



Chat ONLINE

FIEO offers you opportunity to Chat Online every Wednesday between 3 to 5 pm (IST) with Mr. Ajay Sahai, DIRECTOR GENERAL (FIEO) on issues related with foreign trade.

Mr. Sahai has served many important offices in various capacities. As Jt. DGFT (Policy), during 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 just click 'FIEO Online Chat Service' at www.fieo.org. Some portions of the Chats held last weeks are reproduced here.

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

Rupee invoicing by exporters should be treated as Foreign Exchange earned for all the purposes

All export contracts and invoices be denominated either in freely convertible currency or Indian rupees but export proceeds should be realised in freely convertible currency. Export proceeds against specific exports may also be realized in rupees, provided it is through a freely convertible Vostro account of a non resident bank situated in any country other than a member country of ACU or Nepal or Bhutan. Moreover, rupee payment through Vostro account must be against payment in free foreign currency by buyer in his non-resident bank account.

As a manufacturing unit, we want to apply for EPCG license where the value of spares imported by us is around 15% of the value of capital goods. How can we import such spares under EPCG scheme?

At present, spares only up to 10% of the CIF value of plants and machinery can be imported under EPCG scheme. Both Foreign Trade Policy and corresponding Customs Notification do not allow import of spares more than 10% of the value of plants and machinery imported under EPCG Scheme.

What is the last date for filing an

application for renewal of Status Certificate as our last Certificate has expired.

The renewal application can be filed by 31st of March and the certificate which are issued in the present licensing year are given validity for a period of five years with effect from 1st of April of the current licensing year. However, it is advisable to apply for renewal as early as possible since the deemed benefit which is given to such status holders will lapse on 30th of September, 2010.

We are manufacturer of gold jewellery and wants to take gold from authorized agency, pl provide us the details of these agencies.

The following agencies are authorized by the Government to import gold and supply to both exporters as well as domestic producers. You can approach any of these agencies :

- (1) Metals and Minerals Trading Corporation limited (MMTC);
- (2) Handicraft and Handloom Export Corporation (HHEC);
- (3) State Trading Corporation (STC);
- (4) Project and Equipment Corporation of India Ltd (PEC);
- (5) STCL Ltd;
- (6) MSTC Ltd;
- (7) Diamond India Limited (DIL);
- (8) Gems & Jewellery Export Promo-

- tion Council (G&J EPC);
- (9) A Star Trading House (only for Gems & Jewellery sector)
- (10) A Premier Trading House

What is the policy for transfer of capital goods imported under EPCG Scheme after completion of exports?

For certain sectors which are exempt for maintaining average Exports Obligation, Capital Goods can not be shifted for a period of 5 years even after fulfillment of EO. For other sectors, it can be transferred after fulfillment of EO.

Whether deemed exports in terms of Para 8.2 of Foreign Trade Policy is considered to calculate average exports under EPCG Scheme.

The deemed exports in terms of Para 8.2 of Foreign Trade Policy is considered for calculating the average exports under EPCG Scheme.

Pl clarify that the value of Cotton waste generated during the course of manufactured of final items in 100% EOUs is counted or not towards the permissible value of goods allowed clearance to DTA sales.

Such clearance shall be within the overall limit of DTA Sale entitlement as given in paragraph 6.8(a). Paragraph 6.8(e) of FTP is clear on the issue.

What are the permissible credits into EEFC account?

Following are permissible remittances in EEFC Account:

- i) Inward remittance through normal banking channel, other than remittances received on account of foreign currency loan or investment received from abroad or received for meeting specific obligations by the account holder.
- ii) Payments received in foreign exchange by a 100 per cent Export Oriented Unit or a unit in (a) Ex-

port Processing Zone or (b) Software Technology Park or (c) Electronic Hardware Technology Park for supply of goods to similar such unit or to a unit in Domestic Tariff Area.

- iii) Payments received in foreign exchange by a unit in Domestic tariff Area for supply of goods to a unit in Special Economic Zone (SEZ);
- iv) Payment received by an exporter from an account maintained with an authorised dealer for the purpose of counter trade.
- v) Advance remittance received by an exporter towards export of goods or services;
- vi) Payment received for export of goods and services from India, out of funds representing repayment of State Credit in U.S. dollar held in the account of Bank for Foreign Economic Affairs, Moscow, with an authorised dealer in India,
- vii) Professional earnings including directors fees, consultancy fees, lecture fees, honorarium and similar other earnings received by a professional by rendering services in his individual capacity.
- viii) Interest earned, if any, on the funds held in the account;
- ix) Re-credit of unutilised foreign currency earlier withdrawn from the account;
- x) Amount representing repayment by the account holder's importer customer, of loan / advances granted, by the exporter holding such account.

Can foreign tourists open a bank account in India during their short visit?

Foreign tourists during their short visit to India can open a Non-Resident (Ordinary) Rupee (NRO) account with any bank dealing in foreign exchange. Such account can be opened upto a maximum period of 6 months.

Can a foreign tourist repatriate the balance held in their NRO account at the time of departure from India?

Banks have been allowed to convert the balance in the account at the time of departure of the tourists into foreign currency provided the account has been maintained for a period not exceeding six months and the account has not been credited with any local funds, other than interest accrued thereon

How much foreign exchange is permitted to an overseas traveler?

As per revised RBI Rules, authorised Dealers and Full Fledged Money Changers are permitted to sell foreign exchange in the form of foreign currency notes and coins, up to USD 3,000 or its equivalent, to the travellers proceeding to countries other than Iraq, Libya, Islamic Republic of Iran, Russian Federation and other Republics of Commonwealth of Independent States. They ,as hitherto, continue to sell for-

ign exchange in the form of foreign currency notes and coins up to USD 5,000 or its equivalent to the travellers proceeding to Iraq or Libya, Republic of Iran, Russian Federation and other Republics of Commonwealth of Independent States.

We have to give trade discount to our domestic buyer. Are we required to reverse the Cenvat Credit?

The entire amount of duty paid by the manufacturer, as shown in the invoice is available as credit irrespective of the fact that subsequent to clearance of the goods, the price is reduced by way of discount or otherwise. However, if the duty paid is also reduced, along with the reduction in price, the reduced excise duty would only be available as credit.

What is the manner for calculation of CENVAT Credit amount for inputs used in or in relation to the manufacture of exempted goods?

It is required to be done on the basis of actual consumption of inputs used and the quantification may be made based upon the stores/production records maintained by the manufacturer. Further, a certificate from Cost Accountant/Chartered Accountant giving details of quantity of inputs used in the manufacture of exempted goods, value thereof and CENVAT credit taken on these input may be submitted at the end of the year. ■

CHAT LIVE! Login now on FIEO website – http://www.fieo.org		
<p>Tuesday 4:00 p.m. to 7:00 p.m. (IST)</p> <p>with Mr. Pranabesh Roy, Vice President Religare Commodities Ltd.</p> <p>On currency trading (including tips), risk mitigation, hedging / currency management tools, FEMA / financial policy issues.</p>	<p>Wednesday 3:00 p.m. to 5:00 p.m. (IST)</p> <p>with Mr. Ajay Sahai Director General, FIEO</p> <p>On International Trade Issues, Policy Clarifications</p>	<p>Thursday 5:00 p.m. to 7:00 p.m. (IST)</p> <p>with Mrs. Liviana Callahan Sr. Regulatory Advisor Registrar Corp., USA</p> <p>On exporting Food & Food Products, Cosmetics, Drugs & Pharmaceuticals to USA</p>