

SUGGESTIONS FOR MID-TERM REVIEW OF [FTP 2015-20](#)

NAME OF THE ORGANISATION:

CHEMEXCIL

1. [FTP 2015-20](#): suggested changes-

Sr. No.	Policy Para	Suggested changes	Basis for changes/ Impact of changes
1.	Chapter 3 MEIS (Appendix 3B)	Increase in MEIS Incentive to 5% on value added export products	<p>Increase in incentive is requested for following reasons:</p> <ul style="list-style-type: none"> ➤ Sudden reduction in incentives in FTP 2015-20 due to merger of erstwhile FTP schemes under Chapter 3. ➤ Reduction in AIR Duty Drawback rates from 1.9 % to 1.5% even though custom duty has remained unchanged. ➤ Global recession in India's Key markets such as European Union, LAC, China, Japan etc. are facing recessionary conditions which have resulted in decline in demand and flow of orders. ➤ Entry barriers in overseas markets- India has FTA with ASEAN nations, but the concessions are only limited. Whereas supplies from China to these ASEAN nations is against NIL duty which impacts competitiveness. <p>To overcome the above external barriers while exporting to the impacted markets, MEIS reward rate be increased to 5% which will improve competitiveness of the exporters and boost exports substantially from India specially of value-added products. The list of items suggested for MEIS rate enhancement is attached herewith (Annexure 1)</p>
2	3.01 (k) and Appendix 3B	Up-dation of HS Codes amended w.e.f 1 st Jan 2017 in the Appendix 3B	<p>Since 01/01/2017, HS codes of some items have been changed/ modified. Due to this change, these items which were earlier under MEIS are not covered in MEIS as per new HS codes.</p> <p>Suitable clarification be issued to assure the concerned exporters.</p>

3	7.03 (c) (ii)	Excise Duty Exemption on supplies against ARO	When supplies are effected to an exporter on deemed exports basis against invalidation letter, no excise duty is chargeable. However if the supplies are against an ARO, the supplier has to pay the excise duty and claim it back from DGFT RA. This has a huge impact on the working capital. Supplies on deemed export basis against ARO should also be exempt from payment of excise duty
4	7.06 (b)	All Industry Rate of drawback on deemed exports	The benefit of AIR drawback (Column B) has been discontinued for deemed exports by DGFT. Since the AIR scheme is to be applied to both the physical exports as well as deemed exports. Thus this should be applicable for deemed exports too. The AIR Drawback (Column B) for deemed exports must be reintroduced.
5	Para 3.14.5 (c) of FTP 2009-14	(Incremental Exports Incentivisation Scheme) Removal of restrictions on incremental growth while claiming entitlement of duty scrip @ 2% on exports during 2013-14.	The Notification No. 43 dated 25.09.2013 whereby cap of Rs. 1 crore was imposed towards claiming 2% incentive under "Incremental Exports Incentivisation Scheme" for period 01.04.2013 to 31.03.2014 still stands. The Council has received representation from our member-exporter who have referred to the recent judgement delivered by Hon'ble Bombay High Court wherein they have set aside the value caps imposed. The petitioner in this case had requested for proper interpretation of Para 3.14.4 & 3.14.5 of the erstwhile FTP 2009-14 while claiming entitlement of duty scrip @ 2% on incremental growth in exports during 2013-14. Representation from the Council has been sent on 06/05/2016. Removal of restrictions on incremental growth while claiming entitlement of duty scrip @ 2% on exports during 2013-14.
6.	4.09	Minimum Value Addition in Advance Auth be reduced from 15% to 10%.	To face price competition from other countries and to achieve higher exports.
7.	4.22	EO period to be revised from 18 months to 24 months. Import validity from 12 months to 18 months.	Longer export obligation period will allow exporters more time to fulfil keeping in mind the recessionary scenario in key markets. Longer validity will allow exporters to plan imports according as per market situation and give more flexibility. Besides, reduce paper work and save time.

2. HBP 2015-20: suggested changes-

S. No.	HBP Para	Suggested changes	Basis for changes/ Impact of changes
1.	Para 3.14	MEIS for EDI S/B's were declaration of intent has not been ticked "Yes" after 30/09/2015	<p>Vide PN. No. 47/2015-20 Dtd. 08.12.2015, DGFT had condoned cases where either the intent or the reward box was not ticked as "yes" and 'N' was ticked inadvertently while filing shipping bills in Customs for exports made between 01.06.2015 to 30.09.2015. However there are several cases of shipping bills where both the intention and the reward box are not mentioned correctly. Such exporters are being asked to contact CBEC/ Concerned port Customs House. When they have contacted local customs, they are advised to contact DG Systems, as the data is now centralised in New Delhi.</p> <p>Since the DGFT has condoned cases during the period 01.06.2015 and 30.09.2015, Such cases too could be condoned and shipping bills transmitted to DGFT. This will help genuine exporters who have erroneously missed out mentioning the details get their benefit.</p>
2	3.14	<p>Consideration of MEIS for Non-EDI S/B after intent declaration incorporation</p> <p>(KASEZ unit)</p>	<p>We understand from the exporter located in Kandla SEZ that their CHA had inadvertently missed to mention MEIS intent declaration in the NON-EDI S/B due to lack of knowledge. The exporter has subsequently obtained manual S/B amendment letter from concerned Development Commissioners office, KASEZ (attached).</p> <p>However, KASEZ units await direction from O/o DGFT whether they can be issued scrip under such manual amendment letter, because there is no such circular or PN issued in this regard. It is requested to issue such an enabling notification for such cases up-to 30.06.2015.</p>
3	3.01 (k) and Appendix 3B	Rejection of MEIS applications on account of name mismatch	<p>There are several cases of MEIS rejection due to mismatch of name specially in "others" category. Kindly note that exporters cannot mention product name as "others" in shipping bill and export. They generally mention the brand name. Such cases face rejection on account of name mismatch. From council side, we issue clarifications also, but exporters are inconvenienced.</p> <p>Since MEIS is allowed on a particular HS code, the applications be accepted if exporters mention the brand name or chemical name etc.</p>

4.	4.16 (i)	<p>Prompt/ Timely fixation of Norms of Chemical sector.</p> <p>Council has been following up with DGFT on various long-pending cases of Norms fixation.</p>	<p>Even in cases of typo error in norms uploaded, exporters are informed that technical personnel are not available. Due to such delays exporters are not able to redeem the authorisations. They risk being included in DEL and also have to give BG in customs for clearance which impacts cash flows.</p> <p>Norms cases of chemicals sector be disposed of speedily within reasonable time frame which will be a big help to exporters.</p> <p>Further to ease the timelines, DGFT RA's can be delegated to finalise Adhoc norms.</p>
5	4.12 (a) (vi)	<p>Validity of Ad hoc norms</p>	<p>The current validity of adhoc norms is two years. This should be extended to three years for Star Exporters if there is no change in the yield or the process as declared by the exporter.</p>
6.	4.12	<p>Request for condonation of requirement of Bill of Exports to discharge Export Obligation against Advance Authorizations</p>	<p>One of our member-exporter has supplied to a SEZ unit and has not followed the procedure of filling "Bill of Exports" under presumption that it is to be filed for availing DBK.</p> <p>Addl. DGFT Mumbai has issue deficiency letter asking for Bill of Export, even though exporter has submitted other documents such as ARE1, Suppliers invoice, BRC, Lorry receipts as proof of supplied to SEZ.</p> <p>It is requested to grant relaxation of requirement of submission of Bill of Exports as proof of export and issue EODC.</p>
7.	3.15	<p>Change in Basis for calculation of Late fees in MEIS applications & Calculation of Value</p>	<p>The DGFT server is designed to calculate late fees, three months from the date of the shipping bill and not the date of uploading on the server. Certain shipping bills are not transmitted by customs to DGFT server in time. Para 3.15 of HBP 2015-2020 clearly states that "MEIS shall be filed within three months from the date of uploading shipping bills onto the DGFT server". This needs to be addressed and the system needs to be changed and such instances of late cut should be rectified and the differential amount made good to the exporter.</p> <p>While applying for MEIS, it is stated that the FOB of the actual remittance or the one declared on the shipping bill whichever is lower is to be considered for the benefit. However there is no clarification on the exchange rate to be applied. This is incorrect and needs to be clarified that the exchange rate of the fob considered should be taken.</p>

8		Correction / Modification of eBRCs	In case of errors in the eBRCs banks should be authorised / allowed to make any correction in the eBRC uploaded by them. The Regional Authority (DGFT RA) should be authorised to re-release the corrected eBRC instead of DGFT Delhi. This will expedite the process.
9		Restriction in the eBRCs	Currently the system allows more than one eBRC for the same shipping bill. But this could at times result in the eBRC value exceeding the shipping bill value. System needed to avoid such deficiency which delays the process of claim.
10		Timelines for uploading of S/B's on DGFT server for MEIS	Transmission of shipping bills by Customs to DGFT server, takes a long time. Exporters have to follow up for getting these activities done, especially for Hazira Port and Petropol customs. This delays the application of MEIS and affects working capital.
11.		<p style="text-align: center;">Other Suggestions for Ease of Doing business/ Digitization</p> <p>For saving time and reducing transaction costs</p>	<p>For ease of doing business/ Digitization, following are requested:</p> <ul style="list-style-type: none"> ➤ Advance authorisation / EODC from DGFT: Currently collected personally from DGFT. Needs to be On Line ➤ Advance authorisation application: To eliminate submission of hard copies to DGFT. ➤ MEIS: To eliminate submission of hard copies to DGFT. MEIS can also be issued in digital form ➤ Registration of Licences: Physical Registration of Advance authorisation for Imports and MEIS in the respective Ports to be eliminated. ➤ RA To Issue of Advance release order (ARO) On Line ➤ RA To issue revalidation On Line ➤ To eliminate physical submission of CA certificates. ➤ To eliminate physical submission of documents for Clubbing of advance authorisation under similar customs notification. ➤ Brand rate: Brand rate application and settlement needs to be taken On Line. <p>Above steps are in line with ease of doing business will reduce paper work, save time and reduce transaction costs.</p>

3. Any other suggestions-

S. No.	Suggested changes	Basis for changes/ Impact of changes
1	<p>Expansion Of Interest Equalisation Scheme</p> <ul style="list-style-type: none"> ➤ Inclusion Of Merchant Exporters ➤ Include More tariff Lines as currently only 10 Tariff lines are included from Chemexcil items for Non-MSME's 	<p>The cost of export finance in India is much higher than the cost in competing countries which adversely impacts competitiveness.</p> <p>Government has launched interest equalization scheme on pre & post shipment rupee export credit which is laudable.</p> <p>However, the scheme is not available to merchant exporters many of whom are our member-exporters. It may be noted that merchant exporters contribute to at-least 50% of exports but do not qualify as MSME so not covered under the scheme.</p> <p>Besides, for Non-MSME exports, scheme is restricted to only 416 tariff lines (at ITC HS code of 4 digit). In fact, in chemicals its only 10 on tariff lines.</p> <p>Government Support Required:</p> <p><i>Export sector should be treated as priority sector which obliges banks to lend a specified share to the sector at cheaper rates which will improve competitiveness of the exporters.</i></p> <ul style="list-style-type: none"> ➤ We request inclusion of merchant exporters which will improve their competitiveness. ➤ We also request inclusion of more tariff lines (as per sheet Annexure II attached)
2	<p>Issues faced in Iran Rupee Payment Mechanism through UCO BANK</p> <p>We understand that the Central Bank of Iran has stopped releasing any Rupees allocations over the last two weeks and hence there have been no clearance of payments on LCs, no new LCs have been issued from Iran to India, and no remittance of</p>	<p>Trade with Iran in INR currency has virtually come to a stand-still which is leading to loss of significant exports & market in Iran which is a strategic partner for the country.</p> <p>As an immediate relief from RBI/Government of India, we request following:</p> <ul style="list-style-type: none"> ➤ Request RBI to intervene and enable trade with Iran continues without any further issues. ➤ Banks may be advised to handle trade in Euro Currency with Iranian Customers which is now a preferred currency in Iran.

	advance payments have taken place.	This flexibility be allowed at the earliest, as there might be shipments on hold awaiting clarity on the issue and or goods lying in Iranian ports attracting demurrage as well as facing the possibility of getting abandoned by Iran customers in case of too much delay.
3	Request for Waiver of requirement of submission of Security with Bond, by Status Holders under Customs (Provisional Duty Assessment) Regulations 2011 (Vide Rule no. 2 (2)) & Customs (Import of Goods at concessional rate of duty for manufacturer of excisable goods) Rules 2016	<p>Rule no 2(2) (condition for provisional assessment) requires exporter and importer to submit a Bond in an amount equal to the difference between the duty that might be finally assessed or re-assessed along-with surety not exceeding 25% of the provisional duty amount. The requirement of submission of BG leads to blockage of funds which adversely impacts cash flows of the industry.</p> <p>However, CBEC has waived off the requirement of security under DEC and EPCG schemes.</p> <p>On similar lines, for actual users, it is requested to waive off the surety requirement as in Customs (Provisional Duty Assessment) Regulations 2011 (Vide Rule no. 2 (2)) & Customs (Import of Goods at concessional rate of duty for manufacturer of excisable goods) Rules 2016.</p> <p>This will improve cash flows and competitiveness.</p>