



ERGO

Analysing developments impacting business

FTP | LAST DATES FOR APPLICATIONS FOR SCRIPS

10 November 2021

Reminder – Last date for applications under various scrip-based schemes including MEIS and SEIS is 31 December 2021. The DGFT has reiterated that no late cut will be available, and all applications post 31 December 2021 will be time-barred. Therefore, all the qualifying exporters should file the applications before 31 December 2021.

Background

Chapter 3 of the Foreign Trade Policy (FTP) provides for schemes encouraging exports from India. The stated objective of the schemes is to reward exporters to offset infrastructural inefficiencies and associated costs. Similarly, Chapter 4 of the FTP provides for schemes enabling duty free procurement of inputs and duty remission.

FTP amendments in 2021

By [Notification No 26/2015-20](#) dated 16 September 2021 (Notification), amendments were made to Chapter 3 with regard to revising the last date for submissions of applications for scrip-based claims to 31 December 2021 for:

- MEIS (for exports made during the periods July 2018 to March 2019, April 2019 to March 2020 and April 2020 to December 2020);
- SEIS (for service exports rendered during the periods April 2018 to March 2019 and April 2019 to March 2020);
- 2% additional ad hoc incentive (for export made during the period January 2020 to March 2020);
- ROSTCL (for export made during the period 7 March 2019 to 31 December 2020); and
- ROSL (for exports made up to 6 March 2019 for which claims have not yet been disbursed under scrip mechanism).

The Notification further stated that –

- No application would be admitted after 31 December 2021;
- The late cut provision would not be available; and
- Validity period of the scrip issued on or after 16 September 2021 will be 12 months from the date of issue.

A press release issued on [9 September 2021](#) stated that the Central Government had allocated INR 56,000 crore for disbursement of export incentives in FY 2021-22. This amount was in addition to the amounts sanctioned for the Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme and Rebate of State and Central Taxes and Levies (RoSCTL) Scheme.

Thereafter, by [Notification No 29/2015-2020](#) dated 23 September 2021, the service categories eligible for benefits under the SEIS and the rates of reward on such services rendered during the period April 2019 to March 2020 were notified. This notification also imposed a cap of INR 5 crore per Import Export Code (IEC).

It may be recalled that by Notification No 30/2015-2020 dated 1 September 2020, the cap of INR 2 crore per IEC had been introduced for the MEIS for exports during the period 1 September 2020 to 31 December 2020. This notification had also announced that MEIS benefits would not be available from 1 January 2021 in view of the introduction of RoDTEP.

Latest trade notice

The Directorate General of Foreign Trade (DGFT) vide [Trade Notice No 22/2021-22](#) dated 2 November 2021 has intimated that the filing of online applications and issue of scrips have commenced. The press release reiterates that all applications must be filed by 31 December 2021 and that the late cut provisions will not be available.

Comments

The Notification has introduced multiple restrictions to the ambit of the SEIS. In addition to the value cap, several services such as management consulting services, technical testing and analysis services, support services for maritime transport and cargo handling services, which were eligible for SEIS benefits during earlier periods, have been excluded. Further, the rate of SEIS benefit has also been reduced by 2% from earlier specified rates.

It may be recalled that the value cap introduced in 2020 vis-à-vis the MEIS was challenged before the Hon'ble Gujarat High Court in the case of Man Industries (India) Limited v Union of India [SCA No 15716 of 2020] inter alia on the basis of the doctrines of promissory estoppel and legitimate expectation, as well as on the ground of discrimination. The matter is currently pending hearing.

Further, in the case of Union of India v Himsheel International [2011 (273) ELT 495 (Del)], the Hon'ble Delhi High Court had set aside the value cap in the Duty Entitlement Pass Book Scheme (DEPB), holding that that the Government had failed to show that the concession had been withdrawn in public interest.

Writ petitions and representations can be filed on the basis of the aforesaid precedents.

Independent of the above, the qualifying exporters may please note that 31 December 2021 is a hard stop date for their applications.

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