

IMPORTS & IMPORT LICENSING :

- 4.10.1 Imports: All imports are governed by the Foreign Trade Policy issued by Ministry of Commerce & Industry, Government of India on 5 yearly basis (Amended from time to time on yearly basis). The present policy is of 2009-14.

As per the policy all imports shall be free, except where regulated by FTP or any other law in force. The item wise export and import policy shall be, as specified in ITC (HS) notified by DGFT, as amended from time to time.

The imports, in our case, can be broadly divided into

1. Free imports against actual user condition on merits
2. Imports under duty exemption schemes
 - a. Duty exemption & Remission Scheme
 - b. Export Promotion Capital Goods scheme

Free imports against actual user condition on merits

All such imports can be made subject to payment of custom duties on merits.

Duty exemption & Remission Scheme

Duty exemption schemes enable duty free import of inputs required for export production. Duty Exemption Schemes consist of (a) Advance Authorisation scheme and (b) Duty Free Import Authorisation (DFIA) scheme. A Duty Remission Scheme enables post export replenishment / remission of duty on inputs used in export product. Duty Remission Schemes consist of (a) Duty Entitlement Passbook (DEPB) Scheme and (b) Duty Drawback (DBK) Scheme.

4.10.2 EXPORT PROMOTION CAPITAL GOODS SCHEME (EPCG)

Zero duty EPCG scheme allows import of capital goods for pre production, production and post production (including CKD/SKD thereof as well as computer software systems) at zero Customs duty, subject to an export obligation equivalent to 6 times of duty saved on capital goods imported under EPCG scheme, to be fulfilled in 6 years reckoned from Authorization issue-date.

Concessional 3 % duty EPCG scheme allows import of capital goods for pre production, production and post production (including CKD/SKD thereof as well as computer software systems) at 3 % Customs duty, subject to an export obligation equivalent to 8 times of duty saved on capital goods imported under EPCG scheme, to be fulfilled in 8 years reckoned from Authorization issue date.

(For detailed policy and procedures, please refer Foreign Trade Policy issued by Minister of Commerce and Industry)

- For all imports, which are freely importable (and not regulated) attracting payment of custom duty on merits, there is no need for obtaining any type of license / authorization subject to the condition the importer is an actual user.
- For imports, under duty exemption and remission schemes and EPCG schemes, there is a need for obtaining the necessary license / authorization from the concerned regional authority of Director General of Foreign Trade.

The procedure for obtaining the license / authorization against these schemes is detailed in the hand book of procedures of Foreign Trade Policy issued by Ministry of Commerce and Industry.

Generally the duty exemption schemes demand export of the product manufactured / produced by the goods imported i.e. nexus between item imported and product exported.

The export obligation to be fulfilled in terms of quantity and value of export product and the time limit against the schemes differs from time to time.

Against duty emission and remission scheme, advance authorization can be obtained subject to fixation of standard input output norms and there is no payment of customs duty.

In our case, the Tricon Rock Roller Bits along with Nozzle Assembly is the item for which advance authorizations are being obtained and the norm for fulfillment of export obligation is export of 100 times the CIF value of import to be fulfilled in the specified period of time. We can also source the products covered by advance authorization indigenously and still utilize the advance authorization by obtaining the advance release orders in favour of the indigenous suppliers, wherein we get the benefit of exemption of payment of excise duty and fulfill the export obligation as specified in the advance authorization.

- The procedure for obtaining the license / authorization against EPCG scheme is detailed in the hand book of procedures of Foreign Trade Policy issued by Ministry of Commerce and Industry.

The export obligation to be fulfilled in terms of value of export product and the time limit against the schemes differs from time to time.

In our case, the OTR Tyres and conveyor belts apart from the capital goods are eligible for obtaining the license for import under EPCG scheme subject to fulfillment of export obligation as per the Foreign Trade Policy. We can also source the capital goods covered by EPCG license indigenously and still utilize the EPCG license by obtaining the release orders in favour of the indigenous suppliers, wherein we get the benefit of exemption of payment of excise duty and fulfill the export obligation as specified in the EPCG license. The appropriate EPCG scheme as per Foreign Trade Policy will be applicable.

Typical documentation required for obtaining Advance authorization/ EPCG license from regional authority of DGFT.

1. Application as specified in the hand book of procedures
2. Payment of application fee
3. Copy of RCMC certificate
4. Copy of import export code number
5. Offer copy/ order copy of supplier along with technical details
6. Details of CIF value for import item
7. Chartered Accountant certificate for exports
8. Copy of certificate of incorporation, mining lease etc.
9. MOU / agreement with MMTC with regard to exports.
10. Copy of Power of Attorney for signing the document

Other activities on receipt of license / authorization

1. Scrutiny / verification of license / authorization for correctness
2. Application for advance release order/ release order if required in case of indigenous procurement.
3. Registration of license / authorization at the port of import and at the port of export.
4. Coordination of clearance of goods from ports as per the license/ authorization
5. Informing the consignee for monitoring the imports and obtaining necessary documentation from authorities like Excise department etc. for fulfilling the documentation works.
6. Monitoring/ endorsing the license number/ authorization number on the documentation of exports like the shipping bills in coordination with the port of export.
7. Obtaining original shipping bills and bank realization certificates from the regional office of the port of export.

8. Filling the application with RA of DGFT for discharge of export obligation.

Clearing Agent and Custom clearance at port

All the clearances through custom should be taken up by the regional office at the Port through the nominated Clearing Agent finalized by HO. The Clearing Agent will follow all the regulations of the customs and port and file Bill of Entry on our behalf. The activities of the Clearing Agent are to be coordinated by the regional office.

Typical activities

1. Forwarding the original documents to the concerned port for clearance of goods and dispatch to the consignee.
2. Coordination with the regional office till the clearance of goods, dispatch to consignee and receipt at projects.
3. Coordination for receipt of Bill of Entries for the goods cleared.
4. All other activities for fulfillment of all obligations like insurance etc.