

M2K Alert

Extension of Foreign Trade Policy (2015-20) by one year

1. Background

The Foreign Trade Policy ("FTP") is issued by Department of Commerce and Industry under the Foreign Trade (Development and Regulation) Act, 1992 and is generally valid for a period of 5 years. The present Policy (FTP 2015-20) which came into force on 1st April 2015 had validity up to 31st March 2020.

Considering the unprecedented current situation arising out of pandemic Novel COVID-19, the Ministry of Commerce and Industry of the Government of India, has decided to extend the FTP 2015-20 by another one year i.e. up to 31 March 2021.

In this regard, Government of India [Directorate General of Foreign Trade (DGFT)] has extended the FTP (2015-20) vide notification no. 57/2015-2020 dt. 31.03.2020 by one year and has also carried out certain minor changes in the policy. Further the Handbook of Procedures (2015-20) has also been extended by one year in line with the policy, vide Public Notice No. 67 dt. 31.03.2020. We have captured the major aspects of the aforesaid notification/ public notice in this alert.

2. Applicability of extension under various scheme

The scheme wise extension given is summarised as follows:

Scheme	Extension	Remarks
1) Merchandise Exports from India Scheme (MEIS)	Yes	Eligible for exports having Let Export Order (LEO) date up to 31 st March 2021. In the light of extension of the policy, the proposal to replace MEIS scheme by RoDTEP scheme might be deferred (however, no formal announcement has been made yet).
2) Service Exports from India Scheme	No	- Eligible services with the entitlement rates for FY 2019-20 will be notified separately in Appendix 3X. The existing Appendix 3D, which listed the eligible services with rate entitlement shall not be relevant for FY 2019-20 - The decision of continuation of scheme for FY 2020-21 will be taken subsequently.
3) Advance Authorisation	Yes	Exemption of IGST and compensation cess on imports under Advance Authorisation also extended till 31 st March 2021.
4) Duty Free Import Authorisation (DFIA)	Yes	Further, validity of imports under DFIA expiring between 1 st February 2020 till 31 st July 2020 automatically extended by 6 months from date of expiry.

Scheme	Extension	Remarks
5) Rebate of State and Central Taxes and Levies (RoSCTL) for export of apparels ¹	Yes	Eligible for exports having Let Export Order (LEO) date up to 31 st March 2021.
6) Export Promotion Capital Goods (EPCG) Scheme	Yes	Exemption of IGST and compensation cess on imports under EPCG Scheme also extended till 31 st March 2021. Further, validity of imports under EPCG expiring between 1 st February 2020 till 31 st July 2020 automatically extended by 6 months from date of expiry.
7) Export Oriented Units (EOUs), Electronics Hardware Technology Parks (EHTPs), Software Technology Parks (STPs) and Bio-Technology Parks (BTPs)	Yes	Exemption of IGST and compensation cess on imports / procurement from bonded warehouse in Domestic Tariff Area (DTA) or from international exhibition held in India also extended till 31 st March 2021.
8) Transport and Marketing Assistance (TMA) for specified agriculture products	Yes	Eligible for exports having Let Export Order (LEO) date up to 31 st March 2021.
9) Benefits to Deemed Exports	Yes	Eligible for deemed exports up to 31 st March 2021.

3. Changes to Procedures

In line with the extension of policy, DGFT has extended the validity of handbook of procedures (2015-20) ["HBP 2015-20"] from 31st March 2020 to 31st March 2021. In addition to the same, DGFT has also made other amendment to the HBP 2015-20 for giving relief to exporters for difficulties faced due to COVID-19 pandemic. Some of the key changes in the procedures are as follows:

Particulars	Existing timeline / Procedure	Revised timeline / Procedure
A. Chapter 3 (MEIS, SEIS, Status Holder)		
1) Application for filing of MEIS application for exports having LEO date between 01 st February 2019 till 31 st May 2019 without any late cut ²	Within 12 months from LEO Date	Within 15 months from LEO Date
2) Application for filing of SEIS application for FY 2018-19 without any late cut	31 st March 2020	31 st December 2020
3) Validity of status holder certificate	5 years from the date of application	Later of 5 years from the date of application or 31 st March 2021

¹ Applicable for export items by apparel and made-ups sector covered under chapter 61, 62 and 63 of ITC HS 2017 from 7th March 2019 vide notification issued by Ministry of Textiles. No MEIS benefit is available for export of such items.

² No extension in timeline for MEIS / SEIS application which are made with late cut, i.e. application made after the original last date, by taking the benefit available under para 9.02 of HBP.

Particulars	Existing timeline / Procedure	Revised timeline / Procedure
B. Chapter 4 (advance authorisation, DFIA, RoSCTL)		
4) Validity of Norms Committee ratification for submission of Advance Authorisation under Para 4.07 on repeat basis.	Later of 3 years from the date of ratification or 31 st March 2020	Later of 3 years from the date of ratification or 31 st March 2021
5) Validity period for import and revalidation of advance authorisation expiring between 01 st February 2020 and 31 st July 2020	12 months from the authorisation date	18 months from the authorisation date
6) Export Obligation Period (EOP) for advance authorisation having last EOP date between 01 st February 2020 and 31 st July 2020	18 months from the authorisation date	24 months from the authorisation date
7) Application for Replenishment Authorisation (for Gems and Jewellery Sector) where the last date for filing application falls between 01 st February 2020 and 31 st July 2020		Last date extended by 6 months
8) Timelines under various other options for Gems & Jewellery sector, where the last date falls between 01 st February 2020 and 31 st July 2020 (Re-export of the diamonds imported for grading / certification, Export against supply by foreign buyer, Export through Exhibitions / Export Promotion Tours, Outright purchase in Advance, Purchase under Loan basis etc.)		Last date extended by 6 months.
9) Last date of filing online application for claiming RoSCTL benefit for shipping bills with LEO date till 31 st December	30 th June 2020	31 st December 2020
C. Chapter 5 (EPCG)		
10) Time limit for obtaining Certificate of Installation of Capital Goods imported under EPCG Scheme, where due date expiring between 01 st February 2020 and 31 st July 2020		Additional period of 6 month from original due date
11) Block wise fulfilment of Export Obligation under EPCG Scheme and Extension in Export Obligation Period, if the block wise EOP / extended EOP expires between 01 st February 2020 and 31 st July 2020		Automatic Extension of 6 months from the due date.
D. Chapter 6 (EOU's / STPI etc.)		
12) Validity of letter of permission / approval issued for EOU's / STP's / EHTP's, original or extended, which expires on or after 1 st March 2020		Deemed to be valid up to 31 st December 2020
13) Fulfilment of Export obligation against for import of items covered under Chapter 9 (Coffee, Tea, Mate and Spices) and coconut oil by EOU / EHTP / BTP units, where EOP period is expires during 01 st March 2020 to 30 th June 2020.	90 days from the date of 1 st import consignment	30 th September 2020
14) Due date for filing Annual Performance Report by EOU / STPI Units for FY 2019-20	30 th June 2020	30 th September 2020

Particulars	Existing timeline / Procedure	Revised timeline / Procedure
15) Due date for filing Quarterly Performance Report by EOU / EHTP Units for quarter ending 31 st March 2020 and 30 th June 2020	Within 30 days from the end of the quarter	30 th September 2020
16) Due date for filing Monthly Report by STPI Units for months ending from February 2020 to June 2020	Within 10 days from the end of the month	31 st July 2020
E. Chapter 7 (Deemed Export, TMA)		
17) Application for Transport and Marketing Assistance (TMA) benefit under para 7A of FTP for quarter ending 31 st March 2019 and 30 th June 2019	30 th June 2020	30 th September 2020
18) Application for Drawback / TED claim having last date of application on or after 1 st March 2020		30 th September 2020
F. Others		
19) Last date of submission of application for purpose of late cut, would be taken as the extended date.		
20) Department shall not insist on renewal of RCMC for FY 2020-21 till 30th September 2020.		
21) One-time relaxation is provided through extension of validity of the automatic registration number (ARN) generated under SIMS (Steel import monitoring system) till 31 st March 2020 by additional 60 days. In effect, ARN generated till 31 st March 2020 shall be valid for 135 days.		

M2K Comments: The extension of existing policy by one year, in light of uncertainty surrounding the benefits on account of recent World Trade Organisation (WTO) ruling will give major boost to the exporters and help them in competing in Global Markets. This will also provide greater flexibility to the exporters to negotiate future export contracts with buyers abroad with a greater sense of certainty.

Further, relaxation of various timelines on fulfilling export and import obligations will provide much needed relief to the exporters from the disruptions caused in the supply chain due to COVID-19

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