

FROM NOW ONWARDS BAN ON THE USE OF "DA" TERM FOR CARPET EXPORTS

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The Annual Supplement to Foreign Trade Policy 2009-14 announced by the Hon Minister of Commerce, Industry & Textile on 5th June 2012 included a policy decision which was very widely and whole heartedly welcomed by the carpet exporters of all cue. This pertained to the ban of use of "DA" term for export of carpets & handicrafts. The FTP goes on to say that 'export of Handicraft items and export of Hand-made Woolen Carpets including other Floor Coverings like Woolen Durries, Druggets, Gabbas, Namdhas and Shaggy SHALL NOT BE ALLOWED ON THE BASIS OF "DELIVERY AGAINST ACCEPTANCE (DA)" TERMS unless they are covered by Bank Guarantee or ECGC guarantee.

From times earlier on, the term 'DA' has been playing havoc in the carpet export industry, particularly so with the smaller exporters who, vulnerable as they are to the pulls and pressures of competition, easily fall prey at the hands of unscrupulous buyers and also middlemen who normally force them with this term of export. Under this term, the exporter was left with no choice and there was absolutely no guarantee of his exports getting realized. Now by totally banning this term unless covered by Bank Guarantee or ECGC guarantee etc. the exporter's financial interests are protected. On the other hand, in the case of defaulter buyers they will have to reckon with Banks and ECGC for default and also by virtue of ECGC policy coverage they would be declared as defaulters preventing them from any further procurement from anywhere!

Thanks and congratulations to Carpet Export Promotion Council (CEPC) for their consistent and tireless efforts and follow-ups, which brought out this much-awaited policy decision from the Government thereby preventing, to a large extend, the exploitation of hapless small/medium exporters.

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