents or information, as deemed necessary to ensure legal compliance.
- (e) The above stipulations are effective from 1st April, 2015.

## **2.07 Principles of Restrictions**

DGFT may, through a Notification, impose restrictions on export and import, necessary for: -

- (a) Protection of public morals;
- (b) Protection of human, animal or 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 fissionable material or material from which they are derived;

(h) Prevention of traffic in arms, ammunition and implements of war.

## **2.08 Export/Import of Restricted goods/Services**

Any goods /service, the export or import of which is 'Restricted' may be exported or imported only in accordance with an Authorisation / Permission or in accordance with the procedure prescribed in a Notification / Public Notice issued in this regard.

## **2.09 Export of SCOMET Items**

Export of Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET), as indicated in Appendix-3 of Schedule 2 of ITC(HS) Classification of Export & Import Items, shall be governed by the specific provisions of (i) Chapter IV A of the FT(D&R) Act, 1992 as amended from time to time (ii) Sl. No. 4 & 5 of Table A and Appendix-3 of Schedule 2 of ITC(HS) Classification of Export & Import Items (iii) Para 2.16, Para 2.17, Para 2.18 of FTP and (iv) Para 2.73-2.82 of Hand Book of Procedures; in addition to the other provisions of FTP and Handbook of Procedures governing export authorizations.

## **2.10 Actual User Condition**

Goods which are importable freely without any 'Restriction' may be imported by any person. However, if such imports require an Authorisation, actual user alone may import such good(s) unless actual user condition is specifically dispensed with by DGFT.



## **2.11 Terms and Conditions of an Authorisation**

Every Authorisation shall, inter alia, include such terms and conditions as may be specified by RA along with the following:

- (a) Description, quantity and value of goods;
- (b) Actual User condition (as defined in Chapter 9);
- (c) Export Obligation;
- (d) Minimum Value addition to be achieved;
- (e) Minimum export/import price;
- (f) Bank guarantee/ Legal undertaking / Bond with Customs Authority/RA (as in para 2. 35 of FTP).
- (g) Validity period of import/export as specified in Handbook of Procedures.

## **2.12 Application Fee**

Application for IEC/ Authorisation / License / Scrips must be accompanied by application fees as indicated in the Appendix 2K of Appendices and Aayat Niryat Forms.

## **2.13 Clearance of Goods from Customs against Authorization**

Goods already imported / shipped / arrived, in advance, but not cleared from Customs may also be cleared against an Authorisation issued subsequently. This facility will however be not available to “restricted” items or items traded through STEs.

## **2.14 Authorisation - not a Right**

No person can claim an Authorisation as a right and DGFT or RA shall have power to refuse to grant or renew the same in accordance with provisions of FT (D&R) Act, Rules made there under and FTP.

## **2.15 Penal action and placing of an entity in Denied Entity List (DEL)**

- (a) If an Authorisation holder violates any condition of such Authorisation or fails to fulfill export obligation, or fails to deposit the requisite amount within the period specified in demand notice issued by Department of Revenue and /or DGFT, he shall be liable for action in accordance with FT (D&R) Act, the Rules and Orders made there under, FTP and any other law for time being in force.
- (b) With a view to raising ethical standards and for ease of doing business, DGFT has provided for self certification system under various schemes. In such cases, applicants shall undertake self certification with sufficient care and caution in filling up information/particulars. Any information / particulars subsequently found untrue/ incorrect will be liable for action under FTDR Act, 1992 and Rules therein in addition to penal action under any other Act/Order.
- (c) A firm may be placed under Denied Entity List (DEL), by the concerned RA, under the provision of Rule 7 of Foreign Trade (Regulation) Rules, 1993. On issuance of such an order, for reasons to be recorded in writing, a firm may be refused grant or renewal of a license, certificate, scrip or any instrument bestowing financial or fiscal benefits. If a firm is placed under DEL all new licences, scrips, certificates, instruments, etc will be blocked from printing / issue / renewal.
- (d) DEL orders may be placed in abeyance, for reasons to be recorded in writing by the concerned RA. DEL order can be placed in abeyance, for a period not more than 60 days at a time.

- (e) A firm's name can be removed from DEL, by the concerned RA for reasons to be recorded in writing, if the firm completes Export Obligation/ pays penalty/ fulfills requirement of Demand Notice(s) issued by the RA/submits documents required by the RA.

### **Prohibitions (Country and Product Specific):**

#### **2.16 Prohibition on Import and Export of 'Arms and related material' from / to Iraq**

Notwithstanding the policy on Arms and related materials in Chapter 93 of ITC(HS), the import/export of Arms and related material from/to Iraq is 'Prohibited'. However, export of Arms and related material to Government of Iraq shall be permitted subject to 'No Objection Certificate' from the Department of Defence Production.

#### **2.17 Prohibition on Direct or Indirect Import and Export from / to Democratic People's Republic of Korea**

Direct or indirect export and import of following items, whether or not originating in Democratic People's Republic of Korea (DPRK), to / from, DPRK is 'Prohibited':

All items, materials, equipment, goods and technology including as set out in lists in documents INFCIRC/254/Rev.11/Part 1 and INFCIRC/254/ Rev.8/Part 2 (IAEA documents), S/2012/947, S/2009/364 and S/2006/853 (UN Security Council documents) and Annex III to UN Security Council resolution 2094 (2013) which could contribute to DPRK's nuclear-related, ballistic missile-related or other weapons of mass destruction-related programmes; Luxury goods, including but not limited to the items specified in Annex IV to UN Security Council resolution 2094 (2013).

## **2.18 Prohibition on Direct or Indirect Import and Export from/ to Iran**

- (a) Direct or indirect export and import of all items, materials, equipment, goods and technology which could contribute to Iran's enrichment-related, reprocessing or heavy water related activities, or to development of nuclear weapon delivery systems, as mentioned below, whether or not originating in Iran, to/from Iran is 'Prohibited':
  - (i) Items listed in INFCIRC/254/Rev.9/Part 1 and INFCIRC/254/Rev.7/Part 2 (IAEA Documents).
  - (ii) Items listed in S/2006/263 (UN Security Council document).
- (b) All the UN Security Council Resolutions/Documents and IAEA Documents referred to above are available on the UN Security Council website ([www.un.org/Docs/sc](http://www.un.org/Docs/sc)) and IAEA website ([www.iaea.org](http://www.iaea.org)).

## **2.19 Prohibition on Import of Charcoal from Somalia**

Direct or indirect import of charcoal is prohibited from Somalia, irrespective of whether or not such charcoal has originated in Somalia [United Nations Security Council Resolution 2036 (2012)]. Importers of charcoal shall submit a declaration to Customs that the consignment has not originated in Somalia.

## **Import / Export Through State Trading Enterprises:**

### **2.20 State Trading Enterprises (STEs)**

- (a) State Trading Enterprises (STEs) are governmental and non-governmental enterprises, including marketing boards, which deal with goods for export and / or import. Any good, import or export of which is governed through exclusive or special privilege granted to State Trading Enterprises (STE), may be imported or exported by the concerned STE as per conditions specified in ITC (HS). The list of STEs notified by DGFT is in Appendix 2J.
- (b) Such STE (s) shall make any such purchases or sales involving imports or exports solely in accordance with commercial considerations, including price, quality, availability, marketability, transportation and other conditions of purchase or sale in a non discriminatory manner and shall afford enterprises of other countries adequate opportunity, in accordance with customary business practices, to compete for participation in such purchases or sales.
- (c) DGFT may, however, grant an authorization to any other person to import or export any of the goods notified for exclusive trading through STEs.

## **Trade with Specific Countries:**

### **2.21 Trade with neighbouring Countries**

DGFT may issue instructions or frame schemes as may be required to promote trade and strengthen economic ties with neighbouring countries.

## **2.22 Transit Facility**

Transit of goods through India from/ or to countries adjacent to India shall be regulated in accordance with bilateral treaties between India and those countries and will be subject to such restrictions as may be specified by DGFT in accordance with International Conventions.

## **2.23 Trade with Russia under Debt-Repayment Agreement**

In case of trade with Russia under Debt Repayment Agreement, DGFT may issue instructions or frame schemes as may be required, and anything contained in FTP, in so far as it is inconsistent with such instructions or schemes, shall not apply.

### **Import of Specific Categories of Goods:**

#### **2.24 Import of Samples**

Import of samples shall be governed by para 2.65 of Handbook of Procedures.

#### **2.25 Import of Gifts**

Import of gifts shall be 'free' where such goods are otherwise freely importable under ITC (HS). In other cases, such imports shall be permitted against an authorisation issued by DGFT.

#### **2.26 Passenger Baggage**

- (a) Bona-fide household goods and personal effects may be imported as part of passenger baggage as per limits, terms and conditions thereof in Baggage Rules notified by Ministry of Finance.

- (b) Samples of such items that are otherwise freely importable under FTP may also be imported as part of passenger baggage without an Authorisation.
- (c) Exporters coming from abroad are also allowed to import drawings, patterns, labels, price tags, buttons, belts, trimming and embellishments required for export, as part of their passenger baggage without an Authorisation.

### **2.27 Re – import of goods repaired abroad**

Capital goods, equipments, components, parts and accessories, whether imported or indigenous, except those restricted under ITC (HS) may be sent abroad for repairs, testing, quality improvement or upgradation or standardization of technology and re-imported without an Authorisation.

### **2.28 Import of goods used in projects abroad**

Project contractors after completion of projects abroad, may import without an Authorisation, goods including capital goods used in the project, provided they have been used for at least one year.

### **2.29 Import of Prototypes**

Import of new / second hand prototypes / second hand samples may be allowed on payment of duty without an Authorisation to an Actual User (industrial) engaged in production of or having industrial licence / letter of intent for research in item for which prototype is sought for product development or research, as the case may be, upon a self- declaration to that effect, to satisfaction of customs authorities

## 2.30 Import through courier service

Imports through a registered courier service are permitted as per Notifications issued by DoR. However, importability / exportability of such items shall be regulated in accordance with this FTP/ ITC(HS).

### Import Policy for Second Hand Goods :

## 2.31 Second Hand Goods

S. No.	Categories of Second Hand Goods	Import Policy	Conditions, if any
I	Second Hand Capital Goods		
(a)	<p>i. Personal computers/ laptops including their refurbished / re-conditioned spares</p> <p>ii. Photocopier machines/ Digital multifunction Print &amp; Copying Machines</p> <p>iii. Air conditioners</p> <p>iv. Diesel generating sets.</p>	Restricted	Importable against authorization



(b)	Refurbished / re-conditioned spares of Capital Goods	Free	Subject to production of Chartered Engineer certificate to the effect that such spares have at least 80% residual life of original spare.
(c)	All other second hand capital goods {other than (a) & (b) above}	Free	
II	Second Hand Goods other than capital goods	Restricted	Importable against Authorization

### **Import Policy for Metallic Waste and Scraps :**

#### **2. 32 Import of Metallic waste and Scrap**

- (a) Import of any form of metallic waste, scrap will be subject to the condition that it will not contain hazardous, toxic waste, radioactive contaminated waste/scrap containing radioactive material, any types of arms, ammunition, mines, shells, live or used cartridge or any other explosive material in any form either used or otherwise as detailed in para 2.54 of Handbook of Procedures.
- (b) The types of metallic waste and scrap which can be imported freely and the procedure of import in the shredded form; unshredded compressed and loose

form, is laid down in para 2.54 of Handbook of Procedures.

### **2.33 Removal of Scrap/waste from SEZ**

A SEZ unit/Developer/ Co-developer may be allowed to dispose of in DTA any waste or scrap, including any form of metallic waste and scrap, generated during manufacturing or processing activity, without an authorization, on payment of applicable Customs Duty.

### **Other Provisions Related to Imports:**

### **2.34 Import under Lease Financing**

No specific permission of RA is required for lease financed capital goods.

### **2.35 Execution of Legal Undertaking (LUT) / Bank Guarantee (BG)**

- (a) Wherever any duty free import is allowed or where otherwise specifically stated, importer shall execute, Legal Undertaking (LUT) / Bank Guarantee (BG) / Bond with the Customs Authority, as prescribed, before clearance of goods.
- (b) In case of indigenous sourcing, Authorisation holder shall furnish LUT/BG/Bond to RA concerned before sourcing material from indigenous supplier/nominated agency as prescribed in Chapter 2 of Handbook of Procedures.

### **2.36 Private/Public Bonded Warehouses for Imports**

- (a) Private/ Public bonded warehouses may be set up in DTA as per terms and conditions of notification issued by DoR. Any person may import goods except

prohibited items, arms and ammunition, hazardous waste and chemicals and warehouse them in such bonded warehouses.

- (b) Such goods may be cleared for home consumption in accordance with provisions of FTP and against Authorisation, wherever required. Customs duty as applicable shall be paid at the time of clearance of such goods.
- (c) If such goods are not cleared for home consumption within a period of one year or such extended period as the customs authorities may permit, importer of such goods shall re-export the goods.

### **2.37 Special provision for Hides Skins and semi-finished goods**

Hides, Skins and semi-finished leather may be imported in the Public Bonded warehouse for the purpose of DTA sale and the unsold items thereof can be re-exported from such bonded warehouses at 50% of the applicable export duty. However, this facility shall not be allowed for import under Private Bonded warehouse.

### **2.38 Sale on High Seas**

Sale of goods on high seas for import into India may be made subject to FTP or any other law in force.

### **Exports:**

### **2.39 Free Exports**

All goods may be exported without any restriction except to the extent that such exports are regulated by ITC (HS) or any other provision of FTP or any other law for the time being in force. DGFT may, however, specify through a

public notice such terms and conditions according to which any goods, not included in ITC (HS), may be exported without an Authorisation.

#### **2.40 Exemption / Remission of Service Tax in DTA on goods & services exported**

For all goods and services which are exported from units in DTA and units in EOU / EHTP / STP / BTP, exemption / remission of service tax levied and related to exports, shall be allowed, as per prescribed procedure in Chapter 4 of Handbook of Procedures.

#### **2.41 Benefits for Supporting Manufacturers**

For any benefit to accrue to the supporting manufacturer (as defined in para 9.58 of FTP), the names of both supporting manufacturer as well as the merchant exporter must figure in the concerned export documents, especially in ARE-1 / ARE-3 / Shipping Bill / Bill of Export/ Airway Bill.

#### **2.42 Third Party Exports**

Third party exports (except Deemed Export) as defined in Chapter 9 shall be allowed under FTP. In such cases, export documents such as shipping bills shall indicate name of both manufacturing exporter/manufacturer and third party exporter(s). Bank Realisation Certificate (BRC), export order and invoice should be in the name of third party exporter.

#### **Exports of Specific Categories**

##### **2.43 Export of Samples**

Export of Samples and Free of charge goods shall be governed by provisions given in para 2.66 of Handbook of Procedures.

## **2.44 Export of Gifts**

Goods including edible items, of value not exceeding Rs.5,00,000/- in a licensing year, may be exported as a gift. However, items mentioned as restricted for exports in ITC (HS) shall not be exported as a gift, without an Authorisation.

## **2.45 Export of Passenger Baggage**

- (a) Bona-fide personal baggage may be exported either along with passenger or, if unaccompanied, within one year before or after passenger's departure from India. However, items mentioned as restricted in ITC (HS) shall require an Authorisation. Government of India officials proceeding abroad on official postings shall, however, be permitted to carry along with their personal baggage, food items (free, restricted or prohibited) strictly for their personal consumption.
- (b) Samples of such items that are otherwise freely exportable under FTP may also be exported as part of passenger baggage without an Authorisation.

## **2.46 Import for export**

- I. (a) Goods imported, in accordance with FTP, may be exported in same or substantially the same form without an Authorisation provided that item to be imported or exported is not restricted for import or export in ITC (HS).
- (b) Goods, including capital goods (both new and second hand), may be imported for export provided:

- (i) Importer clears goods under Customs Bond;
  - (ii) Goods are freely exportable, i.e., are not “Restricted”/ “Prohibited”/ subject to “exclusive trading through State Trading Enterprises” or any conditionality/ requirement as may be required under Schedule 2 – Export Policy of the ITC (HS);
  - (iii) Export is against freely Convertible currency.
- (c) Goods in (b) above will include ‘Restricted’ goods for import (except ‘Prohibited’ items).
- (d) Capital goods, which are freely importable and freely exportable, may be imported for export on execution of LUT/BG with Customs Authority.
- II. (a) Goods imported against payment in freely convertible currency would be permitted for export only against payment in freely convertible currency, unless otherwise notified by DGFT.
- (b) Export of such goods to the notified countries (presently only Iran) would be permitted against payment in Indian Rupees, subject to minimum 15% value addition.
- (c) However, re-export of food, medicine and medical equipments, namely, items covered under ITC(HS) Chapters 2 to 4, 7 to 11, 15 to 21, 23, 30 and items under headings 9018, 9019, 9020, 9021 & 9022 of Chapter-90 of ITC(HS) will not be subject to minimum value addition requirement for export to Iran. Exports of these items to Iran shall, however, be subject to all other conditions of FTP 2015-20 and ITC (HS) 2012, as applicable. Bird’s eggs covered under ITC (HS) 0407 & 0408 and Rice covered under ITC (HS) 1006 are not covered under this dispensation, as at II (a) above.

(d) Exports under this dispensation, as at II(b) and (c) above shall not be eligible for any export incentives.

### **2.47 Export through Courier Service**

Exports through a registered courier service are permitted as per Notification issued by DoR. However, importability / exportability of such items shall be regulated in accordance with FTP/ ITC (HS).

### **2.48 Export of Replacement Goods**

Goods or parts thereof on being exported and found defective/damaged or otherwise unfit for use may be replaced free of charge by the exporter and such goods shall be allowed clearance by Customs authorities, provided that replacement goods are not mentioned as restricted items for exports in ITC (HS).

### **2.49 Export of Repaired Goods**

(i) “Goods or parts thereof, except restricted under ITC (HS), on being exported and found defective, damaged or otherwise unfit for use may be imported for repair and subsequent re-export. Such goods shall be allowed clearance without an Authorisation and in accordance with customs notification.

(ii) However, re-export of such defective parts/spares by the Companies/firms and Original Equipment Manufacturers shall not be mandatory if they are imported exclusively for undertaking root cause analysis, testing and evaluation purpose.”

### **2.50 Export of Spares**

Warranty spares (whether indigenous or imported) of plant, equipment, machinery, automobiles or any other

goods, [except those restricted under ITC (HS)] may be exported along with main equipment or subsequently but within contracted warranty period of such goods, subject to approval of RBI.

### **2.51 Private Bonded Warehouses for Exports**

- (a) Private bonded warehouses exclusively for exports may be set up in DTA as per terms and conditions of notifications issued by Department of Revenue.
- (b) Such warehouses shall be entitled to procure goods from domestic manufacturers without payment of duty. Supplies made by a domestic supplier to such notified warehouses shall be treated as physical exports provided payments are made in free foreign exchange.

### **Payments and Receipts on Imports / Exports**

#### **2.52 Denomination of Export Contracts**

- (a) 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.
- (b) However, export proceeds against specific exports may also be realized in rupees, provided it is through a freely convertible Vostro account of a non resident bank situated in any country other than a member country of Asian Clearing Union (ACU) or Nepal or Bhutan. Additionally, rupee payment through Vostro account must be against payment in free foreign currency by buyer in his non-resident bank account. Free foreign exchange remitted by buyer to his non-resident bank (after deducting bank service charges)



on account of this transaction would be taken as export realization under export promotion schemes of FTP.

- (c) Contracts (for which payments are received through Asian Clearing Union (ACU) shall be denominated in ACU Dollar. Central Government may relax provisions of this paragraph in appropriate cases. Export contracts and invoices can be denominated in Indian rupees against EXIM Bank/Government of India line of credit.

### **2.53 Export to Iran - Realisations in Indian Rupees to be eligible for FTP benefits / incentives**

Notwithstanding the provisions contained in para 2.52 (a) above, export proceeds realized in Indian Rupees against exports to Iran are permitted to avail exports benefits / incentives under the Foreign Trade Policy (2015-20), at par with export proceeds realized in freely convertible currency.

### **2.54 Non-Realisation of Export Proceeds**

- (a) If an exporter fails to realize export proceeds within time specified by RBI, he shall, without prejudice to any liability or penalty under any law in force, be liable to return all benefits / incentives availed against such exports and action in accordance with provisions of FT (D&R) Act, Rules and Orders made there under and FTP.
- (b) In case an Exporter is unable to realise the export proceeds for reasons beyond his control (force-majeure), he may approach RBI for writing off the unrealised amount as per procedure laid down in para 2.87 of Handbook of Procedures.

- (c) The payment realized through insurance cover, would be eligible for benefits under FTP. The procedure to be followed in such cases is laid down in para 2.85 of Handbook of Procedures.

## **Export Promotion Councils**

### **2.55 Recognition of Export Promotion Councils (EPCs) to function as Registering Authority for issue of RCMC.**

- (a) Export Promotion Councils (EPCs) are organizations of exporters, set up with the objective to promote and develop Indian exports. Each Council is responsible for promotion of a particular group of products/projects/services as given in Appendix 2T of AANF.
- (b) EPCs are also eligible to function as Registering Authorities to issue Registration-cum-Membership Certificate (RCMC) to its members. The criteria for EPCs to be recognized as Registering Authorities for issue of RCMC to its members are detailed in para 2.92 of the Handbook of Procedures.

### **2.56 Registration-cum-Membership Certificate (RCMC)**

Any person, applying for:

- (a) An Authorisation to import/export (except items) listed as 'Restricted' items in ITC (HS)

Or

- (b) Any other benefit or concession under FTP shall be required to furnish or upload on DGFT's website in the Importer Exporter Profile, the RCMC granted by competent authority in accordance with procedure specified in HBP, unless specifically exempted under FTP. Certificate of Registration as Exporter of Spices

(CRES) issued by Spices Board shall be treated as Registration-Cum-Membership Certificate (RCMC) for the purposes under this Policy.

## **Policy Interpretation and Relaxations:**

### **2.57 Interpretation of Policy**

- (a) The decision of DGFT shall be final and binding on all matters relating to interpretation of Policy, or provision in Handbook of Procedures, Appendices and Aayat Niryat Forms or classification of any item for import / export in the ITC (HS).
- (b) A Policy Interpretation Committee (PIC) may be constituted to aid and advise DGFT. The composition of the PIC would be as follows:
  - (i) DGFT: Chairman
  - (ii) All Additional DGFTs in Headquarters : Members
  - (iii) All Joint DGFTs in Headquarters looking after Policy matters : Members
  - (iv) Joint DGFT (PRC/PIC) : Member Secretary
  - (v) Any other person / representative of the concerned Ministry / Department, to be co-opted by the Chairman.

### **2.58 Exemption from Policy/ Procedures**

DGFT may in public interest pass such orders or grant such exemption, relaxation or relief, as he may deem fit and proper, on grounds of genuine hardship and adverse impact on trade to any person or class or category of persons from any provision of FTP or any procedure. While granting such exemption, DGFT may impose such conditions as he may deem fit after consulting the Committees as under:

Sl. No.	Description	Committee
(a)	Fixation / modification of product norms	Norms Committees
(b)	Nexus with Capital Goods (CG) and benefits under EPCG Schemes	EPCG Committee
(c)	All other issues	Policy Relaxation Committee (PRC)

## **2.59 Personal Hearing by DGFT for Grievance Redressal**

- (a) Government is committed to easy and speedy redressal of grievances from Trade and Industry. Paragraph 2.58 of FTP provides for relaxation of Policy and Procedures on grounds of genuine hardship and adverse impact on trade. DGFT may consider request for relaxation after consulting concerned Norms Committee, EPCG Committee or Policy Relaxation Committee (PRC).
- (b) As a last resort to redress grievances of Importers/Exporters, DGFT may provide an opportunity for Personal Hearing (PH) before PRC. For such PH, a specific request along with the prescribed application fee as per Appendix-2K has to be made to DG, if following conditions are satisfied:
- (i) If an importer/exporter is aggrieved by any decision taken by Policy Relaxation Committee (PRC), or a decision/order by any authority in the Directorate General of Foreign Trade and

- (ii) A request for review before the said Committee or Authority has been filed.
  - (iii) Such Committee or Authority has considered the request for a review, and
  - (iv) The exporter / importer continues to be aggrieved.
- (c) The decision conveyed in pursuance to the personal hearing shall be final and binding.
- (d) The opportunity for Personal Hearing will not apply to a decision/order made in any proceeding, including an adjudication proceeding, whether at the original stage or at the appellate stage, under the relevant provisions of FT (D&R) Act, 1992, as amended from time to time.

## **2.60 Regularization of EO default and settlement of Customs duty and interest through Settlement Commission**

With a view to providing assistance to firms who have defaulted under FTP for reasons beyond their control as also facilitating merger, acquisition and rehabilitation of sick units, it has been decided to empower Settlement Commission in Central Board of Excise and Customs to decide such cases also with effect from 01.04.2005.

## **Self Certification of Originating Goods**

### **2.61 Approved Exporter Scheme for Self Certification of Certificate of Origin.**

- (i) Currently, Certificates of Origin under various Preferential Trade Agreements [PTA], Free Trade Agreements [FTAs], Comprehensive Economic Cooperation Agreements [CECA] and Comprehensive Economic Partnerships Agreements [CEPA] are issued

by designated agencies as per Appendix 2B of Appendices and Aayat and Niryat Forms. A new optional system of self certification is being introduced with a view to reducing transaction cost.

- (ii) The Manufacturers who are also Status Holders shall be eligible for Approved Exporter Scheme. Approved Exporters will be entitled to self-certify their manufactured goods as originating from India with a view to qualifying for preferential treatment under different PTAs/FTAs/CECAs/CEPAs which are in operation. Self-certification will be permitted only for the goods that are manufactured as per the Industrial Entrepreneurial's Memorandum (IEM) / Industrial Licence (IL)/Letter of Intent (LOI) issued to manufacturers.
- (iii) Status Holders will be recognized by DGFT as Approved Exporters for self-certification based on availability of required infrastructure, capacity and trained manpower as per the details in Para 2.109 of Handbook of Procedures 2015-20 read with Appendix 2F of Appendices & Aayaat Niryaat Forms.
- (iv) The details of the Scheme, along with the penalty provisions, are provided in Appendix 2F of Appendices and Aayaat Niryaat Forms and will come into effect only when India incorporates the scheme into a specific agreement with its partner/s and the same is appropriately notified by DGFT.