

CHAPTER 4

TRADE: IMPORT -EXPORT

4.1 IMPORT:

- 4.1.1 Any import either by NCCF on its own or through its Business Associate shall be done from the reputed overseas supplier at reasonable and competitive price, meeting the Indian statutory regulations with adequate safeguard wherever necessary. For ascertaining reasonableness of the contract price, trade journal & market report, commodity exchange Website and other sources may be referred to.
- 4.1.2 Business Associate where provided with financial support by NCCF would deposit EMD equivalent to 10% (as the case may be) of the contract value in the form of Cash, Bank Guarantee or FD receipts in favour of NCCF or assigned to NCCF before placement of the order by NCCF on overseas suppliers in the account of the Business Associate. The financial support should be backed by proper security in addition to other safeguard or security against such placement of order. If no financial support is provided by NCCF, the EMD will be obtained from Business Associates as per the terms of MOU or Agreement.
- 4.1.3 In case the decrease beyond 10% in the total cost of goods imported is caused by fall in the market prices, the concerned Branch Manager of NCCF shall demand from the Business Associate the deposit of the difference between the cost and the market value of the goods immediately on the date of reduction of prices in the market. The international and domestic price behaviour is to be closely monitored by the Branch Office to take appropriate action for safeguarding NCCF.

- 4.1.4 Stock would remain in physical possession of NCCF after clearance of goods at Indian port, if the sale is not made on high sea basis.
- 4.1.5 The stock in possession of NCCF should be delivered to the Business Associate only after receipt of payment for the stock to be released. The Business Associate should lift the goods within the agreed delivery period, failing which it will be liable for a penal rate of interest and service charge to be decided by the Business Committee for the extended period.
- 4.1.6 In the event of undue delay in lifting of goods by the Business Associate, NCCF will have full liberty to sell the goods at the cost and risk of the Business Associate and claim differential amount or encash bank guarantee of the associates.
- 4.1.7 All cost and expenses i.e. cost of goods including FOB cost, freight, cess, levies, present and future taxes, port expenses, insurance, bank charges, transportation, storage charges, fumigation, vessel demurrage/dispatch, quality and weight loss, if any, due to prolonged storage and landing, CHA charges, survey and inspection charges, legal expenses, exchange fluctuations and any other incidental charges will be to the account of Business Associate.
- 4.1.8 Insurance cover for 110% of the value of goods covering prescribed risks and showing NCCF as sole beneficiary is to be taken at the cost of Business Associate, provided the warehouses where the materials are to be stored i.e. CWC or Customs Bonded Warehouse or Port or State Warehouse do not themselves provide such cover.

- 4.1.9 The stocks shall be verified physically by branch at the time of each receipt and issue and also at fortnightly/monthly basis. The physical verification report should be signed jointly by the authorized officials from the Marketing and Finance Wing of that branch and should be kept on record in the Branch.
- 4.1.10 Payment terms should be duly negotiated with foreign supplier and well before the due date of payment by NCCF, Business Associate has to make full payment to NCCF.
- 4.1.11 Wherever the storage of stock or raw material exceeds a reasonable period, that should be got analyzed from an authorized analyst to verify its state of conditions and suitable action will be taken immediately for deterioration in quality noticed to safeguard the interest of NCCF and cost incurred on this account by NCCF will be to the account of Business Associate.
- 4.1.12 The Business Associate(s) shall be responsible to lift the stock after deposit of cent percent payment inclusive of interest, service charges and expenses (if any) of NCCF within the period, stipulated in the MOU/contract. Time is the essence of the contract. In case the Business Associate(s) fail to comply with the said terms, NCCF shall be free to sell the stocks in the open market without any notice and at their cost and risk.
- 4.1.13 In the case of high seas sale, Business Associate has to make full advance payment. Alternatively, they will arrange pledging of goods and its physical possession in favour of NCCF who will release goods only on receipt of payment. Wherever pledging is involved, goods will be kept in CWC or SWC or Bonded Warehouse or NCCF's nominated warehouses and the documents deposited with NCCF Branch concerned. The pledging will be

effective immediately after the goods arrive in India and will remain in force until such time, the Business Associate makes payment and lifts goods as per the pre-determined schedule.

4.1.14 Also in the case of high sea sale, CHA may be engaged by the Business Associate in consultation with NCCF stipulating that the goods after taking delivery from the port will be kept in NCCF's nominated warehouses. All the customs formalities and port operations will be undertaken by the business associate. The concerned Branch of NCCF will be fully involved at all stages in these operations.

4.1.15 The concerned Branch of NCCF will closely supervise and oversee the handling, transportation and storage of goods and will nominate suitable staff for the purpose. If it is felt necessary, quality and quantity of goods may be got certified through surveyors or authorized laboratories.

4.1.16 Delivery of goods is to be made only after receipt of payment from Business Associate and against issuance of duly signed Delivery Orders by NCCF's authorized official(s).

4.2 EXPORT:

4.2.1 Export of various commodities permissible under Impex (Import-Export) Policy of the Government, shall be undertaken either directly by NCCF or through its Business Associates.

4.2.2 NCCF's investment could be applied to purchase of finished goods (as contained in the agreement) ready for export or raw material or intermediate products for further processing for exports.

4.2.3 NCCF's investment would be restricted to maximum of 80% of the value of goods. The goods will, as far as possible, be purchased by

Business Associates in the name of NCCF and be kept in the physical custody of NCCF or at CWC or SWC or NCCF's nominated godowns in NCCF's name and account. The investment of NCCF's funds should be made with prior approval of Head Office.

- 4.2.4 Business Associates where provided with financial support by NCCF are to furnish a Bank Guarantee (BG) equivalent to 10% of value of contract or in terms of the associate-ship agreement in advance, prior to the commencement of operations. This would be released by NCCF only after satisfactory conclusion of the business contract. Alternatively from the payment to be released to them the balance amount of BG be kept. If no financial support is provided by NCCF, the Bank Guarantee will be obtained from Business Associates as per the terms of MOU or Agreement.
- 4.2.5 Export order is to be in NCCF's name and LC to be negotiated by NCCF wherever necessary.
- 4.2.6 NCCF would release funds to the supplier of the goods or Business Associate only after:
- a) The price, quality and specifications of the goods have been verified or determined by NCCF as per contract or Letter of Credit.
 - b) The associate has provided the required bank guarantee/security or the amount against payment due.
 - c) Receipt of stocks in NCCF's godown or receipt of Warehouse Receipts for stocks stored in CWC or SWC or any other designated godown(s) in NCCF's name or account.

- 4.2.7 Whenever considered necessary, certificate for quality and weight from an independent reputed Inspection Agency maybe obtained.
- 4.2.8 Purchase cost, all other direct expenses, including market expenses, transportation, storage, bank charges, interest, insurance cost, quality and weight loss, if any, due to storage, VAT, LST, CST or Levy, if any etc. are to be borne by Business Associates. Insurance cover for 110% of value of goods covering prescribed risks and showing NCCF as the sole beneficiary is to be obtained at the cost of Business Associate.
- 4.2.9 In case the decrease beyond 10% in the total cost of goods purchased is caused by fall in the market prices, on the demand to be made by the concerned Branch Manager of NCCF, the Business Associate shall deposit difference between the cost and the market value of the goods immediately on change of prices in the market. The International and domestic price behaviour is to be closely monitored by the Branch Office to take appropriate action for safeguarding the Interest of NCCF.
- 4.2.10 The physical verification and storage of stocks will be governed by these guidelines.

4.3 Procedure of issuing NOCs by the Branches to Associate Shippers for export of Onion

4.3.1 INTRODUCTION

NCCF is continuing as one of the agencies among other STEs for the business of export of Onion as per Foreign Trade Policy 2009 - 14 (Annexure-1).

NOCs were being issued by NCCF earlier as per the Notifications issued by DGFT, pricing and other guidelines by NAFED from time to time. In order to formulate simplified, uniform, transparent and easy procedure to be followed by the Branches, guidelines were issued as per Notifications of DGFT issued from time to time for registering exporters having interest in export of onion and on their approaching the Branch for issuing NOC for the purpose. The guidelines applicable for the period 2009-10 will continue for the period 2009-14 also, as per the EXIM policy of the Govt. of India for the scheme of canalization for export of onion from the country. Present EXIM policy shall remain in force till further amendments unless otherwise specified. Therefore, subsequent amendments shall be carried out as per the DGFT Notifications to be issued by them in future.

4.3.2 Registration of onion exporters as Associate Shipper

An exporter having interest in onion export may be registered as Associate Shipper of NCCF on receipt of the following documents:

- (i) Request letter addressed to the Branch for registration – **Format IE-01.**
- (ii) Notarized copy of I&E Code No.
- (iii) Notarized copy of PAN.
- (iv) Bank certificate certifying that applicant is maintaining regular and satisfactory account with them.
- (v) Bank statement for the last 6 months.
- (vi) Copies of membership of Chamber of Commerce, APEDA, FIEO and other Commercial Association, if any.

- No registration fee is to be charged in terms of DGFT Notification No. 27(RE-2008)/2004-09 dated 1st August,2008.
- A letter will be addressed to the applicant intimating about the registration with full details (**Format IE-02**).
- A register in the Branch is to be maintained giving complete details of the exporters as also individual Registration No. of the exporter as Associate Shipper – (**Format IE-03**).

4.3.3 Check List for issuing NOCs to Associate Shippers(Onion Exporters)

- (i) The concerned Branch will collect the following documents from the exporter registered with the Branch as associate shipper having individual Registration No., before issue of NOC:
 - a) An application (**Format-IE-04**) of the associate shipper having full details therein pertaining to the export of onion i.e. name & address of the party in whose favour the export will take place, quantity, rate, value, quality, mode of payment-whether against LC/advance payment or any other mode of payment, if any, as per the RBI regulations.
 - b) Copy of contract between buyer and seller or any other document evidencing the complete details of the export for which NOC is being sought.
 - c) Export/Import Registration Code No. issued by NCCF to the exporter.
- (ii) The concerned Branch after collecting all the documents as above will examine the same ensuring that the export price is not below current MEP for the destination (country) where export will

take place and the descriptions pertaining to export do tally in all respects as contained in the application.

- (iii) a) After thorough checking of the export documents, the Branch will issue NOC (**Format IE-05**).
- (b) All NOCs are to be serially numbered and only one certificate is to be issued in original to the associate shipper and copy to be retained by the Branch for records.
- (c) NOC is to be issued by authorized official by B.M. and intimated to the Customs alongwith their certified signatures (**Format IE-06**).

The Business Division of the Branch will prepare particulars of NOC issued and canalization charges collected as given at **Format IE-07**.

A weekly statement in the given **Format IE-07** prepared by the Business Division is to be furnished to Account Section of the Branch.

4.3.4 Canalisation charges

- (i) The charges collected by the Branch on the invoice value of NOCs issued to the exporters of onion are to be called as "canalization charges/service charges".
- (ii) The service charges (canalization charges) will be applicable in terms of Notification No. 106(RE-2009)2004-09 dt. 14th May,2009 issued by the Ministry of Commerce & Industry, Deptt. of Commerce, Govt. of India (**Annexure-2**) or subsequent amendments, if any.

(iii) The canalization charges will be received by the Branch from the associate shippers of onion by way of cheque or DD/Bankers cheque only payable in the name of NCCF to the concerned Branch, which shall be forwarded to Accounts Section giving details as given in **Format IE-08**. In no case the canalization charges should be collected in cash.

4.3.5 **Development Fund**

Development Fund is an optional contribution by the exporters for NHRDF. The same is to be collected by NCCF Branches which is presently @ Rs. 20/- P.M.T. and be remitted at the following address on monthly basis:

National Horticulture Research & Development Foundation (NHRDF), Kanda Batata Bhavan, New Mumbai Agra Road, Nasik-422 011. (Maharashtra).

4.3.6 **Record**

A register is to be maintained by the Branch giving full details column-wise, as given in NOC and to be initialed every day by the authorized issuing official. Accounts Section has to verify such details in terms of the amount of the cheque and deposited with the bank, and initial it as given in the **Format IE-9**.

4.3.7 **Reporting**

(i) A certificate is to be issued by the Accounts Section duly countersigned by B.M. to the following effect:

(a) NOCs during the month were issued from Sl. No.....to.....

- (b) having received all payments towards canalization charges and no amount is outstanding from the associate shipper. (Outstanding if any, are to be brought to the notice of Branch Manager immediately for timely action).
- (ii) A weekly report of NOCs issued to be furnished by the Branch to Head Office which will be compiled and total figure will be provided to NAFED (**Format IE-10**) by Head Office.
- (iii) The weekly statement should be sent on the close of the week by Fax and thereafter be dispatched through courier to Head Office.
- (iv) Branch has also to receive necessary documents or a certificate from the Associate Shipper in support of having effected shipment by them indicating the quantity shipped and balance, if any, and intimate to Head Office. This information may be obtained through e-mail or fax. Periodic reports of the actual shipment of onion will be intimated by Head Office to NAFED. In case of unutilised quantity, if any, the same may also be reported.
- (v) A monthly statement is to be prepared by the Branch showing details of destination-wise and variety-wise NOCs issued by them (**Format IE-11**).
- (vi) The monthly statement should immediately be sent at the close of the month by Fax and thereafter be dispatched through courier.

4.3.8 **Accounting**

- (i) Accounting entries have to be passed as per the details given at **Format IE-12**.

- (ii) In case Branch adopts any other method/format of the documents/reporting as per the requirements, the same should be intimated to Head Office.

Edible Vegetables and Certain Roots and Tubers.

Note: 1 Reference to onions in this chapter includes onions fresh or chilled frozen, provisionally preserved or dried.

S. No.	Tariff Item HS Code	Unit	Item Description	Export Policy	Nature of Restriction
44.	0703 10 10 0712 20 00	Kg.	Onion(All varieties) Including Bangalore rose onions and Krishanapuram onions fresh or chilled, frozen provisionally preserved or dried, but excluding onion cut, sliced or broken in powder form.	STEs	Export through:- (i) National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED). (ii) Maharashtra State Agricultural Marketing Board (MSAMB) (iii) Gujarat Agro Industries Corporation Ltd(GALC) (iv) The Spices Trading Corpn. Ltd. (STCL) (v)The A.P. State Trading Corporation. (vi) The Karnataka State Coop. Mktg. Federation Ltd (KSCMF). (vii)The National Cooperative Consumers Federation of India Ltd., (NCCF) (viii) The North Karnataka Onion Growers Cooperative Society (NKOGCS). (ix) West Bengal Essential Commodities Supply Corpn. (WBECSC) Ltd., Kolkata (x) MP State Agro Industries Development Corpn(MPSAIDC),Bhopal. (xi) Karnataka State Produce Processing and Export. Corporation (KAPPEC), Bangalore. (xii) The Andhra Pradesh Marketing Federation (APMARKEFED). Subject to conditions laid down by DGFT from time to time.

Export Licensing Note 1.

The following conditions will apply to all STEs for export of Onions of all varieties.

- (i) Export of Onions is allowed without quantitative ceiling subject to conditions of quality laid out by NAFED from time to time.
- (ii) The designated STEs can issue NOC to the Associates shippers and the service charges levied by them for issue of NOC will be at a uniform rate of 1% of the invoice value of export of onion (amended vide notification 106 dated 14.05.2009).
- (iii) The STEs are not allowed to levy any other charges except above by way of fees, guarantee or deposits or in any other form whatsoever.
- (iv) All onions exported will be subject to a Minimum Export Price (MEP) fixed by NAFED.
- (v) The careful selection of exporters is made to eliminate the trading in permits to export onion.
- (vi) The agencies shall ensure that quality of onion is maintained.
- (vii) A weekly report of permits issued shall be provided to NAFED which shall act a nodal agency to keep the Government of India informed of the outflow of onions.
- (viii) Periodic reports of the actual shipment of onion by different agencies be submitted to the Department of Consumer Affairs (Vide notification No. 27 dated 1.8.2008).

Annexure- 2.

TO BE PUBLISHED IN THE GAZETTE OF INDIA EXTRAORDINARY
PART II SECTION 3, SUB SECTION (ii)
GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE.

NOTIFICATION NO. 106 (RE-2009)/2004-09
NEW DELHI, DATED 14TH MAY, 2009

S.O.(E) In exercise of the powers conferred by Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 (No. 22 of 1992) read with Para 1.3 and 2.1 of the Foreign Trade Policy, 2004-09, the Central Government hereby makes the following amendments in the Notification No. 27(RE-2008)/2004-09 dated 1st August, 2008, regarding export of Onion.

2. With immediate effect, Para 3(iii) of Notification No. 27(RE-2008)/2004-09 dated 1st August, 2008 stands substituted as under:

"(ii) The designated STEs can issue NOC to the Associate Shippers and the service charges levied by them for issue of NOC will be at a uniform rate of 1% of the invoice value of export of onion".

3. All other conditions of Notification No. 27(RE-2008)/2004-09 dated 1st August, 2008, shall remain unchanged.

4. This issues in public interest.

(R.S. Gujral)
Director General of Foreign Trade.
And Ex-officio Additional Secretary to the Government India

(Issued from File No. 01/91/180/922/AM'08/PC.III)

**GUIDELINES ON FOLLOWING COMMODITY
GROUPS/ACTIVITIES WILL BE ISSUED SEPARATELY**

i) **Agri-inputs.**

ii) **Sugar.**

(iii) **Coal.**

(iv) **Medi-tourism.**