

AEPC Circular No :- 148

AEPC/HO/R&PA/2023
January 19, 2023

Dear Members,

Sub: Amendments in Para 4.42 of the Handbook of Procedures 2015-2020

The Directorate General of Foreign Trade (DGFT) vide its Public Notice No 52/2015-2020 dated 18.01.2023 has amended the Para 4.41 of the Handbook of Procedures 2015-2020 to simplify the process of levying composition fee in case of extension of Export Obligation Period (EOP) under Advance Authorization Scheme and for higher IT enablement of DGFT. The copy of the Public Notice is enclosed for your kind ready reference.

2. The amendments done in Para 4.42 of the Hand Book of Procedures are given as follows:

Existing Para 4.42	Amended Para 4.42								
(d) Extension in export obligation period for authorizations issued under Appendix-4J 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 effected more than 50% in value terms within initial Export Obligation period and @ 1% per month where less than 50% exports in value terms have been effected within initial export obligation period.	(d) Extension in export obligation period for Authorizations issued under Appendix-4J 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 in such a manner as prescribed hereunder: <table border="1"><thead><tr><th>CIF value of Advance Authorization (AA) licenses issued</th><th>Composition Fee to be levied (In Rs.)</th></tr></thead><tbody><tr><td>Upto Rs. 2 Crores</td><td>5,000</td></tr><tr><td>more than Rs. 2 Crores to Rs. 10 Crores</td><td>10,000</td></tr><tr><td>Above Rs. 10 Crores</td><td>15,000</td></tr></tbody></table>	CIF value of Advance Authorization (AA) licenses issued	Composition Fee to be levied (In Rs.)	Upto Rs. 2 Crores	5,000	more than Rs. 2 Crores to Rs. 10 Crores	10,000	Above Rs. 10 Crores	15,000
CIF value of Advance Authorization (AA) licenses issued	Composition Fee to be levied (In Rs.)								
Upto Rs. 2 Crores	5,000								
more than Rs. 2 Crores to Rs. 10 Crores	10,000								
Above Rs. 10 Crores	15,000								
(e) Regional Authority may consider a request of Advance Authorization holder for one extension of EO period upto six months from the date of expiry of EO period subject to payment of composition fee of 0.5% of the shortfall in EO. Authorization holder will have to submit a self-declaration to RA stating that unutilized imported/domestically procured inputs are available with the applicant.	(e) Regional Authority may consider a request of Advance Authorization holder for one extension of EO period upto six months from the date of expiry of EO period subject to the payment of composition fee as prescribed hereunder: <table border="1"><thead><tr><th>CIF value of Advance Authorization (AA)</th><th>Composition Fee to be levied (In Rs.)</th></tr></thead><tbody><tr><td>Upto Rs. 2 Crores</td><td>5,000</td></tr></tbody></table>	CIF value of Advance Authorization (AA)	Composition Fee to be levied (In Rs.)	Upto Rs. 2 Crores	5,000				
CIF value of Advance Authorization (AA)	Composition Fee to be levied (In Rs.)								
Upto Rs. 2 Crores	5,000								

	<table border="1" data-bbox="805 190 1380 369"> <tr> <td>more than Rs. 2 Crores to Rs. 10 Crores</td> <td>10,000</td> </tr> <tr> <td>Above Rs. 10 Crores</td> <td>15,000</td> </tr> </table> <p data-bbox="805 392 1380 582">Authorization holder will have to submit a self-declaration to RA stating that unutilized imported/domestically procured inputs are available with the applicant.</p>	more than Rs. 2 Crores to Rs. 10 Crores	10,000	Above Rs. 10 Crores	15,000				
more than Rs. 2 Crores to Rs. 10 Crores	10,000								
Above Rs. 10 Crores	15,000								
<p data-bbox="199 604 774 1411">(f) Request for further extension of six month after first extension as in € above can be considered by Regional Authority, provided Authorization holder has fulfilled minimum 50% export obligation in quantity as well as in value, on pro-rata basis. This will be subject to payment of composition fee @ 0.5% per month on unfulfilled FOB value of export obligation. No further extension shall be allowed by Regional Authority. This provision shall also be applicable to Advance Authorizations issued during FTP 2009-2014. However, only two extensions of six months each as mentioned above can be allowed subject to payment of composition fee and under no circumstance Regional Authority shall allow any extension beyond 12 months from date of expiry of EO period. At the time of filing application for second EO extension, the Authorization holder will have to subject a self-declaration to RA stating that unutilized imported/domestically procured inputs are available with the applicant.</p>	<p data-bbox="805 604 1380 772">(f) Request for further extension of six months after first extension as in (e) above can be considered by the Regional Authority, subject to the payment of composition fee as prescribed hereunder:</p> <table border="1" data-bbox="805 840 1380 1153"> <thead> <tr> <th>CIF value of Advance Authorization (AA)</th> <th>Composition Fee to be levied (In Rs.)</th> </tr> </thead> <tbody> <tr> <td>Upto Rs. 2 Crores</td> <td>10,000</td> </tr> <tr> <td>more than Rs. 2 Crores to Rs. 10 Crores</td> <td>20,000</td> </tr> <tr> <td>Above Rs. 10 Crores</td> <td>30,000</td> </tr> </tbody> </table> <p data-bbox="805 1187 1380 1612">No further extension shall be allowed by Regional Authority. However, only two extension of six months each as mentioned above can be allowed subject to payment of composition fee and under no circumstance Regional Authority shall allow any extension beyond 12 months from the date of expiry of EO period. At the time of filing application for second EO extension, the Authorization holder will have to submit a self-declaration to RA stating that unutilized imported/domestically procured inputs are available with the applicant.</p>	CIF value of Advance Authorization (AA)	Composition Fee to be levied (In Rs.)	Upto Rs. 2 Crores	10,000	more than Rs. 2 Crores to Rs. 10 Crores	20,000	Above Rs. 10 Crores	30,000
CIF value of Advance Authorization (AA)	Composition Fee to be levied (In Rs.)								
Upto Rs. 2 Crores	10,000								
more than Rs. 2 Crores to Rs. 10 Crores	20,000								
Above Rs. 10 Crores	30,000								
<p data-bbox="199 1624 359 1668">(g) Deleted</p>	<p data-bbox="805 1624 1380 1892"><u>(g) Whenever a bank/restriction is imposed on export of any product, export obligation period in respect of Advance Authorization already issued prior to imposition of bank, would stand automatically extended for a period of equivalent to the duration of ban, without any composition fee</u></p>								
	<p data-bbox="805 1892 1380 2029"><u>(h) The revised composition fee for EOP extension under para 4.42 of HBP (2015-20) will only be applicable for the requests made on or after 19.01.2023. however,</u></p>								

existing/pending applications shall be governed by the earlier relevant provision of BHP (2015-20)

3. AEPC's Circulars are available on AEPC's Website www.aepcindia.com
4. This is for your information please.

With regards.

Yours sincerely,

Dr. Tamanna Chaturvedi
Secretary General (Actg.)
Apparel Export Promotion Council

Enclosure: As above.

**(TO BE PUBLISHED IN THE GAZETTE OF INDIA EXTRAORDINARY
PART-I SECTION-I)**

Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Foreign Trade
Vaniya Bhawan, New Delhi

Public Notice No. 52/2015-2020
Dated the 18th January, 2023

Subject: Amendments in Para 4.42 of the Handbook of Procedures 2015-2020.

In exercise of powers conferred under Paragraph 1.03 and 2.04 of the Foreign Trade Policy 2015-2020, as amended from time to time, the Director General of Foreign Trade hereby makes the following amendments in the provisions of Para 4.42 of the Handbook of Procedures 2015-2020:

Existing Para 4.42	Amended Para 4.42								
<p>(d) Extension in export obligation period for Authorisations issued under Appendix-4J 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 effected are more than 50% in value terms within initial Export Obligation period and @1% per month where less than 50% exports in value terms have been effected within initial export obligation period.</p>	<p>(d) Extension in export obligation period for Authorisations issued under Appendix-4J 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 in such a manner as prescribed hereunder:</p> <table border="1"><thead><tr><th align="center">CIF VALUE OF ADVANCE AUTHORIZATION (AA) LICENSES ISSUED</th><th align="center">COMPOSITION FEE TO BE LEVIED (IN ₹)</th></tr></thead><tbody><tr><td align="center">Up to ₹2 Crores</td><td align="center">5,000</td></tr><tr><td align="center">More than ₹2 Crores to ₹10 Crores</td><td align="center">10,000</td></tr><tr><td align="center">Above ₹10 Crores</td><td align="center">15,000</td></tr></tbody></table>	CIF VALUE OF ADVANCE AUTHORIZATION (AA) LICENSES ISSUED	COMPOSITION FEE TO BE LEVIED (IN ₹)	Up to ₹2 Crores	5,000	More than ₹2 Crores to ₹10 Crores	10,000	Above ₹10 Crores	15,000
CIF VALUE OF ADVANCE AUTHORIZATION (AA) LICENSES ISSUED	COMPOSITION FEE TO BE LEVIED (IN ₹)								
Up to ₹2 Crores	5,000								
More than ₹2 Crores to ₹10 Crores	10,000								
Above ₹10 Crores	15,000								
<p>(e) Regional Authority may consider a request of Advance Authorisation holder for one extension of EO period upto six months from the date of expiry of EO period subject to payment of composition fee of 0.5% of the shortfall in EO. Authorisation holder will have to submit a self - declaration to RA stating that</p>	<p>(e) Regional Authority may consider a request of Advance Authorisation holder for one extension of EO period upto six months from the date of expiry of EO period subject to the payment of composition fee as prescribed hereunder:</p>								



unutilised imported/domestically procured inputs are available with the applicant.

CIF VALUE OF ADVANCE AUTHORIZATION	COMPOSITION FEE TO BE LEVIED (IN ₹)
Up to ₹2 Crores	5,000
More than ₹2 Crores to ₹10 Crores	10,000
Above ₹10 Crores	15,000

Authorisation holder will have to submit a self - declaration to RA stating that unutilised imported/domestically procured inputs are available with the applicant.

(f) Request for further extension of six months after first extension as in (e) above can be considered by Regional Authority, provided Authorisation holder has fulfilled minimum 50% export obligation in quantity as well as in value, on pro-rata basis. This will be subject to payment of composition fee @ 0.5% per month on unfulfilled FOB value of export obligation. No further extension shall be allowed by Regional Authority. This provision shall also be applicable to Advance Authorisations issued during FTP 2009-2014. However, only two extensions of six months each as mentioned above can be allowed subject to payment of composition fee and under no circumstance Regional Authority shall allow any extension beyond 12 months from date of expiry of EO period. At the time of filing application for second EO extension, the Authorisation holder will have to submit a self - declaration to RA stating that unutilised imported/domestically procured inputs are available with the applicant.

(f) Request for further extension of six months after first extension as in (e) above can be considered by Regional Authority, subject to the payment of composition fee as prescribed hereunder:

CIF VALUE OF ADVANCE AUTHORIZATION	COMPOSITION FEE TO BE LEVIED (IN ₹)
Up to ₹2 Crores	10,000
More than ₹2 Crores to ₹10 Crores	20,000
Above ₹10 Crores	30,000

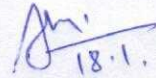
No further extension shall be allowed by Regional Authority. However, only two extensions of six months each as mentioned above can be allowed subject to payment of composition fee and under no circumstance Regional Authority shall allow any extension beyond 12 months from date of expiry of EO period. At the time of filing application for second EO extension, the Authorisation holder will have to submit a self - declaration to RA stating that unutilised imported/domestically procured inputs are available with the applicant.

(g) Deleted

(g) Whenever a ban / restriction is imposed on export of any product, export obligation period in respect of Advance Authorisation already issued prior to imposition of ban, would stand automatically extended for a

	period equivalent to the duration of ban, without any composition fee.
	(h) The revised composition fee for EOP extension under para 4.42 of HBP (2015-20) will only be applicable for the requests made on or after 19.01.2023. However, existing/pending applications shall be governed by the earlier relevant provision of HBP (2015-20).

Effect of this Public Notice: Para 4.42 of the Handbook of Procedures 2015-2020 has been amended to simplify the process of levying Composition Fee in case of extension of Export Obligation Period (EOP) under Advance Authorization Scheme and for higher IT enablement of DGFT.



(Santosh Kumar Sarangi)
Director General of Foreign Trade
Ex-officio Additional Secretary to Government of India
E-mail: dgft@nic.in

[Issued from File No. 01/94/180/133/AM22/PC-4]