Policy Circular No- 10 /2018-19

Sub: Accountability of inputs where Advance Authorisations are issued on net to net basis for parts/components-

1. Attention is invited towards SI.No-6 of General Note for all products of Standard Input Output Norms which reads as under:

"Unless specified, otherwise, the import of components wherever allowed shall be permitted on net to net basis, i.e., without any wastage, with accountability clause and the type, technical specifications (including part No. if any), etc., of the components sought for import should conform to those utilized in the manufacture of the resultant product, which should be reflected in export documents (Shipping Bills) also. A condition to this effect shall be imposed on the licence."

2. Attention is also invited towards SI.No-4 of General Note for Engineering products which reads as under:

"For import of components, in respect of Export product (a) where norms have not been standardized and published and the applicant seeks to import only Components (without any raw material, consumables etc.) or (b) where SION do not provide import of Components or (c) where additional Components in addition to those allowed in norms are sought, the Components as an input may be allowed for import on net-to-net basis, without any wastage, by the Licensing Authority. Import of components sought as Spares shall be governed by the Policy for Spares. In such cases, the import of Components allowed shall be permitted with accountability clause and the type, technical specifications (including part No. if any), etc. of the Components sought for import should conform to those utilized in the manufacturing of the resultant product, which should be reflected in export documents (Shipping Bills) also. A condition to this effect shall be imposed on the licence."

3. Representations have been received from Trade and Industry informing the difficulties being faced by them in getting EODCs where inputs have been obtained on net to net basis subject to accountability clause in terms of SI. No-4 of General Notes for Engineering Products and SI No-6 of General Notes for All Export Products Groups. Exporters have declared the inputs in the shipping bill. However, doubts have been raised whether declaring inputs in the shipping bill amounts to fulfilment
of accountability clause as mentioned in the above general notes. Some exporters have not indicated model/part numbers of inputs imported duty free while making shipments.

4. In order to improve ease of doing business and to facilitate issuance of EODC, it has been decided that EODC shall be issued on the basis of the following:

   a. Exporter should invariably declare input quantities used in the export product in the relevant part of the shipping bill.
   b. Authorisation holder shall submit an accountability statement showing description and quantity of exported products and inputs consumed therein as per the annexed format.
   c. A certificate, as per annexed format, from independent Chartered Engineer having domain knowledge, certifying that inputs imported are actually required for manufacturing of the resultant product and as per inventory; all imported inputs have been used in the resultant products. He shall also certify the quantity exported and item wise input quantity consumed.

5. This will also be applicable for Advance Authorisations where EODC are pending irrespective of policy period.

This issues with the approval of DGFT in public interest.

(Jay karan Singh)
Joint Director General of Foreign Trade

(Issued from F.No- 01/94/180/145/AM19/PC-4)
Annexure:

Format of Accountability statement for grant of EODC
(For cases covered under Sl. No-4 of General Notes for Engineering Products and Sl No-6 of General Notes for All Export Products Groups)

Name of the applicant: 
IEC number: 
Advance Authorisation No: Date of issue: 

Table A: Export item details:

<table>
<thead>
<tr>
<th>Sl.No of export item</th>
<th>Export Item Description</th>
<th>Total Qty exported</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
</tbody>
</table>

Table B: Import Item details

<table>
<thead>
<tr>
<th>Sl.No. of export item (as per table A)</th>
<th>Corresponding Sl.No of Input as per authorisation</th>
<th>Description of input as per Bill of Entry (including technical specifications /part nos etc)</th>
<th>Description of input actually used in the resultant product. (including technical specifications /part nos etc)</th>
<th>Total Qty imported as per B/E for Qty exported as per Column (3) of Table A</th>
<th>Qty consumed in the resultant product for Qty exported as per Column (3) of Table A</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td>(6)</td>
</tr>
</tbody>
</table>

Note: Contents in column (3) and (4) as well as in column (5) and (6) should be same for grant of EODC.

Declaration

I/we hereby declare that information furnished as above are true and correct as per records maintained by us. Information furnished above if found to be incorrect or false or misleading in future, I/we shall be liable for penal action under the provisions of FTDR Act and rules made thereunder.

Place: 
Date: 

Signature of the Applicant

Name: 
Designation: 
Telephone number: 
Email Address:
Certificate of Charted Engineer

1. I am a Chartered Engineer having Registration No. _____ dated _____(copy enclosed). My domain competence is in the field of (example mechanical, electrical etc.)___________________.

2. I have examined the details of requirements of parts/components imported under Authorisation No._______ dated_________ by M/s _____________, _____________ (Name applicant/manufacturer and address of factory where goods are manufactured). I have examined accountability statement furnished by Authorisation holder along with technical details thereof and requirements of parts/components etc. with regard to their technical description/ specification and the quantity against each item of export and having due regard to proper technical norms of consumption and after technical scrutiny of relevant process, designs and drawings of the export product, I do hereby certify that they are correct in all respects and are actually used in the manufacturing of the export product for which the EODC application is made.

Information furnished above if found to be incorrect or false or misleading in future, I shall be liable for penal action under the provisions of FTDR Act and rules made thereunder in addition to any other action that may be taken as per any other law, including cancellation of membership with ‘the Institution of Engineers (India)’.

Place:
Date:

Signature of the Chartered Engineer

Name:
Telephone number:
Email Address: