

## CIRCULAR NO 9/(RE-2010) 2009-14

Dated: December 29, 2010

**Subject:- Conditions and modalities for registration of contracts of cotton with DGFT.**

Attention is invited to Notification No. 12 (RE-2010)/2009-14 dated 16.12.2010 issued by this Office whereby registration of contracts for export of cotton under ITC(HS) Code 5201,5202 & 5203 will be done by DGFT and Policy Circular No. 6(RE-2010)/2009-14 dated 16.12.2010, through which it was informed that modalities for registration of contracts will be notified separately. The data for export made from 1/11/2010 to 15/12/2010 is being collected and allocation will be made for the balance quantity keeping in view the decision of GoM to limit the export of raw cotton to 55 lakh bales during the cotton season 2010-11. Accordingly, it has been decided to invite applications for grant of registration certificate for export of cotton from 31.12.2010 to 06.01.2011 (till 5.00 PM).

2 All applications for grant of registration certificate shall be sent only through E-mail at cottonexport@nic.in in the prescribed format as per Annexure-1 of this Policy Circular.

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

(i) Allocation will be done on a prorata basis with a ceiling of 1,00,000 bales per IEC and floor of 500 bales per IEC. Therefore, no application below 500 bales will be considered.

(ii) Exporters who did not export full quantity for which registration certificate was obtained by them from Textile Commissioner, Mumbai in October, 2010, would be disincentivised by reduction of their pro-rata quantity by the percentage of such default.

(iii) After the allocation is made, the applicants shall have to submit

(a) Copy of Export Contract alongwith

(i) A copy of confirmed and irrevocable Letter of Credit(LC), or

(ii) FIRC from Bank showing receipt of remittance from the concerned foreign buyer as proof of having received 100% Advance Payment or a minimum of 25% Advance Payment and balance Cash Against Delivery(CAD),

(b) Declaration/Undertaking as given with the application format, on the letter head of the firm, and a hard copy of application duly signed,

(c) Copy of IEC

These documents would need to be submitted within a period of 15 days of allocation.

(iv) After scrutinizing the documents so received, and if found eligible, the applicant shall be issued a Registration Certificate. Export against such registered contracts shall be completed on or before the date specified in Calendar of events (Specified date will be at least 30 days from date of issuance of RC)

(v) Applicants who fail to submit the stipulated documents within prescribed time or where documents are found to be incorrect, that applicant shall be declared ineligible. They will forfeit their right to seek further allocation. Their allocation will then be redistributed amongst other eligible applicants.

(vi) 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. An illustrative example is provided in Annexure-2 to this Policy Circular for information and guidance.

5. Calendar for process of applications, issue of RC and export is provided in Annexure-3 to this Policy Circular.

6. This issues with the approval of Commerce Secretary.

**F. No 01/91/180/1194/AM10/Export Cell**

**(Hardeep Singh)**  
**Joint Director General of Foreign Trade**