

# Govt deserves praise for e-SHC initiative



## EXIM MATTERS

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In a remarkable move, the commerce ministry has decided to grant status recognition for exporters on the basis of the merchandise exports data available with the Directorate General of Commercial Intelligence and Statistics (DGCIS). Under the new arrangement, exporters will not be required to file an application for status recognition in the normal course.

All exporters of goods, services and technology, having an import-export code (IEC) number, are eligible for recognition as a status holder

based on export of goods and services, and even deemed exports they make. The threshold export performance for recognition of various categories of status i.e. one-star export house to five-star export house are given in Para 1.26 of the current Foreign Trade Policy (FTP). Certain categories of exports/exporters mentioned in Para 1.27 of the FTP get double weightage for recognition as one-star export house. The privileges for various categories of status holders are mentioned in Para 1.29 of the FTP. The skilling and membership obligations of the status holders are given at Para 1.30 of the FTP.

Status certificates issued under the earlier FTP 2015-20 to an IEC holder were valid only till September 30, 2023. The eligible exporters were required to apply online for fresh status certificate in the prescribed form ANF-1B along with the scanned copy of prescribed documents such as a certificate from an independent Chartered Accountant regarding export performance. Most exporters who meet the threshold levels of

export performance have already applied for status recognition under the FTP 2023 to the jurisdictional Regional Authorities (RA) of the Directorate General of Foreign Trade (DGFT). Their pending applications will be vetted by the data available with the DGCIS and processed. However, for most exporters, the new procedure will come into play by next year. The DGFT Trade Notice no.28/2023-24 dated October 9, 2023, regarding automatic system based issue of electronic status holder certificate (e-SHC) without the requirement of filing any application by the exporter says that the e-SHC will be made available to the exporting entity in their registered email and customer dashboard @DGFT portal by August 15 each year.

As the export figures pertaining to services exports, deemed exports and double weightage are not being compiled by the DGCIS, it is quite possible that the data available with the DGCIS does not entitle some exporters for grant of status recognition or grants them lower status category

recognition. In such cases, the exporters can very well make an application online to the jurisdictional RA in the form ANF-1B along with the prescribed documents either for grant of status recognition or for upgrading their status to a higher category.

The commerce ministry says that with the launch of this new system, the number of status holders will go up from 12,518 to about 20,000. This claim appears to be an exaggeration. Any increase in the number of status holders may be due to moderate minimum export performance of US\$ 3 Million in the current plus preceding three financial years for recognition in the one-star export house category rather than due to the new process of issuing the e-SHC.

The commerce ministry deserves appreciation for relying on the data already available for granting e-SHC. The other government departments must also follow the lead given by the Commerce Ministry and use the available data sensibly.

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