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Government of India
Ministry of Commerce & Industry
Department of Commerce
Udyog Bhawan, New Delhi

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New Delhi, the 18.4. 2013

Subject: Amendments in Chapter 3 of Foreign Trade Policy 2009-14

S.O.(E) In exercise of the powers conferred by Section 5 of the Foreign Trade (Development and Regulation) Act, 1992 read with Para 2.1 of the Foreign Trade Policy, 2009-2014, the Central Government hereby makes the following amendments in the Foreign Trade Policy (FTP) 2009-14 with immediate effect:

2. A new paragraph 3.14.5 of FTP 2009-14 is added as below:
“3.14.5 Incremental Exports Incentivisation Scheme (IEIS) on annual basis”

Entitlement (a) Objective of the Scheme is to incentivize incremental exports.

(b) An IEC holder would be entitled for a duty credit scrip @ 2% on the incremental growth (achieved by the IEC holder) during the current year (for example, say for the period 01.04.2013 to 31.3.2014) compared to the previous year (for example, say for the period from 01.04.2012 to 31.3.2013) on the FOB value of exports. Incremental growth shall be in respect of each exporter (IEC holder) without any scope for combining the exports for Group Company.

(c) Incentive will be admissible only if the IEC holder has achieved growth in the financial year 2013-2014 vis a vis financial year 2012-2013. Quantum of benefit will be calculated on the incremental growth achieved subject to eligibility criteria given in para 3.14.4(d) of FTP 2009-14.

Eligibility Criteria (d) For the purpose of the scheme, export performance shall not be allowed to be transferred from any other IEC holder. Benefit under the scheme will not be allowed to an exporter who had made no export during fiscal year 2011-12 and fiscal year 2012-13. The following exports shall not be taken into account for calculation of export performance or for computation of entitlement under the Scheme:

- (i) Export of imported goods or exports made through trans-shipment.
- (ii) Export from SEZ/ EOU /EHTP /STPI/BTP/FTWZ
- (iii) Deemed Exports
- (iv) Service Exports
- (v) Third Party exports
- (vi) Diamond, Gold, Silver, Platinum, other precious metal in any form including plain and studded jewellery and other precious and semi-precious stones.
- (vii) Ores and concentrates of all types and in all formations.
- (viii) Cereals of all types.
- (ix) Sugar of all types and all forms.
- (x) Crude / petroleum oil and crude / primary and base products of all types and all formulations.
- (xi) Export of milk and milk products.
- (xii) Export performance made by one exporter on behalf of other exporter.
- (xiii) Supplies made to SEZ units.
- (xiv) Items, export of which requires an export authorisation (except SCOMET), will not be considered.
- (xv) Export of Meat and Meat Products.
- (xvi) Exports to Singapore, UAE and Hong Kong.

Special Provision (e) The scheme is region specific and will cover exports to USA, Europe and Asian countries only. In addition export to 53 countries in Latin America and Africa (as mentioned in Public Notice 3 dated 18th April 2013) will be entitled to this benefit. Disclaimer provisions of para 3.17.10 (b) of FTP shall not be admissible. This benefit will be over and above any benefit being claimed by the exporter under any of the Chapter 3 Schemes.

Utilisation of Scrip (f) The duty credit scrip will be freely transferable. Such scrips shall also be eligible for domestic sourcing and for payment of Service Tax as per para 3.17.5 of FTP 2009-14.

3. The following is added at the end of Para 3.12.4 of FTP 2009-14:

“SFIS benefit will be allowed on the Net Foreign Exchange earned.”

4. Following is added at the end of Para 3.12.6(a) of FTP 2009-14:

“Service providers who are also engaged in manufacturing activity can use their SFIS scrip for importing / domestic sourcing of capital goods(as defined in para 9.12 of FTP) including spares related to the manufacturing sector business of the service provider. Such manufacturing sector business of the service provider would have to be endorsed on the SFIS scrip from relevant RA.”

5. The following is added at the end of existing Para 3.12.6 (b) of FTP 2009-14:

“Utilisation of Duty Credit Scrip shall also be permitted for payment of duty in case of Import/ domestic sourcing of motor cars, SUV’s and all purpose vehicles as Professional Equipment by Hotels, Travel agents, Tour operators or tour transport operators and companies owning/operating golf resorts. Such vehicles (operating on road and requiring registration) will have to be registered for Tourist purpose only. Proof of registration will need to be submitted to RA concerned within 6 months of import/domestic procurement.”

6. Para 3.13.3 of FTP stands deleted with immediate effect.

7. Sub para (g) is added at the end of para 3.13.4 of FTP:

“Transferability of the Agri Infrastructure Incentive Scrip shall be allowed to supporting manufacturer of the status holder. Such transferability would have to be endorsed on the Agri Infrastructure Incentive Scrip from relevant RA.”

8. Following is added at the end of Para 3.16.3 of FTP 2009-14:

“SHIS can be transferred to a manufacturer group company of the scrip holder even though the group company is not a status holder. Group company is defined in para 9.28 of FTP. Such transfer will have to be endorsed by relevant RA.”

9. Para 3.17.2 (i) of FTP 2009-14 stands deleted with immediate effect.

10. Sub para (d) is added after 3.17.5(c):

“Duty credit scrips issued under FPS, FMS and VKGUY can be used for payment of Service Tax. Scrip holder shall be entitled to avail drawback benefits or CENVAT credit of the Service Tax debited in the said scrip in accordance with DOR rules. ”

11. Following is added at the end of Para 3.17.11 of FTP 2009-14:

“Duty credit scrips can be used for payment of composition fee under FTP, for payment of application fee under FTP, if any and for payment of value shortfall in EO under para 4.28 (b) of HBP v1 2009-14.

Effect of this Notification: The Scheme to incentivize incremental exports for the year 2013-14 and other amendments to Chapter 3 of FTP are being notified.

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