



## Bangalore Chamber of Industry and Commerce

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### ***Taxation (Customs)***

Circular No.132

11.10.2010

All Members

Dear Sirs,

We enclose herewith the following Circular issued from Government of India, Ministry of Finance and Department of Revenue – for your reference and record.

1. Circular No. 38 /2010-Cus., F.NO.605/33/2010-DBK, dated 27<sup>th</sup> September, 2010 - Foreign Trade Policy (FTP), 2009-14

Thanking you,

Yours faithfully

**T.S. Sampath Kumar**  
Secretary General

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Circular No. 38 /2010-Cus., F.NO.605/33/2010-DBK, dated 27<sup>th</sup> September, 2010

### **Foreign Trade Policy (FTP), 2009-14 – regarding.**

The Annual Supplement to the Foreign Trade Policy (hereinafter referred to as the FTP), 2009-2014 and the Handbook of Procedures (Vol.I) (hereinafter referred to as the Handbook) have been notified by the DGFT vide notification No. 1(RE-2010) / 2009-2014 dated 23<sup>th</sup> August 2010 and Public Notice 1(RE-2010)/2009-14 dated 23<sup>th</sup> August 2010 respectively. The Department of Revenue has since issued notification Nos.88/2010-Cus, 89/2010-Cus & 90/2010-Cus all dated 01.09.2010, 91/2010-Cus dated 06.09.2010, 92/2010-Cus dated 10.09.2010, 93/2010-Cus dated 14.09.2010 & 97/2010-Cus dated 21.09.2010 to implement the Policy and the Handbook. The FTP, Handbook and the above mentioned notifications may please be perused for details. The salient features of the changes are discussed below:

## **I. New schemes.**

### **Annual Export Promotion Capital Goods scheme**

The annual supplement has introduced a provision in para 5.2 D of the FTP that EPCG Authorization can also be issued for annual requirement to Status Certificate Holders and all other categories of exporters having past export performance (in preceding two years), both under zero duty and 3% duty Schemes. The authorization for annual requirement may not indicate the capital goods which can be imported under the authorization. However, the authorization shall indicate export product(s) to be exported under the authorization. The authorization holder shall submit a Nexus Certificate from an independent Chartered Engineer (CEC), certifying nexus of imported capital goods with the export product, to the Customs authorities at the time of clearance of imported capital goods. Notification No. 92/2010-Cus dated 10.09.2010 refers in this regard.

## **II. Changes in the existing Export Promotion schemes**

### **(1) Zero duty Export Promotion Capital Goods (EPCG) Scheme**

This scheme has been extended upto 31.3.2012. Further, the scheme has been expanded by adding some more sectors like rubber products, paints and varnishes, glass and glassware, ceramics, paper, books, animal by-products, ossein and gelatine, graphite products and explosives, marine products, sports goods and toys, engineering products (iron & steel, pipes and tubes and ferro alloys). Notification no. 92/2010-Cus dated 10.09.2010 may please be referred.

### **(2) Status Holder Incentive Scheme (SHIS)**

This scheme has been extended upto 31.3.2012 and has been expanded by adding some more sectors rubber products, paints and varnishes, glass and glassware, ceramics, paper, books, animal by-products, ossein and gelatine, graphite products and explosives, sports goods and toys, electronic products, engineering products (iron & steel, steel pipes, tubes and fittings thereof and ferro alloys). Notification no. 92/2010-Cus dated 10.09.2010 has been issued in this regard.

### **(3) Applicability of benefits under Zero Duty EPCG & SHIS schemes**

Para 5.1A to HBPv.1(2009-14) as notified on 27-08-2009 provided that benefit of Zero Duty EPCG Scheme & SHIS shall not be simultaneously available in the same year. The HBPv.1 (RE 2010) has made this provision clear by providing in para 3.10.3 to the effect that SHIS scrips will not be issued in the year in which Zero Duty DPCG authorization has been issued and that the SHIS scrips which are not issued in a particular year for the reason that Zero Duty EPCG authorization has been issued in that year shall not be issued in subsequent

years also. The Customs notifications Nos. 101/2009-Cus dated 11.09.2009, 102/2009-Cus dated 11.09.2009 and 104/2009-Cus dated 14.09.2009 have been accordingly amended vide notification No. 92/2010-Cus dated 10.09.2010.

(4) **Served From India Scheme (SFIS)**

As per existing Notification No. 91/2009-Cus, import of vehicles is not allowed under the Served From India Scheme (SFIS), even if such vehicles are freely importable under the Foreign Trade Policy. However, after the announcement of Annual supplement to the Foreign Trade Policy, vehicles which are in the nature of professional equipment such as Airfield Fire Fighting and Rescue Vehicles (AFFRVs), Heavy Duty Modular Trailer Combination, Reach Stackers etc. for use by the service provider in his regular service business have been allowed to be imported against SFIS scrips. However, personal vehicles such as motor cars/ Sports Utility Vehicles (SUVs) / Multi Utility Vehicles (MUVs) etc. are not permitted to be imported against SFIS scrips. Notification no. 90/2010-Cus dated 01.09.2010 refers in this regard.

(5) **Agri-Infrastructure Incentive Scrip (AIIIS)**

The Agri Infrastructure Scrips (AIIIS) issued under para 3.13.4 of the FTP Vishesh Krishi Gram Udyog Yojana (VKGUY) can now be transferred to units in Parks recognized by the Ministry of Food Processing Industries, for import of cold chain equipment. This facility, however, shall not be allowed to developers of Agri parks. The Notification no. 90/2010-Cus dated 01.09.2010 has been issued in this regard.

(6) **Advance Authorization Scheme**

The goods imported under Advance Authorization for Annual Requirement have been exempted from anti-dumping duty & Safeguard duty on the same lines as the goods imported under normal advance authorization scheme. Notification no. 90/2010-Cus dated 01.09.2010 may please be referred.

(7) **DEPB Scheme**

There is no change in the scheme except that the scheme shall now be valid upto 30.06.2011. Necessary amendments in the existing Notification No. 97/2009-Cus dated 11.9.2009 will be made at the appropriate time.

**III. Miscellaneous changes**

- (i) The export duty on export of imported raw hides & skins and semi-processed leathers from bonded warehouse, has been reduced from the present level of 60% to Nil. The Notification No. 88/2010-Cus dated 01.09.2010 refers in this regard.

- (ii) The import of duty free embellishments has been allowed to polyester made-ups in line with the facility available to cotton made ups. The Notification No. 21/2002-Cus dated 01.03.2002 has been amended vide Notification No. 89/2010-Cus dated 01.09.2010 accordingly.
- (iii) The import of duty free embellishments has been allowed to handloom made-ups also in line with the facility available to cotton made ups (other than handloom). The Notification No. 21/2002-Cus dated 01.03.2002 has been amended vide Notification No. 91/2010-Cus dated 06.09.2010 accordingly.
- (iv) The list of existing items which are allowed duty free for Gem and Jewellery sector has been extended and items, namely, tags and lables, security sensors on cards, staple fibre, poly bags, if imported by the Gem and Jewellery sector have been permitted within the overall limits already allowed under the scheme. The notification No. 97/2010-Cus dated 21.09.2010 amending existing notification no. 41/1999-Cus dated 28.04.1999 has been issued in this regard.
- (v) Five new ports including Ennore (Tamil Nadu) have been notified for the purpose of imports and exports under Export promotion Schemes.

**IV.** These instructions may be brought to the notice of the trade / exporters by issuing suitable Trade / Public Notices. Suitable Standing orders/instructions may be issued for the guidance of the assessing officers. Difficulties faced, if any in implementation of the Circular may please be brought to the notice of the Board at an early date.

**Sd/-  
(Najib Shah)  
Joint Secretary**

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