

FOREIGN TRADE POLICY ANALYSIS:

Chapter 4 Duty Free Import Authorisation (DFIA) Scheme: Policy

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
1	FTP	4.03b Advance Authorisation	NA	Advance Authorisation is issued for inputs in relation to resultant product, on the following basis (iii)Applicant specific prior fixation of norm by the Norms Committee. (iv) On the basis of Self Ratification Scheme in terms of Para 4.07A of Foreign Trade Policy.	New Provision inserted w.r.t advance authorization on adhoc input output norms. Now applicant specific prior fixation of norms by the norms committee and self ratification is also allowed for basis of obtaining advance authorization.
2	FTP	4.04A Special Advance Authorisation Scheme for export of Articles of Apparel and Clothing	NA	Special Advance Authorisation Scheme for export of Articles of Apparel and Clothing accessories: Duty free import of fabric under 'Special Advance Authorisation Scheme for export of Articles of Apparel and Clothing Accessories' shall be allowed, as per Customs	New Provision inserted for Special Scheme for Advance Authorisation for export of Articles of Apparels and Clothing accessories to promote Exports in this sector

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
		accessories.		<p>Notification issued for this scheme, for export of items covered under Chapter 61 and 62 of ITC(HS) Classification of Export and Import, subject to the following terms and conditions:</p> <p>(i) The authorisation shall be issued based on Standard Input Output Norms (SION) or prior fixation of norms by Norms Committee.</p> <p>(ii) The authorisation shall be issued for the import of relevant fabrics including inter lining only as input. No other input, packing material, fuel, oil and catalyst shall be allowed for import under this authorisation.</p> <p>(iii) Exporters shall be eligible for All Industry Rate of Duty Drawback, for non fabric inputs, as determined by Central Government for this scheme. For the purpose of value addition norm of Para 4.08 of FTP, the value of any other input used on</p>	

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
				<p>which benefit of Drawback is claimed or intended to be claimed shall be equal to 22% of the FOB value of export realised. Minimum value addition shall be as per Para 4.09 of FTP.</p> <p>(iv) Where the exporter desires to claim drawback determined and fixed by Jurisdictional Customs Authority (brand rate), he shall follow Para 4.15 of FTP regarding declarations to be made in application for the authorisation and make export under claim for brand rate. In such cases the value addition shall be as per Para 4.08 of FTP. Minimum value addition shall be as per Para 4.09 of FTP.</p> <p>(v) Authorisation, and the fabric imported, shall be subject to actual user condition. The same shall be non transferable even after completion of export obligation. However fabric imported may be transferred for job work in terms of provisions of</p>	

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
				<p>GST Acts under intimation to the Customs authority at the port of registration (excluding to units located in areas eligible for area based exemption from Central Excise Duty). Invalidation of the Authorisation shall not be permitted.</p> <p>(vi) The fabric imported shall be subject to pre-import condition and it shall be physically incorporated in the export product (making normal allowance for wastage). Only Physical exports shall fulfil the export obligation.</p> <p>(vii) Provisions of paragraphs 4.02, 4.05(a), 4.13(i), 4.13(ii), 4.14, 4.15, 4.17, 4.19, 4.21(i), 4.21(ii), 4.21 (iii), 4.21(v), 4.22(i), and 4.24 of Foreign Trade Policy shall be applicable in so far as they are not inconsistent with this scheme.</p>	
3	FTP	4.07A Self Ratification Scheme	NA	<p>Self Ratification Scheme :</p> <p>i. Where there is no SION/valid Adhoc Norms for an export</p>	New Provision inserted for application of Advance Authorisation under SELF RATIFICATION / SELF DECLARATION scheme for

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				<p>product and where SION has been notified but exporter intends to use additional inputs in the manufacturing process, eligible exporter can apply for an Advance Authorisation under this scheme on self declaration and self ratification basis. RA may issue Advance Authorisations and such cases need not be referred to Norms Committees for ratification of norms.</p> <p>Application under this scheme shall be made along with a Certificate from Chartered Engineer in the prescribed format.</p> <p>ii. A Certificate from a Chartered Engineer who has been not been penalised in the last five years under FT(D&R) Act 1992, Customs Act 1962, Central Excise Act 1944, GST Acts and allied acts and rules made there under shall only be accepted for grant of Authorisation under this scheme.</p> <p>iii. Detailed procedure for</p>	<p>Exporter holding AEO Certification from CBEC on the basis of Chartered Engineer Certificate. Such Application will not be referred to Norms Committee. DGFT may initiate audit considering nature and complexity of the case.</p>

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				<p>administering the scheme shall be prescribed in the Handbook of Procedures.</p> <p>iv. An exporter (manufacturer or merchant) who holds AEO Certificate under Common Accreditation Programme of CBEC is eligible to opt for this scheme.</p> <p>v. The scheme shall not be available for the following export products.</p> <p>a) All items covered under Chapter-1 to 24 and Chapter-71 of ITC(HS) Classification;</p> <p>b) Biotechnology items and related products; and c) SCOMET items.</p> <p>vi. The scheme shall not be available for the following inputs.</p> <p>a) All vegetable / edible oils classified under Chapter-15 and all types of oilseeds classified under Chapter-12 of ITC (HS) book;</p> <p>b) All types of cereals classified under Chapter-10 of ITC (HS)</p>	

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
				book; c) Horn, hoof and any other organ of animal; d) Wild animal products, organs and waste thereof; e) Honey; f) All items with basic customs duty of 30% or more; g) All types of fruits/ nuts/ vegetables classified under Chapter-7 and Chapter-8 of ITC (HS) book; h) Items covered under heading 2515, 2516, 3301, 3302, 3303 6801 and 6802 of ITC(HS) Classification; i) Items covered under Chapter 50 to 63 of ITC(HS) classification. j) Acetic Anhydride, Ephedrine and Pseudoephedrine; k) Vitamins; l) Biotechnology items and related products; m) Insecticides, Rodenticides, Fungicides, herbicides, Anti sprouting products, and plant	

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				<p>growth regulators, disinfectants and similar products of all forms, types and grades; n) Waste/Scrap of all types; and o) Second hand goods.</p> <p>vii. Inputs imported shall be subject to pre import condition and they shall be physically incorporated in the export product (making normal allowance for wastage). In case of local procurement under invalidation/ARO, the inputs shall be procured prior to manufacture of export item and shall be physically incorporated in the export product.</p> <p>viii. Wherever value of by-products and recoverable wastage generated during manufacturing process is more than 5% of CIF value, corresponding quantity of main input shall be reduced from the entitlement to the extent that value of disallowed quantity is equal to the value of by-products</p>	

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				<p>and recoverable wastage generated during manufacturing process.</p> <p>ix. DGFT or any person authorised by him may conduct audit of the manufacturer. The frequency and manner of audit shall be prescribed by DGFT in Handbook of Procedures. The manufacturer shall be required to provide the necessary facility to verify the books of account/other documents as required, give information and assistance for timely completion of the audit. Non-availability of production and consumption documents/data shall be treated as misdeclaration and indulgence in fraudulent activities and shall be penalised under FT(D&R) Act, as amended and rules made there under.</p> <p>x. DGFT or any person authorised by him may initiate special audit, considering the nature and complexity of the case and</p>	

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				<p>revenue of government, if he is of the opinion at any stage of scrutiny/enquiry/investigation that the norms have not been claimed correctly or the excess benefit has been availed. Special audit can be conducted even if the manufacturer has already been audited before.</p> <p>xi. If the audit results in detection of misdeclaration and/or instances of claiming of inputs which are not used in manufacturing process or excess quantity of inputs than consumed, demand and recovery actions will be initiated in addition to initiation of action against the authorisation holder, manufacturer and Chartered Engineer in terms of Foreign Trade Development and Regulation Act 1992 and/or Customs Act 1962, as amended and rules made there under.</p> <p>xii. In cases where Chartered Engineer has not exercised due</p>	

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				diligence or has willfully become party to misdeclaration action will be initiated under against such person under FT(D&R) Act 1992, as amended and rules made there under. In addition, such cases shall also be referred to 'The Institute of Engineers India for taking action as warranted under the bylaws of the institute. xiii. All the provisions applicable for Advance Authorisation Scheme shall be applicable to this scheme also in so far they are not inconsistent with this scheme.	
4	FTP	4.09(iii) Minimum Value Addition	For physical exports for which payments are not received in freely convertible currency, value addition shall be as specified in Appendix 4C.	Deleted	Provision Deleted and no separate value addition norms for exports for which payments are not received in freely convertible currency
5	FTP	4.12(i) Accounting of Input	Wherever SION permits use of either (a) a generic input or (b) alternative input, unless the name of the specific input	Wherever SION permits use of either (a) a generic input or (b) alternative input, unless the name of the specific input together with quantity [which has been used in	Clarification issued for accounting of Inputs, name/description of the input used (or to be used) in the Authorisation must match exactly with the name/description endorsed in the shipping bill

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
			together with quantity [which has been used in manufacturing the export product] gets indicated / endorsed in the relevant shipping bill and these inputs, so endorsed, and match the description in the relevant bill of entry, the concerned Authorisation will not be redeemed. In other words, the name/description of the input used (or to be used) in the Authorisation must match exactly with the name/description endorsed in the shipping bill.	manufacturing the export product] gets indicated / endorsed in the relevant shipping bill and these inputs, so endorsed, within quantity specified and match the description in the relevant bill of entry, the concerned Authorisation will not be redeemed. In other words, the name/description of the input used (or to be used) in the Authorisation must match exactly with the name/description endorsed in the shipping bill.	
6	FTP	4.12(iii) Accounting of Input	At the time of discharge of export obligation (issue of EODC) or at the time of redemption, Regional Authority shall allow only those inputs	At the time of discharge of export obligation (issue of EODC) or at the time of redemption, Regional Authority shall allow only those inputs which have been specifically indicated in the	Clarification issued for quantity to be indicated on the Shipping bill

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			which have been specifically indicated in the shipping bill.	shipping bill together with quantity.	
7	FTP	4.12(iv) Accounting of Input	(iv) The above provisions will also be applicable for supplies to SEZs and supplies made under Deemed exports. Details as given above will have to be indicated in the relevant Bill of Export, ARE-3, Central Excise certified Invoice / import document /document for domestic procurement/ supply	(iv) The above provisions will also be applicable for supplies to SEZs and supplies made under Deemed exports. Details as given above will have to be indicated in the relevant Bill of Export, ARE-3, Central Excise certified Invoice / import document / Tax Invoice for export prescribed under the GST rules	Provisions amended in line with GST provisions
8	FTP	4.14 Details of Duties exempted	Imports under Advance Authorisation are exempted from payment of Basic Customs Duty, Additional Customs Duty, Education Cess, Anti-dumping Duty, Safeguard Duty, Transition Product Specific Safeguard Duty, wherever applicable.	Imports under Advance Authorisation are exempted from payment of Basic Customs Duty, Additional Customs Duty, Education Cess, Anti-dumping Duty, Countervailing Duty , Safeguard Duty, Transition Product Specific Safeguard Duty, wherever applicable. Import against supplies covered under	For physical imports under Advance Authorisation, Exemption of Basic Customs Duty, IGST and Compensation Cess will be available upto 31.3.2018.

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			<p>Import against supplies covered under paragraph 7.02 (c), (d) and (g) of FTP will not be exempted from payment of applicable Anti-dumping Duty, Safeguard Duty and Transition Product Specific Safeguard Duty, if any.</p>	<p>paragraph 7.02 (c), (d) and (g) of FTP will not be exempted from payment of applicable Anti-dumping Duty, Countervailing Duty, Safeguard Duty and Transition Product Specific Safeguard Duty, if any. However, imports under Advance Authorisation for physical exports are also exempt from whole of the integrated tax and Compensation Cess leviable under sub-section (7) and sub-section (9) respectively, of section 3 of the Customs Tariff Act, 1975 (51 of 1975), as may be provided in the notification issued by Department of Revenue, and such imports shall be subject to pre-import condition. Imports against Advance Authorisations for physical exports are exempted from Integrated Tax and Compensation Cess upto 31.03.2018 only.</p>	
9	FTP	4.15	Drawback as per rate	Drawback as per rate determined	In view of GST implementation, Drawback shall

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
		Admissibility of Drawback	determined and fixed by Central Excise Authority shall be available for duty paid imported or indigenous inputs (not specified in the norms) used in the export product. For this purpose, applicant shall indicate clearly details of duty paid input in the application for Advance Authorisation. As per details mentioned in the application, Regional Authority shall also clearly endorse details of such duty paid inputs in the condition sheet of the Advance Authorisation.	and fixed by Customs authority in terms of DoR Rules shall be available for duty paid imported or indigenous inputs (not specified in the norms) used in the export product. For this purpose, applicant shall indicate clearly details of duty paid input in the application for Advance Authorisation. As per details mentioned in the application, Regional Authority shall also clearly endorse details of such duty paid inputs in the condition sheet of the Advance Authorisation.	be fixed by Customs Authorities instead of jurisdictional central tax authorities under GST
10	FTP	4.16(ii) Actual User Condition for Advance Authorisation	In case where CENVAT facility on input has been availed for the exported goods, even after completion of export	In case where CENVAT/ input tax credit facility on input has been availed for the exported goods, even after completion of export obligation, the goods imported	Amendment made in view of GST Implementation

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
			<p>obligation, the goods imported against such Advance Authorisation shall be utilized only in the manufacture of dutiable goods whether within the same factory or outside (by a supporting manufacturer). For this, the Authorisation holder shall produce a certificate from either the jurisdictional Central Excise Authority or Chartered Accountant, at the option of the exporter, at the time of filing application for Export Obligation Discharge Certificate to Regional Authority concerned.</p>	<p>against such Advance Authorisation shall be utilized only in the manufacture of dutiable goods whether within the same factory or outside (by a supporting manufacturer). For this, the Authorisation holder shall produce a certificate from either the jurisdictional Customs Authority or Chartered Accountant, at the option of the exporter, at the time of filing application for Export Obligation Discharge Certificate to Regional Authority concerned.</p>	
11	FTP	4.20(i) Domestic Sourcing of Inputs	Holder of an Advance Authorisation / Duty Free Import Authorisation can	Holder of an Advance Authorisation / Duty Free Import Authorisation can procure inputs	Procurements of inputs from EOU / EHTP/ BTP/ STP shall be considered under Domestic sourcing of Inputs, in line with GST provisions

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
			procure inputs from indigenous supplier/ State Trading Enterprise in lieu of direct import. Such procurement can be against Advance Release Order (ARO), or Invalidation Letter, Back-to-Back Inland Letter of Credit.	from indigenous supplier/ State Trading Enterprise / EOU/EHTP/ BTP / STP in lieu of direct import. Such procurement can be against Advance Release Order (ARO), or Invalidation Letter.	
12	FTP	4.20(v) Domestic Sourcing of Inputs	Advance Authorisation holder under DTA can procure inputs from / EOU/ EHTP/ BTP/ STP/ SEZ units without obtaining Advance Release Order or Invalidation Letter.	Advance Authorisation holder under DTA can procure inputs from / SEZ units without obtaining Advance Release Order or Invalidation Letter.	Since procurement of Inputs are covered under domestic procurement, ARO / Invalidation letter will not be required
13	FTP	4.20(vi) Domestic Sourcing of Inputs	Duty Free Import Authorization Holder shall also be eligible for Advance Release Order/ Invalidation Letter Facility.	Deleted	

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14	FTP	4.21(ii)	Currency for Realisation of Export Proceeds.	Export to rupee payment Area (RPA) (for which payments are not received in freely convertible currency) shall be subject to minimum value addition as specified in Appendix 4C.	Deleted	
15	FTP	4.25(c)	DFIA Scheme	NA	Duty Free Import Authorisation Scheme shall not be available for import of raw sugar.	
16	FTP	4.26(ii)		Additional customs duty/ excise duty, being not exempt, shall be adjusted as CENVAT Credit as per DOR Rules.	Delete	
17	FTP	4.27(ii)	Eligibility	Merchant Exporter shall be required to mention name and address of supporting manufacturer of the export product on the export document viz. Shipping Bill/ Airway Bill/ Bill of Export / ARE-1/ ARE-3.	Merchant Exporter shall be required to mention name and address of supporting manufacturer of the export product on the export document viz. Shipping Bill/ Bill of Export / Tax Invoice for export prescribed under the GST rules.	Changes made in view of GST Provisions

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18	FTP	4.27(iv) Eligibility (DFIA)	NA	No Duty Free Import Authorisation shall be issued for an input which is subjected to pre-import condition or where SION prescribes 'Actual User' condition or Appendix-4J prescribes pre import condition for such an input.	New provision inserted to protect misuse of duty free imports
19	FTP	4.28 Minimum Value Addition	Minimum value addition of 20% shall be required to be achieved. For items where higher value addition has been prescribed under Advance Authorization in Appendix 4C, the same value addition shall be applicable for Duty Free Import Authorization also.	Minimum value addition of 20% shall be required to be achieved.	For all DFIA authorizations minimum 20% value addition is must.
20	FTP	4.29(v) Validity & Transferability of DFIA	-	In addition, if in any SION, a single quantity has been indicated against a number of inputs (more than one input), then quantities of such inputs to be permitted for	In case of SION, where single quantity has been prescribed against multiple inputs, DFIA will be allowed only in proportion of inputs actually consumed in export product will be allowed.

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
				import shall be in proportion to the quantity of these inputs actually used/consumed in production and declared in Shipping Bill / Bill of Export / Tax invoice for supply prescribed under GST rules within overall quantity against such group of inputs. Proportion of these inputs actually used/consumed in production of export product shall be clearly indicated in Shipping Bill / Bill of Export / Tax invoice for supply prescribed under GST rules.	
21	FTP	4.32(i) Items of Export	Gold jewellery, including partly processed jewellery and articles including medallions and coins (excluding legal tender coins), whether plain or studded, containing gold of 8 carats and above	Gold jewellery, including partly processed jewellery and articles including medallions and coins (excluding legal tender coins), whether plain or studded, containing gold of 8 carats and above up to a maximum limit of 22 carats	Maximum limit upto 22 carats has been specified
22	FTP	4.42 Import of Diamonds for Certification /	Following agencies are permitted to import diamonds to their	Following agencies are permitted to import diamonds to their laboratories	HRD Diamond Institute Private Limited, Mumbai, Maharashtra, India and International Gemological Institute (India) Pvt. Ltd, Bandra

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
		Grading & Re-export	laboratories without any import duty, for the purpose of certification / grading reports, with a condition that the same should be re-exported with the certification/grading reports, as per the procedure laid down in Hand Book of Procedures: (1) Gemological Institute of America (GIA), Mumbai, Maharashtra. (2) Indian Diamond Institute, Surat, Gujarat, India. (3) International Institute of Diamond Grading & Research India Pvt. Ltd., Surat, Gujarat, India.	without any import duty, for the purpose of certification / grading reports, with a condition that the same should be re-exported with the certification/grading reports, as per the procedure laid down in Hand Book of Procedures: (1) Gemological Institute of America (GIA), Mumbai, Maharashtra. (2) Indian Diamond Institute, Surat, Gujarat, India. (3) International Institute of Diamond Grading & Research India Pvt. Ltd., Surat, Gujarat, India. (4) HRD Diamond Institute Private Limited, Mumbai, Maharashtra, India (5) International Gemological Institute (India) Pvt. Ltd, Bandra Kurla Complex, Mumbai	Kurla Complex, Mumbai have been notified as agencies

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23	FTP	4.44 Export of Cut & Polished Diamonds with Re-import Facility at Zero Duty	An exporter (with annual export turnover of Rs 5 crores for each of the last three years may export cut & polished diamonds (each of 0.25 carat or above) to any of the agencies/laboratories mentioned under paragraph 4.74 of Handbook of Procedures with re-import facility at zero duty within 3months from the date of export. Such facility of re-import at zero duty will be subject to guidelines issued by Central Board of Customs & Excise, Department of Revenue	An exporter (with annual export turnover of Rs 5 crores for each of the last three years) or the authorized offices/agencies in India of laboratories mentioned under paragraph 4.74 of Hand Book of Procedures may export cut & polished diamonds (each of 0.25 carat or above) to any of the agencies/laboratories mentioned under paragraph 4.74 of Handbook of Procedures with re-import facility at zero duty within 3months from the date of export. Such facility of re-import at zero duty will be subject to guidelines issued by Central Board of Customs & Excise, Department of Revenue	Authorised agencies can also export diamonds with re-import facility
24	FTP	4.49(A) Private / Public Bonded Warehouse	NA	Import, auction/sale and re-export of rough diamonds by entities, as notified vide RBI Notification 116	New Provision inserted for Import , Auction , sale and re-export of diamonds in Special Notified Zone

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
				of 1st April, 2014, as amended from time to time, on consignment or outright basis, will be permitted in Special Notified Zone (SNZ) administered by the operator of SNZ, under supervision of Customs. The procedure of import, auction/ sale and reexport of rough diamonds (unsold) would be as specified by CBEC.	

HAND BOOK ON PROCEDURES ANALYSIS

Chapter 4 – Duty Exemption / Remission Scheme

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
1	HBOP	4.02 General Provision	Application for grant of Advance Authorization / Advance Authorization for Annual Requirement / Duty Free Import Authorization (DFIA) shall be filed online (digitally signed) by IEC holder to the concerned jurisdictional Regional Authority as per Appendix 1A. Applicant could be either Registered office or Head office or a branch office or a manufacturing unit of the IEC holder.	Application for grant of Advance Authorization / Special Advance Authorization for export of Articles of Apparel and Clothing Accessories / Advance Authorization for Annual Requirement / Duty Free Import Authorization (DFIA) shall be filed online (digitally signed) by IEC holder to the concerned jurisdictional Regional Authority as per Appendix 1A. Applicant could be either Registered office or Head office or a branch office or a manufacturing unit of the IEC holder.	Specific provision has been inserted for advance authorization on the exports of Articles of Apparel and Clothing Accessories

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
2	HBOP	4.06 Fixation of Norms	In case where norms have not been notified, application in ANF 4B, along with prescribed documents, shall be uploaded online to concerned Norms Committee (NC) in DGFT headquarters for fixation of norm.	(i) In case where norms have not been notified or where applicant wants to get the ad-hoc norms fixed before making an application for Advance Authorization , application in ANF 4B, along with prescribed documents, shall be uploaded online to concerned Norms Committee (NC) in DGFT headquarters for fixation of SION/Adhoc norm.	Now application for fixation of SION norms can also be made by the applicant who wants to get the ad-hoc norms fixed before making an application for Advance Authorization
3	HBOP		Exporters / EPC shall provide data to the Norms Committee for the fixation of SION for the export product within three months of such request made by Norms Committee. Norms Committee shall endeavor to notify such adhoc norm(s), if not notified already, within six months of the ratification of such adhoc norm (s).	(iv) Exporters / EPC shall provide data to the Norms Committee concerned for the fixation of SION/Adhoc Norms for an export product. Norms Committee shall endeavor to fix SION or adhoc norms on receipt of complete data. Any adhoc norm fixed under this para, on the basis of an application made by an exporter shall be valid for one authorization for which such application is made and no repeat authorizations shall be issued. However, Norms Committee can specify extended validity period, not more than two years from the date of fixation of such adhoc norms, for grant of further	3 months time limit for furnishing of data by exporter / EPC for fixation of SION / Adhoc norms has been deleted. Now norms committee shall work to fix SION or adhoc norms on receipt of complete data and no time limit has been specified for fixation of same.

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
				authorizations under such norm.	
4	HBOP		-	(vii) Experts may be invited from Scientific and Technological institutions as members of Norms Committee for fixation of Norms.	This may help in quick fixation of SION for respective fields.
5	HBOP	4.12(vii) Entitlement	Wherever an applicant has applied for components on “net-to-net basis with accountability clause” and such cases fall under paragraph 4 of General Note for Engineering Products (Product Code – C) , the same need not be referred to Norms Committee for fixation of norms. However, exporters shall indicate clearly details of such components imported on “net-to-net basis with accountability clause” in the export/supply documents namely Shipping Bills, Bill of Exports, ARE-1, ARE-3 , evidencing that these	Wherever an applicant has applied for components on “net-to-net basis with accountability clause” and such cases fall under paragraph 6 of General Note for all Export Products , the same need not be referred to Norms Committee for fixation of norms. However, exporters shall indicate clearly details of such components imported on “net-to-net basis with accountability clause” in the export/supply documents namely Shipping Bills, Bill of Exports, Tax invoice for export/supplies prescribed under the GST rules evidencing that these imported inputs have been exported.	Now this provision is not restricted to engineering products only.

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
			imported inputs have been exported.		
6	HBOP	4.15(ii) Undertaking	In case application is rejected by Norms Committee, authorization holder shall pay duty saved amount along with interest on inputs, as applicable as notified by DoR. In cases of domestically procured inputs, the amount to be paid shall be based on notional customs duty payable on the inputs procured.	In case application is rejected by Norms Committee, authorization holder shall pay duty saved amount along with interest on inputs, as applicable as notified by DoR. In cases of domestically procured inputs, the amount to be paid shall be based on exemptions/refund availed on customs duty/taxes/cess by the domestic supplier.	Instead of notional Customs duty payable on inputs it will be based on exemptions/refund availed on customs duty/taxes/cess by the domestic supplier
7	HBOP	4.27 (d) Exports/Supplies in anticipation or subsequent to issue of an Authorization	-	Exports/supplies made in anticipation of authorization shall not be eligible for inputs with pre-import condition.	Only in case of inputs with pre import condition export / supplies in anticipation will not be considered.
8	HBOP	4.30 (d) Advance Authorization or DFIA for Intermediate		(d) The invalidation letter shall specify the following: (i) Name, Address and GSTIN of supplier;	Provision is in line with GST

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		Supplies		(ii) GSTIN & Address of recipient unit of Advance Authorization/DFIA holder where inputs would be processed; (iii) Name, description including specifications, where applicable, and quantity of items; and (iv) Individual value of items to be procured.	
9	HBOP	4.32 Details to be given for issue of ARO (c)	An ARO issued for procurement of an individual item shall be automatically valid for procurement from one or more indigenous sources.	Deleted.	
10	HBOP	4.33 Back to Back Inland letter of Credit	Exporter may alternatively availed facility of a back to back inland letter of credit from banks and Advance Authorization/DFIA holder may approach a bank for opening an inland letter of credit(L/C) in favour of an	Deleted.	

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
			indigenous supplier.		
11	HBOP	4.34 Endorsement by banks under back to back LC	The option of Endorsement by banks under Back-to Back LC.	The option of Endorsement by banks under Back-to Back LC has been deleted.	
12	HBOP	4.38 Facility of Clubbing of Authorizations	Facility of Clubbing of Authorizations	Facility of Clubbing of Authorizations	Revised guidelines has been issued for clubbing of advance authorization
13	HBOP	4.41 (a) and (b) Validity period for import and Revalidation of Authorization	-	(a) Validity period for import of Advance Authorization shall be 12 months from the date of issue of Authorization. (b) Validity of Advance Authorization for supplies under Chapter-7 of FTP shall be co-terminus with contracted duration of project execution or 12 months from the date of issue of Authorization, whichever is later.	Provision is reiterated from chapter 2 has been added for better clarity
14	HBOP	4.42(d) Export Obligation (EO) Period and its Extension	-	Extension in export obligation period for Authorizations issued under Appendix-4J (issued under FTP 2015-20) shall be allowed for a period not more than the half of the stipulated export obligation period. In such cases, composition fee shall be levied @ 0.5% per month of unfulfilled FOB value, in case exports	This provision is applicable only for authorization issued under the policy 2015-20 for the specified inputs mentioned in appendix 4J i.e. specified spices, drugs etc

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
				effected are more than 50% within initial Export Obligation period and @ 1% per month where less than 50% exports have been effected within initial export obligation period.	
15	HBOP	4.42 Export Obligation (EO) Period and its Extension	(d) However, extension in EO period in respect of an Advance Authorization issued for import of an input listed under Appendix 4J shall not be permitted by RA.	Deleted.	
16	HBOP	4.43A Re-export of goods imported under Advance Authorization Scheme		New Provision - Goods imported against Advance Authorization Scheme, which are found defective or unfit for use, may be re-exported, as per Department of Revenue guidelines. The authorization holder has to inform the RA who has issued the authorization before re-export of such defective goods.	
17	HBOP	4.49 Regularisation of Bona fide Default	-	New Provision – (g) Regularization of Bona fide default in the cases where Authorization was issued for import of drugs from unregistered sources with pre import condition. Import of drugs from unregistered sources issued with pre	New provision has been added specifically for import of drugs from unregistered sources with pre import condition

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
				<p>import condition shall be regularised in the following manner:</p> <p>(i) The Authorization holder shall submit documents showing consumption of full imported quantity as per norms. In case, there is shortfall in fulfilment of EO and unutilised imported quantity remains with the authorization holder, the Authorization holder shall either submit a certificate from the jurisdictional Central Excise / Customs Authority certifying destruction of the unutilised imported quantity in their presence or proof of re-export of the same to the same supplier in-terms of para 4.43A of HBP 2015-2020.</p> <p>(ii) Exports made under free shipping bills/under same authorization after expiry of EO period using unutilised quantity of drugs shall also be accepted in-lieu of submission of destruction certificate as stated in para (i) above, provided the exact description and</p>	

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
				technical characteristics of the drug exported matches with that of export item described in the Advance Authorization.	
18	HBOP			However, the Authorization holder shall pay customs duty with applicable interest to the Customs Authority on unutilized quantity imported under Advance Authorization. The exports made outside EO period shall only be considered for waiver of destruction certificate and not for waiver of liability of applicable duties and interest.	
19	HBOP	4.50 Payment of Customs Duty and Interest in case of bonafide default in EO (F)	On receipt of said documentary evidence from Authorization holder, Regional Authority shall redeem the case, and inform details of recovery/ deposits made to the Customs Authority at the port of	On receipt of said documentary evidence from Authorization holder, Regional Authority shall redeem the case, shall endorse details of duty paid on the EODC/Redemption Letter and inform details of recovery/ deposits made to the Customs Authority at the port of registration or the Commissioner of	RA shall endorse details of duty paid on EODC/redemption letter itself instead of intimating the same to the Customs authority

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
			registration or the Commissioner of Customs having jurisdiction over the factory of the Authorization holder, as the case may be.	Customs having jurisdiction over the factory of the Authorization holder, as the case may be.	
20	HBOP	4.59 GEMS AND JEWELLERY SECTOR Application for Replenishment Authorization (c)	In case E.P Copy of Shipping Bill and Customs attested invoice is submitted to nominated agencies, exporter shall furnish a self certified photo copy of same along with a certificate from nominated agencies certifying carat / value of studdings in case of studded jewellery and excess value addition achieved in case of plain jewellery and articles.	In case E.P Copy of Shipping Bill and Customs attested invoice is submitted to nominated agencies, exporter shall furnish a self certified photo copy of same along with a certificate from nominated agencies certifying carat / value of studdings in case of studded jewellery.	Criteria of submission of Self certified photo copy w.r.t. excess value addition achieved in case of plain jewellery and articles are deleted.
21	HBOP	4.61 Value Addition	Plain gold jewellery and Articles and ornaments like Mangalsutra containing gold and black beads / imitation stones, except in studded form of jewellery.	Plain gold / platinum / silver jewellery and Articles and ornaments like Mangalsutra containing gold and black beads / imitation stones, except in studded form of jewellery.	Minimum value addition under the scheme for export of Platinum and silver jewellery is 3.5%
22	HBOP	4.64 Gem &	Gem REP Authorizations	Gem REP Authorizations shall be valid	Usage of import of precious stones,

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
		Jewellery Replenishment Authorizations	shall be valid for import of precious stones, semi-precious and synthetic stones and pearls. In addition, Authorization shall also be valid for import of empty jewellery boxes up to 5% of value of Authorization within its overall CIF value. Gem REP Authorizations issued against export of studded gold / silver / platinum jewellery articles, shall also be valid for import of cut and polished precious / semi- precious stones other than emerald up to 10% of CIF value of Authorization within its overall CIF value.	for import of precious stones, semi-precious and synthetic stones and pearls used in export of Gems and Jewellery products . In addition, Authorization shall also be valid for import of empty jewellery boxes up to 5% of value of Authorization within its overall CIF value. Gem REP Authorizations issued against export of studded gold / silver / platinum jewellery articles, shall also be valid for import of cut and polished precious / semi- precious stones other than emerald up to 10% of CIF value of Authorization within its overall CIF value.	semi-precious and synthetic stones and pearls should be used for export of Gems and Jewellery products. Usage of import of precious stones, semi-precious and synthetic stones and pearls should be used for export of Gems and Jewellery products.
23	HBOP	4.64 Gem & Jewellery Replenishment	Gem REP Authorization will be as per scale given in Appendix-4G.	Gem REP Authorization will be as per the replenishment rate prescribed in Appendix 4F and the scale of	Scale of replenishment rate prescribed in the Appendix-4F.

Sr. No.	FTP / HBOP	Para	Old Provision	New Provision	Comments / Impact
		Authorizations (b)		replenishment on the remaining FOB value in the case of studded jewellery shall be as given in Appendix-4G.	
24	HBOP	4.85 Exports against Advance Authorization (c)	Advance Authorization holder may obtain gold /silver / platinum from nominated agencies in lieu of direct imports. In such a case, nominated agency shall make, both exchange control copy and customs purpose copy of Authorization invalid for direct imports.	Advance Authorization holder may obtain gold /silver / platinum from nominated agencies in lieu of direct imports. In such a case, EO will be required to be fulfilled within 90 days from date of supply of Gold/Silver/Platinum by nominated agency and the nominated agency shall also make, both exchange control copy and customs purpose copy of Authorization invalid for direct imports.	EO required to be fulfilled within 90 days from the date of supply of gold/silver/platinum by nominated agency in case when gold/silver/platinum are obtain from nominated agencies in lieu of direct imports.