



**CMA Utpal Kumar Saha**

DGM-Indirect Tax, McNally Bharat Engineering Company Ltd.

## STATUS HOLDER CERTIFICATION UNDER FTP AND ROLE OF COST ACCOUNTANTS (CMAs)

---

Government of India has provided a special privilege to the business houses which have excelled in international trade and have a good contribution towards foreign currency earning and growth in economy. Generally, status Holders are the business entities which have good track records in international business. There are various categories of status holders starting from One Star Export House and ending with Five Star Export House. Para 3.21 of Foreign Trade Policy (2015-20) has provided the category of star export house depending on the export performance of their business as follows:

SI No	Status Category	Export Performance ( in US \$ million)
1	One Star Export House	3
2	Two Star Export House	25
3	Three Star Export House	100
4	Four Star Export House	500
5	Five Star Export House	2000

Basically, the status category is fully dependent upon the export performance of an entity. The FTP Para 3.20(a) has described Status Holders as follows:

***“Status Holders are business leaders who have excelled in international trade and have successfully contributed to country’s foreign trade. Status Holders are expected to not only contribute towards India’s exports but also provide guidance and handholding to new entrepreneurs”***

In order to get the Status Holder Certificate under FTP 2015-20 the exporter shall be required to apply through online by login the DGFT Portal. <https://www.dgft.gov.in>

The export performances as mentioned in the above table shall be cumulative of export performance of current and previous three financial years.

Let’s take an example,

If a company apply for status holder certification in the Month of June 2021, then the export performance in April, May 2021 (FY 2021-2022), and export performance from 2018-19, 2019-20 and 2020-21 Financial Years shall be taken into consideration to calculate the minimum amount of export performance

to achieve the status category. However, in case of Gems and Jewellery Sector the current and last two years export performance shall be calculated instead of last three years.

Deemed export performance under Chapter 7 of FTP 2015-20 shall also be considered in addition with physical export while calculating the export performance of an entity. While calculating the export performance amount the following points are required to be taken into consideration:

- a. Physical Export amount shall be FOB value in US \$;
- b. In case of deemed export, the FOR value of INR shall be converted in US \$ considering the exchange rate as notified by CBEC as on 01<sup>st</sup> April of the Year;
- c. In case the export amount is other than US \$ then such amount will be converted in US \$ considering the exchange rate as applicable on the given date of export as notified by CBEC.

#### **Role of Cost Accountant in calculation and assistance of Status Holder Certification:**

Export House shall apply the online application in ANF 3C FORM after successfully updating the profile of the IEC. The applicant shall also attach the relevant annexures duly certified by cost accountants at the time of filing of online application. Cost Accountant can certify the following annexures to FORM ANF 3C:

- a. Annexure to ANF 3C;
- b. FORMAT A, B, C and D.

In order to certify the ANF 3C with FORMAT A to D, a Cost Accountant shall apply his due competency to determine the export performance and also verify the books of accounts of the entity.

The following documents are to be verified before certification of the FORMs:

- a. Export Contract with customers;
- b. In case of deemed export, CMA shall check whether the said export contract quality as a deemed export as per Chapter 7 of FTP and also PAC certificate from the project authority;
- c. In case of deemed export project, only supply of goods are to be considered. No supply of services shall be considered while calculating deemed export value;
- d. The exchange rate notification as issued by CBIC in customs portal;
- e. Copy of invoices;
- f. CMA shall also check the realization of foreign currency within the stipulated time or not;
- g. Copy of RCMC Certificate;
- h. Copy of Shipping Bill, Bill of Lading, Invoice in case of physical export of goods;
- i. e-BRC Copy for realization of foreign currency;
- j. Foreign currency earned in case of supply of services;
- k. Certificate of MSME/ ISO for double weightage benefit

#### **Privileges to Status Holders:**

The following are the important privilege for Status Holder Export house-

- a. Faster clearance of customs based on self-declaration;
- b. Fixation of Input-Output norms within 60 days by the Norms Committee;
- c. Manufacturer exporters who are status holders are eligible to self-certify their goods as originating from India (certificate of origin of goods);

- d. Three star and above export house shall be entitled to get Accredited Clients Programme (ACP) as per guidance of CBEC;
- e. Exemption from furnishing of Bank Guarantee for schemes under FTP, unless anywhere specified;
- f. Two Star and above status holder shall be entitled to establish export warehouse as per Department of Revenue Guidelines

**Validity of Status Holder Certificate:**

A Status Holder Certificate is valid for a period of 5 years from the date of issuance of the Status Holder Certificate or until the validity of the Foreign Trade Policy, whichever is earlier.

**Double weightage benefits:**

The following category of exporter shall be granted double weightage benefit for calculation of export performance:

- a. MSME Enterprises as defined in MSMED Act, 2006;
- b. Manufacturing units having ISO/BIS Status;
- c. Units located in North Eastern States including Sikkim and JK;
- d. Units located in Agri Export Zones

The above weightage shall be considered for one star export house.

**Maintenance of Records:**

Status holder shall maintain *true and correct account* of its export and import based on which such status holder certification is given. Records shall be maintained for 2 years from the date of certification. The Policy specifically provides “*true and correct account*” not “*true and fair account*”. This clause is very important from legal point of view.

**Refusal/Suspension/Cancellation of Status Certificate:**

Status certificate may be refused by the concerned RA if the concerned export house –

- a. Fails to discharge export obligation imposed;
- b. Tempers with authorizations;
- c. Fails to furnish information as required by the directorate;
- d. Commits a breach of Foreign Trade (Development and Regulation) Act/ or Customs Act/ or Central Excise Act.

**Appeal before DGFT against the order of suspension or cancellation of certification:**

The applicant may file an appeal to DGFT within 45 days from the date of the order of suspension or cancellation of Status Certificate. Cost Accountants (CMAs) may prepare the grounds of appeal, statement of facts and also represent the case before Appellate Authority of DGFT.

**Some of the important FAQ published DGFT (Status Holder Certificate v1.0) are highlighted below for easy reference:**

- 1. What are the prerequisites for applying for Status Holder Certificate? (OR) What are the pre-requisites to avail benefits under Status Holder Certificate?**

To avail benefits under a Status holder certificate, following are required:

- Your user profile must be linked with an IEC.
- A valid DSC must be registered in the system. You may verify the same from **My Dashboard > View and Register Digital Signature Token**.
- Export/Import/Turnover details of the firm must be entered and updated in the IEC profile.

## **2. If my IEC is in DEL/cancelled/suspended, am I eligible to apply for the Status Holder Certificate?**

If your IEC is in DEL, you shall be allowed to proceed with submission of your request for issuance of a Status Holder certificate, however, your application shall only be actioned upon once your IEC is removed from DEL. If your IEC is cancelled/suspended, you shall not be allowed to proceed with submission of your request for the issuance of a Status holder certificate.

## **3. What is a file number? Where can I view my submitted applications/File number?**

When an application is submitted, a file number is generated. The application is tracked via this file number.

*Please follow the below path to get the file number for Status Holder Certificate*

### **My Dashboard > Submitted Applications**

Enter Type of Scheme (Select in dropdown: **Certificate Management**) and Type of Sub Scheme (**Status Holder Certificate**) > **Click on Search**.

All details of submitted applications are available in the search results. These details also include their file number made.

## **4. What do if I am not able to edit my values for exports?**

The values of export is auto-populated based on the turnover details as updated in the IEC Profile. Hence, it is important to update your IEC Profile before applying for issuance of the Status Holder Certificate.

## **5. Why do I get an error message “Please Update data in Manage IEC profile for Export/ Import/ Turnover Details for the selected year and preceding two years”?**

When your turnover details are not updated in the IEC Profile for the selected financial year, you get this error message. You are requested to update your turnover details in the IEC Profile to proceed further for the application of issuance of the Status Holder certificate.