

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

Screening of imported metal scrap for radiation detection

Office of the Joint Director General Foreign Trade, Moradabad, merged in the office of the Director General Foreign Trade, New Delhi.

A lot of metal scrap is imported into India for manufacture of various products including handicrafts for exports. To ensure that all of them is free from radiation which are harmful for human beings, they have to be screened for radiation before clearance. For screening 'Radial Portal Monitors' and Container Scanners' have to be installed at all designated ports. It is a big task.

Now DGFT has issued a Public Notice No. 34/2019-20 dt 25th Sept., 2019 extending the date of accomplishment of the above task upto 31.12.2019 (copy reproduced below):

(Copy)

Public Notice No. 34/[2015-2020] New Delhi Dated 25th September, 2019

Subject: Amendment in Para 2 54 of the Handbook of Procedure 2015-2020.

In exercise of powers conferred under paragraph 2 04 of the Foreign Trade Policy 2015-2020, the Director General of Foreign Trade hereby amends sub-para [v][ii] of Para 2 54 of the Handbook of Procedure [2015-20] and extends the deadline to install and operationalize Radiation Portal Monitors and Container Scanners by 31.12.2019. Such sea ports which fail to meet the deadline will be derecognised for the purpose of import of un-shredded metallic scrap w.e.f. 1.01.2020.

Effect of this Public Notice: The period for installation and operationalisation of Radiation Portal Monitors and Container Scanner in the designated ports is extended upto 31.12.2019.

Impex # 2

Late cut waived on reactivated shipping bills for MEIS claim

DGFT issues Trade Notice waiving late cut on reactivated shipping bills for MEIS benefit.

On the subject cited above, DGFT has issued a Trade Notice No.36/2015-20 dated 9th October, 2019. The trade notice also contains detailed procedure and steps on the subject. Copy of Trade Notice dated 9.10.2019 cited above is reproduced below:

(Copy)

Trade Notice 36/2015-2020

Subject: Issue of Late Cut being imposed by the system while applying MEIS on reactivated shipping bills.

This Directorate has been receiving multiple representations from the members of the trade and the EPCs regarding the difficulties being faced by exporters, when a claim is being made by the exporters for shipping bills, which have been re-activated in the E com module. The trade has reported that under the current online MEIS application mechanism, the system is applying late cut based on the second submission date and not counting the date of first online submission of the applied shipping bills [from the relevant first/earlier application]. Many such cases have also been decided in the PRC waiving late cut when exporter applies for the second time on the basis of the re-activated shipping bills.

2. In order to address this issue of imposition of higher late cut by the system for re-activated shipping bills, members of the trade and the RAs may take note of the steps as mentioned in the sequence below:

- i) The applicant firm will create a new Ecom application number for the re-activated shipping bills for which MEIS is intended to be claimed. Exporters may note that at the time of generation of the new Ecom number, the online system may show the applicable late cut as on the date of generation of new number (100%, 10%, 5% and 2%, as the case may be for each shipping bills).
- ii) The firm would not submit this new/revised application after building the Ecom application and getting the new Ecom number and instead is required to register a request at contact@DGFT (under a newly created dropdown " MEIS for reactivated shipping bills") to remove late cut for the shipping bills and mention the E com application number.
- iii) On receipt of such request, the NIC technical team at DGFT HQs would a) edit the late cut fields in the application at the back end ; b) convert the application to 'Manual' mode and thereafter inform the firm to submit the file to the concerned RA online without making any other change in the application. The communication from/to the exporter would be through the mechanism of contact@dgft only and no separate instructions would be sent to the applicant firm.
- iv) The applicant may then a) submit the MEIS application online for the relevant Ecom after submission of fees online and b) thereafter, also submit a manual/paper request to the concerned RA quoting the new File number (corresponding to the submitted Ecom number) along with a list of Shipping Bills and the corresponding rejection/deficiency letters issued by the RA mentioning the File no(s) in which the relevant shipping bills were disallowed earlier.
- v) RA would then examine and process the application received manually, and imposes appropriate cut percentage in the E.com module's relevant field for each shipping bill. This late cut imposed by the RA will be based on the date of submission of each shipping bill(s) in its first submission file (earlier file). RAs must not allow MEIS benefits under this mechanism for shipping bills, in which MEIS was earlier rejected/ dis-allowed on account of "mis-classification" or where "Declaration of Intent" was missing in the shipping bills.

RAs would then issue the scrip online as per the current procedure.

Impex # 3

Questions & Answers

Question : What are the benefits of the Authorised Economic Operator (AEO) scheme?

Answer : AEO is a very good initiative which provides numerous facilities to the user registered under the programme. These include:

- Inclusion of Direct Port Delivery of imports to ensure just-in-time inventory management by manufacturers - clearance from wharf to warehouse
- Inclusion of Direct Port Entry for factory stuffed containers meant for export by AEOs
- Provision of Deferred Payment of duties - delinking duty payment and Customs clearance
- Mutual Recognition Agreements with other Customs Administrations
- Faster disbursement of drawback amount
- Fast tracking of refunds and adjudications

- Extension of facilitation to exports in addition to imports
- Self-certified copies of FTA/PTA origin related or any other certificates required for clearance is accepted
- Request based on-site inspection/ examination
- Paperless declarations with no supporting documents
- Recognition by Partner Government Agencies and other Stakeholders like DGFT which allows self-certification of norms.

Question : Can we apply for non-preferential certificate of origin through the common digital portal?

Answer : The common digital platform is at present covering preferential Certificate of Origin which provides tariff concessions. The facility is being made operational for India-Chile PTA w.e.f. 25th September 2019. It may be extended to other FTAs/PTAs once the partner countries give their acceptance for the same. Exporters, who are dealing with countries with whom India has PTA/FTA/CECA/CEPA, may register themselves at the new COO platform so that once the facility is extended to other partners, then they may start availing the same. Exporters trading with Chile should immediately register themselves to avail the facility from 25th September, 2019.

Question : Please give update information on the 'Interest Equalisation Scheme'.

Answer : The scheme is given in detail in DGFT Trade Notice no. 45/2018-19 dt. 01.02.2019 which is reproduced below:

Subject: Interest Equalisation Scheme (IES) for pre and post Shipment Rupee Export Credit

Trade and industry is already aware that the Interest Equalisation Scheme (IES) for pre and post Shipment Rupee Export Credit is being implemented by this Directorate through the RBI and its network of banks **The scheme came into effect from 1.4.2015 and is for a period of 5 years.** Under the scheme, interest equalisation @, 3% per annum was made available to eligible exporters which included manufacturer exporters for exports in the identified 416 four digit tariff lines and all MSME exporters across all their merchandise exports.

2. Subsequently w.e.f. November 02, 2018, Interest Equalisation rate has been increased from 3% to 5% in respect of exports by the Micro, Small & Medium Enterprises (MSME) sector manufacturers under the Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit.

3. W.E.F. January 2, 2019, merchant exporters have also been included under the ongoing Interest Equalisation Scheme allowing the equalization rate of 3% per annum for export of products covered under 416 tariff lines identified under the Scheme.

4 Eligible category and equalisation rate, presently, is as follows:

| Export items | Eligible category | Rate of equalisation |
|--|---|--|
| 416 four digit tariff lines listed in the scheme | Large sector manufacturers from 1.4.2015 and Merchant exporters from 2.1.2019 onwards | 3% per annum |
| All tariff lines | MSME sector manufacturers | 3% per annum from 1.4.2015 and 5% per annum w.e.f. 2.11.2018 |

5. Operative Operative guidelines have been issued by RBI from time to time. Relevant RBI notifications are as follows:

DBR.Dir,BC.No.62/04.02.001/2015-16 dated December 4, 2015;

DCBR.CO.SCB.Cir.No.1/13.05.000/2015-16 dated February 11 2016;

DBR.Dir,BC.No.09/04.02.001/2018-19 dated Noventer 29, 2018 and

DBR.Dir,BC.No 22/04.02.001/2018-19 dated January 11_2019

News from 'Print Media'

Definition of MSMEs will change soon: Gadkari

PRESS TRUST OF INDIA
New Delhi, 22 October

The government will soon make changes to the definition of a micro, small and medium enterprise (MSME), Union Minister Nitin Gadkari (*pictured*) said on Tuesday, and hoped to generate 50 million jobs in the sector over the next five years. Finance Minister Nirmala Sitharaman had, in

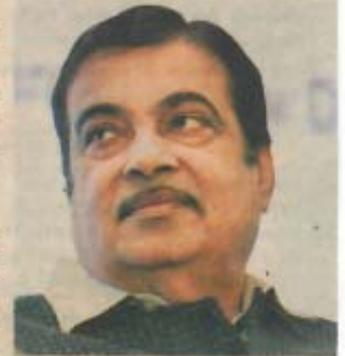
August, said the government would consider amending the MSME Act to move towards a single definition.

The update in the definition of MSMEs may allow a single definition for purposes related to taxation, investment, etc. The new definition is likely to be effected through an amendment to the MSME Act and may lead to further improvement in India's ease

of doing business ranking.

In February last year, the Union Cabinet had approved amendments to the law to change the criteria for classifying MSMEs from 'investment in plant and machinery' to 'annual turnover'.

"We will have one meeting and then finalise it (changes to MSME definition)," Gadkari told *PTI*, adding that extensive changes would be made soon.



Business Standard 23.09.2019