



Chat ONLINE

FIEO offers you opportunity to chat online every Wednesday between 3pm and 5pm (IST) with Mr Ajay Sahai, DIRECTOR GENERAL & CEO FIEO, on issues related to foreign trade. Mr Sahai has served many important offices in various capacities. As Jt. DGFT (Policy) from 1996-2003 he was closely associated with the formulation of the Exim Policy.

Feel free to seek clarifications / advice from Mr Sahai on issues related to foreign trade. All that you need to do is to click 'FIEO Online Chat Service' at www.fieo.org. Some portions of the chats held last week are reproduced here.

FIEO's expert answers queries by exporters from various parts of the country.

Q. We have sent goods to our original buyer who is not keen to take delivery of the goods. We have found an alternative buyer who wants to take the goods but wants 15% reduction in prices. Can we allow him to take the delivery or does it requires RBI approval?

FIEO: Prior approval of the Reserve Bank is not required if, after goods have been shipped, they are to be transferred to a new buyer other than the original buyer in the event of default by the latter, provided the reduction in value involved does not exceed 25 per cent of the invoice value and the realization of export proceeds is not delayed beyond the period of 12 months from the date of export.

Q. My customer in Country A wishes to remit an advance towards his export order, but the bank in his country does not have foreign exchange to do so. In this case can he remit funds through his office in Country B? In this case the customer in Country A can confirm the remittance is done on his behalf citing the remittance details. Will this payment method be acceptable to the AD when I submit the documents copy to them for RBI as well as for their records?

FIEO: There is no such restriction

imposed by the RBI and we have been given to understand many exporters are doing exports in similar fashion where payment comes from Country A and goods are consigned to Country B. However, in such cases, you should have clear instructions from the person who is making the payments in Country A that good should be despatched to Country B.

Q: The buyer is from Country B and our commercial invoice also will show accordingly his name - only the remittance is from Country A and no other dealings will be done with Country A remitter.

FIEO: You do require instruction from the person who is making the payment that goods may be sent to so and so person so that a linkage is established between remittance and goods exported.

Q: My customer in the UK does not wish to receive the documents through his bank in the UK as the bank charges him very heavily. In this case, can my AD send the documents directly to my customer instead of his bank? Payment terms will be 60 days from BL date.

FIEO: If you are a Status Holder, you can always despatch the docu-

ments directly to the customer without routing through bankers. However, if you are not a Status Holder, you are entitled to direct despatch of documents in the following three categories only:

- a. Advance payment or an irrevocable letter of credit has been received for the full value of the export shipment and the underlying sale contract/letter of credit provides for dispatch of documents direct to the consignee or his agent resident in the country of final destination of goods.
- b. The banks may also accede to the request of the exporter, provided the exporter is a regular customer and the bank is satisfied, on the basis of standing and track record of the exporter and arrangements have been made for realisation of export proceeds.
- c. Documents in respect of goods or software are accompanied with a declaration by the exporter that they are not more than Rs. 25,000 in value and not declared on the GR/SDF/PP/SOFTEX form.

Q: Can I ask my bank to send them to my customer directly and not to his bank or that will be at the discretion of the Bank to accept this request or otherwise? Also do I need a written permission every time from my bank for directly sending the documents to the customer or if they accept my GR form on receipt of payment it automatically means they have

CHAT LIVE!

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WEDNESDAY
3:00 p.m. to 5:00 p.m. (IST)
with Mr. Ajay Sahai
Director General & CEO, FIEO
On International Trade Issues,
Policy Clarifications

accepted my request?

FIEO: I don't think there is any bar, at least for categories detailed in the previous answer, for your bank to send the document directly to your buyer. This permission will be consignment specific (relating to a GR/SDF) and would be required each time.

Q: We have exported our goods to Nigeria via Benin and we wish to claim the benefit of Focus Market Scheme as Benin is present in the list of eligible countries under appendix 37C. Whereas our final destination of goods is Nigeria, which is not present in appendix 37C. Are we entitled to claim benefit of FMS?

FIEO: Focus Market benefit is given in respect of a country where the goods are finally discharged for consumption and since the final destination in respect of exports referred by you is not falling in the focus markets notified by DGFT, you will not be eligible for Focus Market Scheme benefit.

Q. I am exporting goods to Sudan. My customer in Sudan has offices in Dubai and we are invoicing in the name of their office based at Dubai which is remitting the payment. The goods are shipped directly to Sudan. In this case am I eligible for Focus Claim benefit?

FIEO: If your final destination of goods fall in the Focus Country, you would be eligible for focus market benefit irrespective of the fact whether payment is coming from the same country or from a third country. For FMS benefit, the goods should be consumed in the focus country and payment country is not relevant.

Q: Is it essential to match H.S. code with all the 8 digit nos for the incentives against Focus Market Product Scheme? Can we consider 1st for digit?

FIEO: Yes since classification is at

8 digits, this has to match. However, if you have correctly given the description but there is some error in mentioning of the code such cases can be taken for giving relaxation.

Q. We have two export units and have exported goods under post export DFIA scheme from one unit. After EODC we got transferred the DFIA license in the name of our second unit. After transferability, we transferred the material to another unit for job work purposes. Now, the Excise department is asking how we have given material for JOB work without intimation to the Excise office or DGFT. Please help us.

FIEO: The permission of the Central Excise is required when the goods are subject to actual user condition as detailed in Paragraph 4.16 of the Handbook of Procedure (Vol.1). You have mentioned that you have already got the transferability endorsed on DFIA and thus permission of Excise should not be required as on transferred DFIA, you are not eligible for additional customs duty exemption and thus cannot avail the CENVAT benefit which may be of concern to Excise.

Q: We export goods under Advance License as well and there are 4 inputs allowed in SION to manufacture the finished product. We import only duty free one input out of four and rest 3 items are procured indigenously on payment of Excise duty. In this case, can we claim Excise rebate under rule 18 &19 for full shipment value? Is there any notification in this regard?

FIEO: If you have declared the inputs which you are not importing under Advance Authorisation but procuring domestically and using them in manufacture of final product as detailed in column 15 of ANF-4A (application for Advance License), you would be eligible for Brand Rate of Duty Drawback on the Central Excise

Duty paid by you while procuring such domestic inputs.

Q. We import some goods on payment of Customs duty including SAD. Subsequently, we export the goods. Can we claim SAD refund? If yes, what is the procedure?

FIEO: The 4% SAD is Cenvatable and you can claim a credit of the same while paying Excise Duty on domestically cleared goods. Alternatively, the same can be claimed as a brand rate of Duty Drawback.

Q. Can we sell imported capital goods after completing the export obligation of the relevant EPCG licence?

FIEO: Imports of capital goods under EPCG scheme is subject to AU condition till export obligation is completed. Thus once you obtain EODC from DGFT offices, you can sell or transfer the capital goods imported under EPCG. However, the capital goods for only such sectors for which exemption has been granted from maintenance of annual average export obligation under Para 5.7.6 of HBP (Vol.I) can be allowed transfer/sale after fulfillment of export obligation and on completion of five years from the date of import of the said capital good, whichever is later.

Q: Can we consider the dispatch made against E.O.U., SEZ, for EPCG Export Obligation (EO)? Also can the same be considered for Status Holders Incentive Scrip (SHIS) of 1% of FOB scheme?

FIEO: Yes exports from the Domestic Tariff Area (DTA) to an SEZ or EOU will count towards discharge of EO against EPCG Authorization. While exports to EOUs will not be considered for SHIS benefits, exports to SEZs will be eligible for the benefit as supply to SEZ is considered physical exports eligible for various benefits under Foreign Trade Policy.

Q: We have taken 2 EPCG licences in a year (2009-10) and 1 EPCG licence in a year (2010-2011) with export obligation of Rs 1.2 crore; Rs 1.9 crore and Rs 0.80 crore and average export approx Rs 36 crore. Can we consider this average in a single year for fulfillment of all the three licences?

FIEO: The average for all the three will run concurrently so if in a single year you export for Rs 36+1.2+ 1.9 +0.8 crore, you can discharge export obligation of all the three authorizations.

Q: What is the procedure for supply against invalidation received under EPCG licence? The purchaser is asking us to claim the refund of excise duty from DGFT after dispatch?

FIEO: Either the supplier or the recipient of supply can claim such re-

fund of Excise duty .You have to give evidence of payment of Excise duty and a certificate from the purchaser that he will not claim CENVAT benefit so that you can claim such refund.

Q: What are the changes in duty on gold and silver; does the exemption available to NRIs for their import in passenger baggage continue?

FIEO: The duty on gold and silver prior to January 17, 2012 was specific which have now been made ad-valorem as per the table below:

Description of goods

Gold bars, other than tola bars, bearing manufacturer's or refiner's engraved serial number and weight expressed in metric units, and gold coins having gold content not below 99.5%

Rate: 2%

Gold in any form other than at

S.No.1 above, including tola bars and ornaments, but excluding ornaments studded with stones or pearls

Rate: 5%

Silver, in any form including ornaments, but excluding ornaments studded with stones or pearls

Rate: 6%

The exemption for NRIs or to any passenger of Indian origin or a passenger holding a valid Indian passport who is coming to India after a period of not less than six months of stay abroad continues subject to the conditions.

(i) The duty shall be paid in convertible foreign currency; (ii) the quantity of import shall not exceed 10 kg of gold and 100 kg of silver per eligible passenger; and (iii) the gold or silver is either carried by the eligible passenger at the time of his arrival in India or is imported by him within 15 days of his arrival in India. ■

FIEO INVITES PARTICIPATION IN INDEXPO MUSCAT

Date: September 4 -6, 2012
Venue: Oman International Exhibition Centre
Sale: Sale is allowed

EXHIBITORS PROFILE

- ◆ Engineering items
- ◆ Furniture & furnishings
- ◆ Beauty, healthcare & herbal items
- ◆ Textile & garments
- ◆ Gift & handicraft
- ◆ Education sector
- ◆ Agriculture items
- ◆ Travel related activities
- ◆ Footwear
- ◆ Plastic items etc

MDA upto Rs 80,000/- available to limited number of eligible companies on first -cum first-served basis



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