



ગુજરાત વેપારી મહામંડળ

Gujarat Chamber of Commerce & Industry



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10th March, 2022 /15291

To,

Shri Piyush Goyal

Hon'ble Minister of Commerce and Industry,

Government of India,

New Delhi.

Respected Sir,

Sub: Simplification of procedures for Textiles and other Exports to Nepal and Bhutan in non-convertible Indian Rupees.

Greetings from Gujarat Chamber of Commerce and Industry (GCCCI).

We would like to draw your kind attention to the issues faced largely by the textile exporters while exporting their goods to Nepal and Bhutan payable in non-convertible Indian Rupees under Indo-Nepal/Bhutan Trade & Transit Treaties. Due to these issues, the exporters have to face unnecessary delays and unwarranted costly compliances which is preventing them from realizing their maximum export potential.

Exports to Nepal and Bhutan in Indian Rupees are not treated at par with exports to all other countries and are not entitled to reliefs like duty drawback, duty exemption, export promotion rewards and also not required to be declared in GR/SDF/EDF forms prescribed under FERA, 1947/FERA, 1974/FEMA, 1999 obviating the undertaking from the exporter to realise and repatriate to India the full export value in free foreign exchange.

For the purposes of Excise duty leviable in India on manufactured goods in terms of the then Indo-Nepal Trade and Transit Treaty existing upto 28-02-2012 excise duty was payable on goods exported to Nepal which Government of India refunded to Government of Nepal for the benefit of the importer in Nepal. From 01-03-2012 under a revised Treaty exports to Nepal and Bhutan were treated at par with exports to all other countries for the purpose of **Excise Duty alone** and not for any other purposes. Thus, in place of the Duty Refund Procedure the Excise form ARE1 procedure for removal for exports of excisable goods on payment of duty under claim of rebate or without payment of duty under bond subject to proof of export came in to force. Same is the situation of exports to Nepal from 01-07-2017 under the GST regime.

To vouch exports for the Excise purposes customs at border crossing instead of Nepal Invoice facilitated Bill of Export (equivalent to Shipping Bill) procedure but without any FEMA, 1999 GR/SDF declarations.

In 2016 RBI, Customs and Banks introduced message/data exchange/sharing programme known as EDPMS under which the declaration of exports in each of the export Shipping Bill includes a default undertaking to realise and repatriate to India the full export value in free foreign exchange even including exports to Nepal and Bhutan which are not in foreign exchange but in non-convertible Indian Rupees and such system based Shipping Bill doubles as an Export Declaration form for FEMA purposes and gets uploaded to the RBI and the concerned Bank's servers under the EDPMS for pedantic and perfunctory follow-up of realisation of the full export value by the RBI and concerned banks and issue of eBRC as a proof of realisation also uploaded to the DGFT servers even when such exports in non-convertible Rupees are not entitled to duty drawback and/or export promotion schemes of duty exemptions or duty credit rewards under the Foreign Trade Policy. The shipping bill in the EDPMS and the eBRC are in fact superfluous and irrelevant for FEMA and FTP purposes. It, however, is relevant and imperative in the GST regime (like in the Excise regime) only for the limited purpose of grant of rebate of excise duty/GST, if paid or discharge of bond, if not paid under the automated GST common portal.

Nepal's off-take of Indian textiles (exempt from excise but taxable under GST) has increased to many folds with multiple exporters in India and corresponding multiple importers in Nepal in terms of each lot being a small supply of 2/3/4 bales like the trade in India. Each truck will carry textile goods emanating from a dozen or so exporters and corresponding a dozen or so importers each individual small value transaction still entailing Shipping Bill, EDF, EDPMS and eBRC procedure though it is the Shipping Bill procedure that alone is relevant for GST purposes.

It is, therefore, suggested that the Ministry may kindly initiate consultations with the MoF, the RBI, the DGFT and the Indian Banks Association and the FEDAI to resolve and evolve a process under which the Shipping Bill to vouch exports only and solely for the purpose of GST refund or bond discharge in the ICEGATE and the GSTN common portals remains in place but incorporates additional fields in the ICEGATE for the exporter to select NFEI (no foreign exchange involved); then select INRENB (Indian Rupee Export to Nepal/Bhutan) and then select NADC (No Authorised Dealer Code) and then select NFEXB (Null Foreign Exchange Bank) such that the ICEGATE responds selectively by placing each such Shipping Bill in repository for the GST purposes alone and is otherwise disabled from uploading each such shipping bill into the EDPMS, the DGFT server to obviate altogether foreign exchange receipts accounting/reporting, eBRC issue.



These aspects unique only to Rupee exports to Nepal and Bhutan need to be suitably accommodated in the ICEGATE and the EDPMS architecture for ease of doing business. Similarly, for Rupee imports from Nepal/Bhutan in the ICEGATE and the IDPMS.

For the past and present particularly from 01-07-2017 till infinity because the ICEGATE and the EDPMS treats all Rupee exports to Nepal/Bhutan like any other exports, each and every exporter is facing and will still keep on facing unwarranted hassles with the RBI and the Forex banks to prove export realisation by obtaining eBRC per transaction adding to wasteful efforts and unwarranted costs to the exporter, their banks and the RBI. It may be recommended to the RBI to issue directions to the banks to close all such cases in the EDPMS as if such cases were never in the EDPMS.

We request you to kindly consider the above suggestions favourably so that the exports to Nepal and Bhutan could be increased.

With Regards,

Hemant Shah
President.

Copy to:

1. Shri Shaktikanta Das, Governor, Reserve Bank of India, Mumbai.
2. Shri Santosh Kumar Sarangi, Director General of Foreign Trade, New Delhi.
3. Addl. Director General of Foreign Trade, Ahmedabad.
4. Shri Santosh Kumar Panigrahy, Regional Director, RBI Regional Office, Ahmedabad.