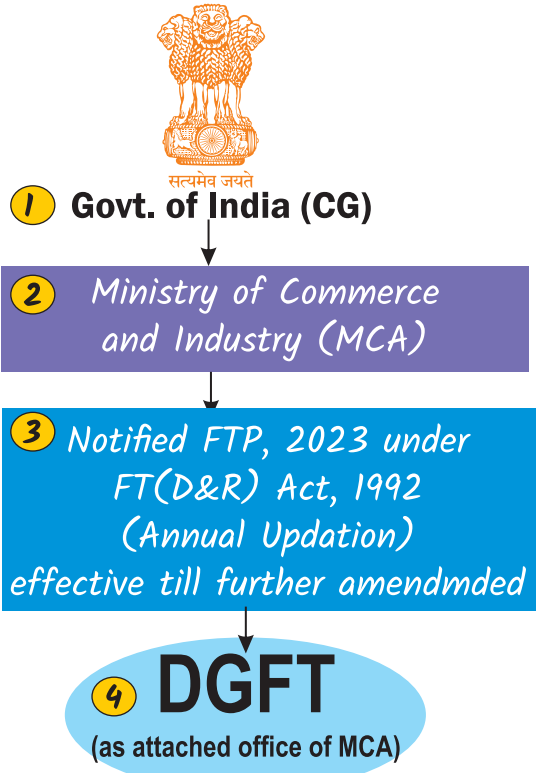




CA Vishal Bhattar

Foreign Trade Policy (FTP), 2023 (i.e. FTP 2015-2020 as updated) [earlier called- Export Import (EXIM) Policy]

Legislation Governing Foreign Trade in India

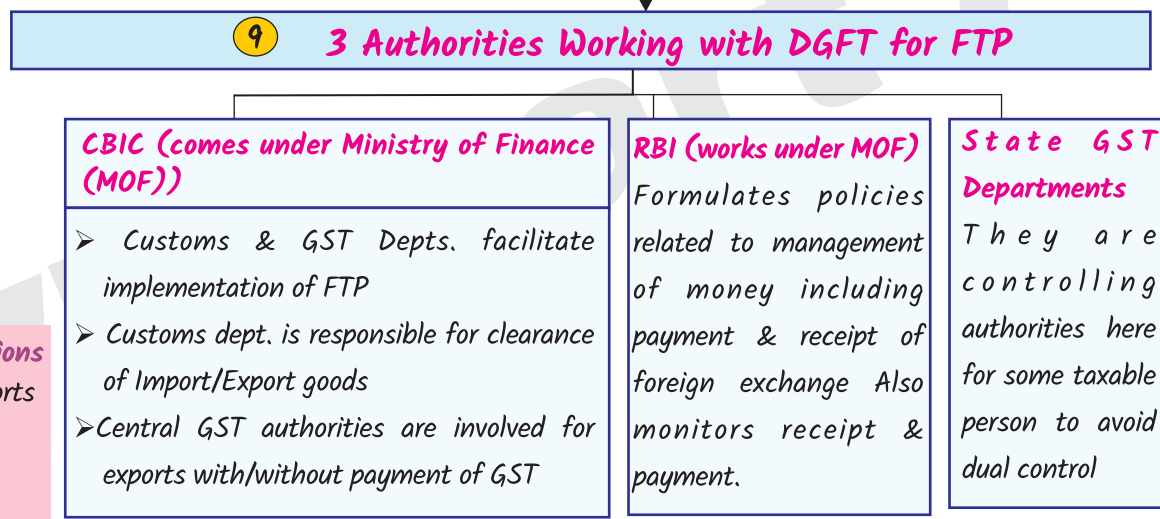


- Role of DGFT**
- DGFT formulates, controls & supervises FTP
 - **Policy formed** by headquarters at Delhi & followed by several offices in country
 - Issue **authorization** (licence to import/export)
 - Grant Importer Exporter Code (IEC)
 - DGFT's **decision is final & binding** for interpretation of Policy, provision in Handbook of Procedures, Appendices & Aayat Niryat Forms or classification of item in ITC (HS).
 - **Pass orders/grant** exemption from any provision of FTP in public interest
 - Impose **certain conditions** after consulting the concerned committee & consider request for relaxation from decision/order passed

6 What is FTP: A set of guidelines/instructions issued by CG specifying policy for exports & imports

Aim of FTP:

- Developing export Potential
- Improving export performance
- Encouraging foreign trade &
- Creating favorable balance of payments position



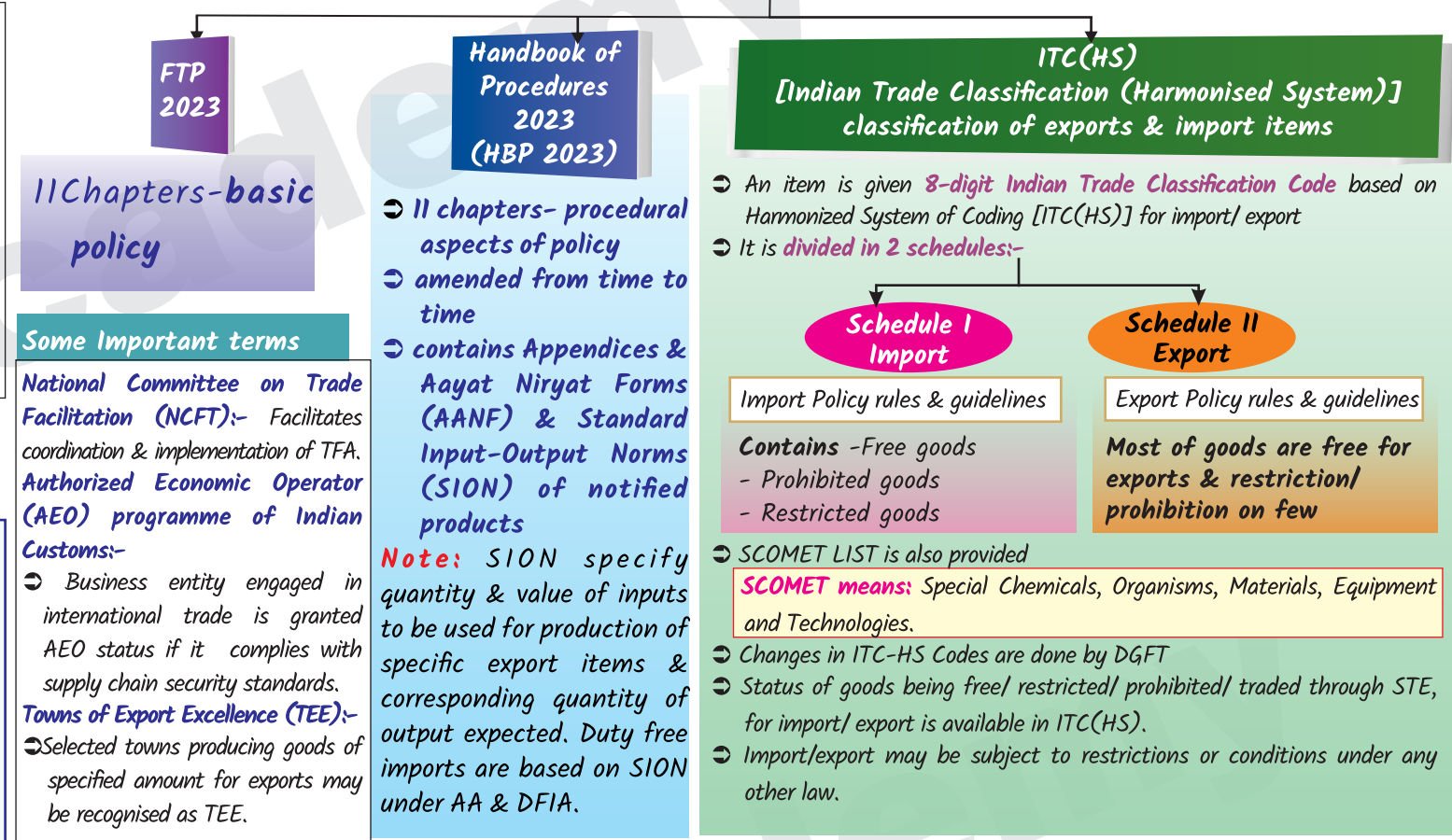
- 7 Some Salient Features**
- Free export-import of goods (some can be only through State Trading Enterprises (STE)).
 - Category of goods-(a) Free (b) Restricted (c) Prohibited
 - If goods are restricted for import/export but not prohibited, Govt. can give a permission/ license for specific reasons.
 - Various promotional schemes for exports
 - Duty Exemption/Refund of indirect taxes on outputs & inputs through schemes
 - Duty exemption/concession/remission on imports in some cases

- 8 FTP v/s tax laws**
- FTP cannot override Customs, GST Laws & Excise/state laws
 - Exemptions by FTP are given effect to by issuing notifications under respective tax laws (e.g., Customs Tariff Act).
 - Ministry of Finance/ Tax Authorities cannot question decision of authorities under Ministry of Commerce for issue of authorization etc.

- 10 Trade facilitation measures provided under FTP:-**
- **Free passage** for export without **any seizure** of stock except in exceptional cases.
 - **Single window system** to facilitate export of perishable agricultural produce.
 - DGFT is implementing **Niryat Bandhu Scheme**
 - **DGFT's online customer portal** to provide information
 - Undertake many IT Initiatives to enable a paperless, contactless & transparent environment for exports
 - A **dedicated 24 X 7 Helpdesk facility** to assist exporters in filing online applications on DGFT portal & other matters on FTP.
 - A **large number of Trade Facilitation measures taken**

- by Customs Department like:-**
- 24X7 customs clearance in specified seaports and airports,
 - Single Window Interface for Trade (SWIFT) to lodge clearance documents online,
 - ESanchit or E-Storage and Computerized Handling of Indirect Tax documents facilitates traders with paperless processing,
 - TURANT Customs (faceless assessment),
 - Compliance Information Portal (CIP) for information on all clearance related procedures, duties, fee & charges for import/export of any goods, etc.

Contents of FTP notified by CG



Status holders:-

Meaning	Business leaders excelled in international trade & successfully contributed to country's foreign trade.					
Eligibility	Exporters of goods, services & technology having an IEC number shall be eligible for recognition as a status holder.					
Status recognition depending upon export performance	Status recognition depends upon export performance in current & preceding 3 F.Y.s, as:-					
	Status category (Export House)	1 Star	2 Star	3 Star	4 Star	5 Star
	Export Performance Threshold (FOB/FOR) in USD Million	3	15	50	200	800
	Note:-					
	➤ Export performance is necessary in all 3 preceding FYs & it is not transferrable.					
	➤ Exports made on re-export basis shall not be counted for recognition.					
Privileges of Status Holders	(a) Authorisation & custom clearances on self-declaration basis. (b) Fixation of SION on priority i.e. within 60 days. (c) Exemption from compulsory negotiation of documents through banks, except remittance/receipts. (d) Exemption from furnishing of Bank Guarantee in Schemes under FTP. (e) 2 Star & above Export Houses are permitted to establish export warehouses. (f) 3 Star & above manufacturers can self-certify their goods as originating from India. (g) Can export freely exportable items (excluding Gems & Jewellery, Articles of Gold & precious metals) on free of cost basis for export promotion, with specified annual limit. (h) Preferential treatment & priority in handling of consignments by agencies.					
Obligations	2 Star & above Export Houses are made "partners" in providing mentoring & training in international trade to specified number of trainees each year based on their status.					

Provisions relating to:-

A. Import and export of goods generally:-

1.	Category of goods	1st ascertain whether item is free, restricted (authorization is needed) or prohibited (product specific prohibition are imposed) & if it is to be traded exclusively through STE.				
2.	Legal compliance	Comply with all domestic laws for domestically produced goods, unless exempted & also comply procedures prescribed by DGFT.				
3.	ITC (HS)	Discussed earlier				
4.	State Trading Enterprises (STEs)	<ul style="list-style-type: none"> ⇒ ITC(HS) specifies against certain goods to be imported/exported only through 'STEs' notified by DGFT. ⇒ STEs are governmental/non-governmental enterprises, including marketing boards, which deal with goods for export &/or import like FCI, ONGC Ltd, etc. 				
5.	Importer-Exporter Code (IEC)	<ul style="list-style-type: none"> ⇒ A person can export/import only after obtaining a 10-character alphanumeric no. ⇒ It is the applicant's PAN but is issued separately by DGFT. ⇒ Specified importers or exporters are exempted from obtaining IEC. ⇒ IEC details are to be electronically updated every year, even if there are no changes, failing which it will be de-activated till updation. 				
6.	Mandatory documents	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center; vertical-align: middle;">For export</td> <td style="padding-left: 10px;"> <ul style="list-style-type: none"> i) Bill of Lading/ Airway Bill/ Lorry Receipt/ Railway Receipt/Postal Receipt. ii) Commercial Invoice cum Packing List (or separate invoice & packing list) iii) Shipping Bill/Bill of Export/ Postal Bill of Export. </td> </tr> <tr> <td style="text-align: center; vertical-align: middle;">For import</td> <td style="padding-left: 10px;"> <ul style="list-style-type: none"> i) Bill of Lading/Airway Bill/Lorry Receipt/ Railway Receipt/Postal Receipt. ii) Commercial Invoice cum Packing List (or separate invoice & packing list). iii) Bill of Entry. </td> </tr> </table> <p style="margin-top: 5px;">For import/export of specific goods or in specific cases of export/import, additional documents may be notified/sought.</p>	For export	<ul style="list-style-type: none"> i) Bill of Lading/ Airway Bill/ Lorry Receipt/ Railway Receipt/Postal Receipt. ii) Commercial Invoice cum Packing List (or separate invoice & packing list) iii) Shipping Bill/Bill of Export/ Postal Bill of Export. 	For import	<ul style="list-style-type: none"> i) Bill of Lading/Airway Bill/Lorry Receipt/ Railway Receipt/Postal Receipt. ii) Commercial Invoice cum Packing List (or separate invoice & packing list). iii) Bill of Entry.
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For import	<ul style="list-style-type: none"> i) Bill of Lading/Airway Bill/Lorry Receipt/ Railway Receipt/Postal Receipt. ii) Commercial Invoice cum Packing List (or separate invoice & packing list). iii) Bill of Entry. 					
7.	Penal action & placing of an entity in Denied Entity List (DEL)	<p>(a) Penal action:- In following situations, a person shall be liable to penal action under FT (D&R) Act & rules & orders made thereunder, FTP & any other law:-</p> <ul style="list-style-type: none"> i) Authorisation holder violates any condition of such Authorisation, fails to fulfill export obligation, or fails to deposit the requisite amount within period specified in demand notice. ii) Any information/particulars furnished by applicant subsequently found untrue/ incorrect (specially under self-certification system) <p>(b) Denied Entity List (DEL):-</p> <ul style="list-style-type: none"> ⇒ A firm may be placed under DEL, by concerned Regional Authority (RA) of DGFT & <li style="padding-left: 20px;">i) firm may be refused grant or renewal of a licence/authorization /certificate/script/any instrument bestowing financial/fiscal benefits, & <li style="padding-left: 20px;">ii) all new licences, authorisations, scrips, certificates, instruments etc. will be blocked from printing/ issue/renewal. ⇒ Firm's name can be removed from DEL, if it completes Export Obligation/ pays penalty/ fulfills requirement of demand notice(s) issued by RA/submits documents required by RA. 				

B. Import of goods:-

1.	'Actual user' condition	<ul style="list-style-type: none"> ⇒ Freely importable goods may be imported by any person without 'restriction'. ⇒ If imports need authorisation, actual user alone may import such good(s).
2.	Import of specific categories of goods	<p>(a) Samples:-</p> <ul style="list-style-type: none"> ⇒ Import of samples of 'restricted' items is allowed without import authorisation except defence/security items, seeds, bees & new drugs. ⇒ Import upto ₹3,00,000 is allowed duty free. <p>(b) Gifts:-</p> <ul style="list-style-type: none"> ⇒ Import through post/courier is prohibited, except rakhi (No duty upto ₹ 100) & life-saving medicines. ⇒ Gifts can be imported upon payment of applicable customs duties. <p>(c) Passenger baggage:- Authorisation is not needed but Baggage Rules shall apply for:</p> <ul style="list-style-type: none"> ⇒ Bona-fide household goods and personal effects ⇒ Samples of items freely importable under FTP ⇒ Drawings, patterns, labels, price tags, buttons, belts, trimming & embellishments required for export, imported as passenger baggage, upto prescribed value limit. <p>(d) Re-import of repaired goods:- Capital goods, equipment, components, parts & accessories except restricted may be sent abroad for repairs, testing, quality improvement or upgradation or standardization of technology & re-imported without an Authorisation</p> <p>(e) Goods including capital goods used in projects completed abroad:- Project contractors may import without authorisation if used at least 1 year.</p> <p>(f) Prototypes:- It may be Imported without Authorisation if: Importer is an Actual User (industrial), engaged in production of/having industrial license/letter of intent for research in item for which prototype is sought & he files self-declaration to that effect.</p> <p>(g) Metallic waste & scrap:-</p> <ul style="list-style-type: none"> ⇒ Import of metallic waste, scrap is allowed. ⇒ Condition: It will not contain hazardous, toxic waste, radioactive contaminated waste/scrap containing radioactive material, arms, ammunition, mines, shells, live or used cartridge or any other explosive material. <p>(h) Second hand goods:- Import policy is discussed separately</p>
3.	Miscellaneous provisions regarding import	<ul style="list-style-type: none"> ⇒ Goods for import into India can be sold on high seas, subject to FTP/other laws. ⇒ Merchanting trade is allowed, subject to RBI guidelines except for goods in CITES (Convention on International Trade in Endangered Species of Wild Fauna & Flora) & SCOMET lists. ⇒ No permission needed from DGFT for Capital goods under lease financing. ⇒ For imported goods, Bank Guarantee / LUT/ Bond is to be executed with customs for duty-free import, etc., before clearance of goods. ⇒ For indigenously sourced goods, an authorisation-holder has to execute LUT/BG/Bond with concerned RA, before sourcing such material.

C. Export of goods:-

1.	Benefits for supporting manufacturers	<ul style="list-style-type: none"> ⇒ For the benefits, names of both supporting manufacturer & merchant exporter must figure in tax invoice/shipping bill/bill of export/ airway bill, etc.
2.	3rd Party Exports	<ul style="list-style-type: none"> ⇒ Exports on behalf of another exporter(s) is allowed. ⇒ Shipping bills shall indicate names of both exporter/manufacturer & 3rd party exporter(s). ⇒ Bank Realisation Certificate (BRC), Self-Declaration Form (SDF), export order & invoice should be in the name of third-party exporter.
3.	Samples	Exports of samples of freely importable items are allowed without any limit.
4.	Gifts	<ul style="list-style-type: none"> ⇒ Goods of value upto ₹ 5,00,000 in a licensing year (1st April-31st March) may be exported as a gift. ⇒ Items restricted in ITC(HS) shall be exported as gift only with authorisation.
5.	Passenger baggage	<ul style="list-style-type: none"> ⇒ Bona-fide personal baggage including samples of freely exportable items may be exported along with passenger or within 1 year before or after passenger's departure from India. ⇒ Authorisation will be required for items restricted in ITC(HS).
6.	Import for export	<ul style="list-style-type: none"> ⇒ Import of freely importable & exportable goods is allowed without authorisation, but upon execution of LUT/BG in case of capital goods. ⇒ Goods of other than Indian origin that are 'restricted' for export (other than 'prohibited' or SCOMET items) but 'free' for import can be imported for exports & kept in bonded warehouse & re-exported as per sec 69 of Customs Act. ⇒ Goods imported against payment in freely convertible foreign currency can be exported only against payment in freely convertible foreign currency.
7.	Payments & Receipts on Imports/ Exports	<p>(a) Denomination of Export Contracts:- Indian rupees or freely convertible currency, but realisation of export proceeds in freely convertible foreign currency in other than specified cases.</p> <p>(b) Non-realisation of export proceeds within time specified by RBI:- Exporter is liable to return all benefits/ incentives availed against it with penal action under FT (D&R) Act & FTP. If non-realization is for reasons beyond his control, he may approach RBI for writing off the unrealized amount.</p> <p>(c) Export Credit Agencies (ECAs):- ECAs provide financial support to exporters by insurance, guarantee and also direct lending like Exim Bank, etc.</p>
8.	Export Promotion Councils (EPCs)	<ul style="list-style-type: none"> ⇒ These are organizations of exporters & each Council is to promote particular group of products/projects/ services. ⇒ EPCs issue Registration-cum-Membership Certificate (RCMC). ⇒ RCMC is required to apply for Authorisation to import/export (except 'Restricted' items) or apply for any other benefit under FTP.
9.	Self-certification of origin of goods	<ul style="list-style-type: none"> ⇒ Certificate of origin of goods for export is issued by designated agencies. ⇒ Now, Approved Exporters (i.e. status holder manufacturers) will be entitled to self-certify their goods manufactured as per IEM/IL/LOI issued to manufacturers as originating from India to qualify for preferential treatment.

Schemes under FTP:-

A. Duty Exemption Schemes:-

1. Advance Authorisation (AA) Scheme:-

Inputs imported duty free	Inputs physically incorporated in export product except normal wastage & fuel, oil, catalyst consumed/utilized in export product
Eligible Applicant	Manufacturer exporter or merchant exporter tied to supporting manufacturer
Eligible Supply	Physical exports (including export to SEZ), Intermediate supply, Deemed exports, or Supply of stores on board of foreign going vessel/aircraft based on its SION
Basis of issuance	Notified SION, Self-declaration, Applicant-specific prior fixation of norm by Norms Committee, or Self-Ratification scheme
Eligibility to opt	<ul style="list-style-type: none"> Exporters who holds AEO Certificate A status holder who is a manufacturer cum actual user & holds valid 2-star or above status & who applied for AEO Scheme is N.A. for specified export products & inputs
Pre-import condition	<ul style="list-style-type: none"> Imported inputs are subject to pre import condition & physical incorporation in export product. For local procurement under invalidation/Advance Release Order (ARO), inputs shall be procured prior to manufacture & physically incorporated
Validity for import in 2 situations	<ol style="list-style-type: none"> 12 months from date of issue of Authorisation (+ Re-validation for 12 months once) AA for deemed exports shall be co-terminus with contracted duration of project execution or 12 months from date of issue of authorisation, whichever is LATER.
AA for Annual Requirement & Eligibility Condition	<ul style="list-style-type: none"> AA issued for only items notified in SION for other than notified input Exporters with past export performance (in at least 2 P.F.Y.s) are entitled CIF value of imports shall be upto 300% of FOB value of physical export &/or FOR value of deemed export in P.F.Y. or Rs 1 Crore, whichever is HIGHER.
Value Addition (VA)	$VA = (A - B) / B \times 100, \text{ where}$ <p>A: FOB value of export realized or FOR value of supply received B: CIF value of inputs under AA + value of any other inputs used on which benefit of duty drawback is claimed/intended to be claimed.</p> <p>[Minimum VA = 15% (For specified products like petroleum products, etc.), VA could be < 15%.]</p>
Import of spares	Duty free upto 10% of CIF value of authorisation- to supply with export item
Duties exempted on imports	Generally- BCD, ACD, Education cess, Anti-Dumping Duty, CVD, Safeguard Duty, Transition Product Specific Safeguard Duty
Actual User Condition for AA	<ul style="list-style-type: none"> Import shall be subject to actual user condition & transfer of imported raw material including for job work shall not be permitted, even after completion of export obligation. Such product manufactured out of duty-free input can be disposed of once export obligation is completed. If CENVAT/ITC on input in AA is availed, they shall be utilized only in manufacture of dutiable goods even after completion of export obligation Waste/Scrap can be disposed off on payment of duty before meeting export obligation.
Free Supply	<ul style="list-style-type: none"> AA is available if inputs supplied free of cost to exporter by foreign buyer. For value addition, its notional value is added in CIF value of import & FOB value of export Realization of export proceeds will be excluding its notional value.
Export Obligation Period	90 days from date of clearance of import consignment (No extension)
Drawback	Duty drawback is available for duty paid inputs (not specified in norms) used in export product.
Audit &/or Special Audit	It may be conducted by Concerned Norms Committee for manufacturer.

B. Duty Remission Schemes:-

Duty Drawback (DBK):-

- Customs duty paid on inputs is **given back** to exporter of finished product in form of Duty drawback when the suppliers are enable to avail any other scheme like, AA, DFIA, EOU, SEZ, Manufacture under Bond etc.
- Duty drawback is allowed u/s 74 & 75 of Customs Act for only Customs Duty & not for GST

2. Duty Free Import Authorisation Scheme (DFIA):-

Duty free import of	Inputs (except Tyre) & oil & catalyst used in production of export product
Duties Exempted	Only BCD. Drawback is allowed for duty paid inputs used in export product
Eligibility	<ul style="list-style-type: none"> DFIA is issued post export for products having SION Application to be filed before exporting in DFIA Merchant Exporter shall mention name & address of supporting manufacturer on export document
No DFIA	DFIA shall not be issued for input with pre-import condition/'Actual User' condition as per SION
VA & Transfer	Minimum 20% & RA issues transferable DFIA
Validity	<ul style="list-style-type: none"> Export to be completed within 12 months from date of online filing of application & generation of file number DFIA is valid for 12 months from date of issue (No revalidation granted) Separate DFIA shall be issued for each SION

Common Provisions for AA & DFIA:-

Accounting of Input	<ul style="list-style-type: none"> Name/description of generic/alternative input used (or to be used) in Authorisation must match exactly with shipping bill At discharge of export obligation/redemption, RA shall allow only inputs specifically indicated in shipping bill with quantity
Import/Export of items Prohibited or Restricted or STE	<p>Prohibited items:- Export/import not allowed but export allowed under AA, if notified</p> <p>STE:-</p> <ul style="list-style-type: none"> Items reserved for imports by STEs cannot be imported against AA/DFIA, but it can be procured from STEs against ARO/Invalidation letter. Items reserved for export by STE can be exported under AA/DFIA only after obtaining a 'NOC' from concerned STE. <p>Restricted items:- Import is allowed unless specifically disallowed & Export is allowed with conditions & permission</p>
Domestic Sourcing	Holder of AA/DFIA can procure inputs from indigenous supplier/ STE/ EOU/ EHTP/ BTP/ STP in lieu of direct import against ARO/Invalidation Letter whose validity shall be same as authorisation
Realisation of Export Proceeds	<ul style="list-style-type: none"> freely convertible currency or in Indian Rupees Realisation & non-realisation discussed on previous page
Re-import of exported goods	Allowed in same or substantially same form with conditions

C. Scheme for Remission of Duties & Taxes on Exported Products (RoDTEP)

Principle	Taxes & duties borne on exported products is to be exempted/remitted
Objective	To refund, currently unrefunded: <ol style="list-style-type: none"> duties & taxes on exported products which are not exempted/ remitted/ credited/ refunded under other provisions of law including prior stage cumulative indirect taxes on goods & services used in its production, & Such indirect duties/taxes/levies in respect of distribution of exported products.
Salient Features	<ul style="list-style-type: none"> Rebate is a freely transferable duty credit/e-scrip maintained in e-ledger by CBIC Duty credit shall be used only to pay BCD on imported goods Rebate shall not be available for duties & taxes already exempted/remitted/credited
Reward	Rebate to eligible exporters = notified rate as a % of FOB value with a value cap per unit of eligible exported product, other than on which quantum of rebate per unit fixed
Sale Proceeds	Rebate would not be dependent on realization of export proceeds while its issue, but sale proceeds shall be received within time under FEMA
Ineligible supplies/ items/ categories under RoDTEP:-	<p>Following shall not be eligible for rebate:-</p> <ul style="list-style-type: none"> Export of imported goods in same or substantially same form Exports originating in 3rd country but trans-shipped through India Export products subject to minimum export price/export duty Products which are restricted/prohibited for export Deemed Exports Supplies of products manufactured by DTA units to SEZ/FTWZ units Products manufactured in EHTP & BTP Products manufactured partly/wholly in a warehouse under customs Job work & re-export of goods supplied by foreign supplier Exports for which e-documentation is not generated Goods used after manufacture Products manufactured/exported in discharge of EO against an AA/ DFIA /Special AA Products manufactured/exported by 100% EOU as per FTP or by any unit situated in Free Trade Zones (FTZ)/Export processing Zones (EPZ)/ SEZ

4. Export Promotion Capital Goods Scheme (EPCG)

Objective	It facilitates exporters to import capital goods (except specified goods) for pre-production, production & post-production of quality goods at zero customs duty or procure them indigenously without paying duty & enhance India's manufacturing competitiveness	
Eligible exporters	<ul style="list-style-type: none"> ➤ Manufacturer exporters with or without supporting manufacturer(s), ➤ Merchant exporters tied to supporting manufacturer(s) & ➤ Service providers including Common Service Provider (CSP) 	
Eligible capital goods	<ul style="list-style-type: none"> ➤ Capital Goods including capital goods in CKD/SKD condition ➤ Computer systems & software which are a part of Capital Goods being imported ➤ Spares, moulds, dies, jigs, fixtures, tools & refractories. ➤ Catalysts for initial charge plus 1 subsequent charge 	
Taxes exempted	<ul style="list-style-type: none"> ➤ Capital goods imported are also exempt from IGST & Compensation Cess. ➤ If it is paid, it would not be taken in net duty saved provided, ITC is not availed. 	
Restricted Import/Export	If import items or goods proposed to be exported are restricted, EPCG Authorisation shall be issued only after requisite approval .	
Actual User Condition	Imported capital goods are subject to Actual User condition till export obligation is completed & Export Obligation Discharge Certificate (EODC) is granted .	
Validity	24 months from date of issue of Authorisation (Revalidation is not permitted)	
Indigenous Sourcing & its benefits	<ul style="list-style-type: none"> ➤ Authorisation holder may source capital goods from a domestic manufacturer through Invalidation letter or Advance Release Order. ➤ Such domestic manufacturer shall be eligible for deemed export benefits. ➤ Such domestic sourcing shall also be permitted from EOU's. 	
Export Obligation (EO) consists of	Average EO <ul style="list-style-type: none"> ➤ It is the average exports in preceding 3 licensing years for same & similar products which is to be achieved within the overall EO period (including extension). ➤ It shall be fulfilled every financial year, till EO is completed. ➤ Exports/supplies made over & above AEO shall only be considered for fulfilment of EO. 	Specific EO <ul style="list-style-type: none"> ➤ = 6 times of duty saved on capital goods imported, to be fulfilled in 6 years reckoned from Authorization issue-date. ➤ Specific EO is over & above AEO.
Conditions for fulfillment of EO	<ul style="list-style-type: none"> ➤ EO is to be fulfilled by export of manufactured goods/services rendered by him under EPCG, either directly or through third parties. ➤ For indigenous sourcing, Specific EO shall be 25% less than EO mentioned above, i.e. EO will be 4.5 times (75% of 6 times) of duty saved on goods procured, whereas there shall be no change in average EO imposed, if any. ➤ Exports under AA, DFIA, Duty Drawback, RoSCTL & RoDTEP Schemes are also eligible. ➤ Exports from DTA units counted only for calculation &/or fulfillment of AEO &/or EO. ➤ Supply of Information Technology Agreement (ITA-1) items to DTA is also considered, provided realization is in free foreign exchange. ➤ Both physical exports & specified deemed exports to be counted towards EO. 	
Calculation of EO	Category	EO shall be reckoned with reference to
	For direct imports,	actual duty/ Taxes /Cess saved amount
	For domestic sourcing	notional Customs duty /Taxes/Cess saved on FOR value.
Incentives if EO met early	If min 75% of specific EO & 100% of Average EO is fulfilled till half original EO period, then remaining EO shall be condoned & Authorization redeemed	

5. Deemed Exports:-

Meaning	Manufactured goods supplied do not leave country & payment is received in Indian rupees or in free foreign exchange.	
Scope	<ul style="list-style-type: none"> a) Supplies to domestic entities who can import duty free/at reduced duty rates. b) Supplies to projects that involve international competitive bidding. c) Supplies to infrastructure projects of national importance. 	
Supplies considered as Deemed exports	Supply by Manufacturer Supply of goods against AA/AA requirement / DFIA	Supply by main/ sub-contractor(s) Supply of goods to projects/ turnkey contracts financed by multilateral or bilateral agencies/ Funds notified
	Supply of goods to units located in EOU/ STP/ EHTP/ BTP	Supply of goods where import is permitted at zero BCD
	Supply of capital goods against EPCG authorisation	Supply of goods to mega power projects Supply of goods to UN or international organisations for official use or supplied to projects financed by them Supply of goods to nuclear projects
Benefits	<ul style="list-style-type: none"> a. AA/ AA for Annual requirement/ DFIA b. Deemed Export Drawback at All Industry rate/Brand rate basis, subject to conditions c. Refund of terminal excise duty for specified excisable goods, if recipient does not avail CENVAT credit/rebate on it 	
Common conditions for deemed export benefits	<ul style="list-style-type: none"> a. Supplies shall be made directly to entities above & 3rd party supply not to be eligible b. Supplies shall be made directly to designated Projects/ Units /Agencies/ AA / EPCG Authorisation holder. Sub-contractors may supply to main contractor instead of supplying directly to designated Projects/ Agencies. Payments in such cases shall be made to sub-contractor by main-contractor and not by project Authority. c. Supply of domestically manufactured goods by an Indian Subcontractor to Indian or foreign main contractor, directly at the designated project's/ Agency's site, is eligible 	

6. Export Oriented Unit (EOU), Electronics Hardware Technology Park (EHTP), Software Technology Park (STP) & Bio-Technology Park (BTP) Scheme:-

Eligibility	Units (other than trading units) exporting entire production of goods & services (except permissible sales in DTA), may be set up under these schemes <ul style="list-style-type: none"> ➤ for manufacture of goods, ➤ including repair, remaking, reconditioning, re- engineering, rendering of services, development of software, agriculture including agro-processing, aquaculture, animal husbandry, bio-technology, floriculture, horticulture, pisciculture, viticulture, poultry & sericulture.
Export & Import of goods	<ul style="list-style-type: none"> ➤ Units may export all goods & services except items prohibited in ITC (HS). ➤ Units may import/procure all types of goods [except prohibited import] required for its activities, without payment of BCD, ACD u/s 3 of Customs Tariff Act), IGST & compensation cess, from:- <ul style="list-style-type: none"> a) DTA, b) Bonded warehouses in DTA or c) international exhibition held in India. ➤ Procurement of goods covered under GST from DTA would be on payment of applicable GST & compensation cess.
Condition	Goods imported have actual user condition & utilized for export production
Entitlements	<ul style="list-style-type: none"> ➤ State Trading regime shall not apply to EOU manufacturing units except for specified products. ➤ Supplies from DTA to EOU/EHTP/STP/BTP units for use in their manufacture for exports will be eligible for "benefits under deemed exports". ➤ DTA supplier shall be eligible for relevant entitlements under deemed exports besides discharge of export obligation, if any, on the supplier. ➤ Refund of GST paid on supply from DTA to EOU to supplier. ➤ Reimbursement of CST on goods manufactured. Interest 6% p.a. payable on delay in refund beyond 30 days of receipt of complete application. ➤ Exemption from central excise duty on goods procured from DTA.
Other Entitlements	<ul style="list-style-type: none"> ➤ Exemption from industrial licensing for manufacture of items reserved for MSE ➤ Export proceeds will be realized within 9 months & retain 100% of export earnings in EEFC (Exchange Earners' Foreign Currency) A/c. ➤ No furnishing of bank guarantee on import or going for job work in DTA. ➤ 100% FDI investment through automatic route.
Net Foreign Exchange Earnings	<ul style="list-style-type: none"> ➤ EOU/EHTP/STP/BTP unit shall be a positive net foreign exchange earner. ➤ A higher value addition & other conditions are also laid down. ➤ NFE Earnings shall be calculated cumulatively in blocks of 5 years (extendible in specified cases), starting from commencement of production
Applications to set up EOU	Application for setting up an EOU shall be considered by Unit Approval Committee (UAC) or Board of Approval (BoA).
Investment Criteria	<ul style="list-style-type: none"> ➤ Projects -min investment Rs.1 crore in plant & machinery to establish EOU's. ➤ This shall not apply to existing units in specified sectors. ➤ BoA may allow to establish EOU's with a lower investment.
Inter Unit Transfer	<ul style="list-style-type: none"> ➤ Transfer of manufactured goods from 1 unit to another is on payment of GST & compensation cess with prior intimation to concerned officers. ➤ Goods supplied by 1 unit to another shall be treated as imported goods for 2nd unit for payment of duty, on DTA sale by 2nd unit.
Exit from Scheme	➤ With approval of DC/Designated officer, unit may opt out of scheme, on payment of applicable excise, customs duties, IGST/ CGST/ SGST/ UTGST & compensation cess & industrial policy. If obligations no met, penalty is leviable at exit.
Conversion	<ul style="list-style-type: none"> ➤ Existing DTA units may apply for conversion into EOU/EHTP/STP/BTP unit. ➤ Existing EHTP/STP units may apply for conversion to EOU unit & vice-versa.