

## Policy Circular No. 15 (RE-2010)/2009-14

Dated : 01.02.2011

Subject:- **Conditions and modalities for applications for grant of quota for export of cotton yarn.**

Attention is invited to Notification No. 14 (RE-2010)/2009-14 dated 22.12.2010 whereby export of cotton yarn under ITC(HS) codes 5205 , 5206 & 5207 was placed under the restricted category with export allowed subject to licensing. The data for export made from 1/4/2010 to 15/1/2011 is being collected and allocation will be made for the balance quantity keeping in view the decision of GoM to limit the export of cotton yarn to 720 Million Kg. during the year 2010-11. Accordingly, it has been decided to invite applications for allocation of quota for export of cotton yarn from 02.02.2011 to 07.02.2011 (till 5.00 PM).

2. All applications for grant of quota shall be sent only through E-mail at [cottonyarnexport-dgft@nic.in](mailto:cottonyarnexport-dgft@nic.in). Annexure-1 of this Policy Circular gives a sample email for the purpose.

3. Allocation will be made after scrutiny of applications, as per the following criteria:-

- (i) Allocation will be done on a prorata basis. The maximum that an applicant can apply is 100,000 Kg. per IEC or what has been exported by such IEC holder during 2009-10, whichever is more.( Example : if an applicant has exported 120,000 kg in 2009-10, then such applicant can apply for a maximum amount of 120,000 kg only ; similarly an applicant who has not exported at all in 2009-10 can apply upto 100,000 kg)
- (ii) Only one application per IEC will be accepted and any subsequent application made by the same IEC holder will be rejected and not considered for allocation.
- (iii) After the allocation is made, the applicants will be required to submit applications in prescribed format (i.e. ANF 2D) to concerned RAs from 11<sup>th</sup> February 2011 to 18<sup>th</sup> February 2011. The concerned RAs will then issue the export authorizations for the allocated quantities after scrutiny of the documents. The following documents will be submitted by allottees to the RA's:

- (a) Application form (ANF 2D) duly filled and signed,
- (b) Copy of Export Contract alongwith :

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| either | (i) A copy of irrevocable Letter of Credit(LC) duly authenticated by an Indian Bank.                                       |
| Or     | (ii) FIRC showing receipt of remittance from the concerned foreign buyer as proof of having received 100% Advance Payment. |
| Or     | (iii) FIRC showing a minimum of 25% Advance Payment and balance Cash Against Delivery(CAD),                                |

- (c) Copy of IEC (against which the original application to DGFT has been sent)

The process of issuance of authorizations would be completed by 18<sup>th</sup> February, 2011. The export under such authorizations would need to be completed before 31<sup>st</sup> March, 2011 so as to ensure export of 720 Million Kg. of cotton yarn as per GoM decision.

- (iv) Applicants who fail to submit the stipulated documents within prescribed time or where documents are found to be incorrect or erroneous, that applicant shall be declared ineligible. They will forfeit their right to seek further allocation.
- (v) Failure to export the allocated quantity within the stipulated time would invite debarment from further allocation. In addition, penal action as per Section 11(2) of the Foreign Trade(D&R) Act would be initiated. For ready reference Section 11(2) is extracted below:-

"11(2). Where any person makes or abets or attempts to make any export or import in contravention of any provisions of this Act or any rules or order made thereunder or the Foreign Trade Policy, he shall be liable to a penalty of not less than ten thousand rupees and not more than five times the value of the goods or services or technology in respect of which any contravention is made or attempted to be made, whichever is more."

- 4. Calendar for process of applications, issue of Export Authorizations and export is provided in Annexure-2 to this Policy Circular.
- 5. This issues with the approval of Commerce Secretary.

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