

Service Exports from India Scheme (SEIS)

3.07 Objective

Objective of Service Exports from India Scheme (SEIS) is to encourage export of notified Services from India.

3.08 Eligibility

- (a) Service Providers of notified services, located in India, shall be rewarded under SEIS, subject to conditions as may be notified. Only Services rendered in the manner as per Para 9.51(i) and Para 9.51(ii) of this policy shall be eligible. The notified services and rates of rewards are listed in Appendix 3D.

- (b) Such service provider should have minimum net free foreign exchange earnings of US\$15,000 in preceding financial year to be eligible for Duty Credit Scrip. For Individual Service Providers and sole proprietorship, such minimum net free foreign exchange earnings criteria would be US\$10,000 in preceding financial year.

- (c) Payment in Indian Rupees for service charges earned on specified services, shall be treated as receipt in deemed foreign exchange as per guidelines of Reserve Bank of India. The list of such services is indicated in Appendix 3E.
- (d) Net Foreign exchange earnings for the scheme are defined as under:
- Net Foreign Exchange = Gross Earnings of Foreign Exchange minus Total expenses / payment / remittances of Foreign Exchange by the IEC holder, relating to service sector in the Financial year.
- (e) If the IEC holder is a manufacturer of goods as well as service provider, then the foreign exchange earnings and Total expenses / payment / remittances shall be taken into account for service sector only.
- (f) In order to claim reward under the scheme, Service provider shall have to have an active IEC at the time of rendering such services for which rewards are claimed.

3.09 Ineligible categories under SEIS

- (1) Foreign exchange remittances other than those earned for rendering of notified services would not be counted for entitlement. Thus, other sources of foreign exchange earnings such as equity or debt participation, donations, receipts of repayment of loans etc. and any other inflow of foreign exchange, unrelated to rendering of service, would be ineligible.
- (2) Following shall not be taken into account for calculation of entitlement under the scheme
- (a) Foreign Exchange remittances:

I. Related to Financial Services Sector

- (i) Raising of all types of foreign currency Loans;
- (ii) Export proceeds realization of clients;
- (iii) Issuance of Foreign Equity through ADRs / GDRs or other similar instruments;
- (iv) Issuance of foreign currency Bonds;
- (v) Sale of securities and other financial instruments;
- (vi) Other receivables not connected with services rendered by financial institutions; and

II. Earned through contract/regular employment abroad (e.g. labour remittances);

- (b) Payments for services received from EEFC Account;
- (c) Foreign exchange turnover by Healthcare Institutions like equity participation, donations etc.
- (d) Foreign exchange turnover by Educational Institutions like equity participation, donations etc.
- (e) Export turnover relating to services of units operating under SEZ / EOU / EHTP / STPI / BTP Schemes or supplies of services made to such units;
- (f) Clubbing of turnover of services rendered by SEZ / EOU /EHTP / STPI / BTP units with turnover of DTA Service Providers;
- (g) Exports of Goods.
- (h) Foreign Exchange earnings for services provided by Airlines, Shipping lines service providers plying from any foreign country X to any foreign country Y routes not touching India at all.
- (i) Service providers in Telecom Sector.

3.10 Entitlement under SEIS

Service Providers of eligible services shall be entitled to Duty Credit Scrip at notified rates (as given in Appendix 3D) on net foreign exchange earned.

3.11 Remittances through Credit Card and other instruments for MEIS and SEIS

Free Foreign Exchange earned through international credit cards and other instruments, as permitted by RBI shall also be taken into account for computation of value of exports.

3.12 Effective date of schemes (MEIS and SEIS)

The schemes shall come into force with effect from the date of notification of this Policy, i.e. the rewards under MEIS/SEIS shall be admissible for exports made/services rendered on or after the date of notification of this Policy.

3.13 Special Provisions

- (a) Government reserves the right in public interest, to specify export products or services or markets, which shall not be eligible for computation of entitlement of duty credit scrip.
- (b) Government reserves the right to impose restriction / change the rate/ceiling on Duty Credit Scrip under this chapter.
- (c) Government may also notify goods in Appendix 3A which shall not be allowed for debiting through Duty Credit Scrips in case of import.

- (d) Government may prescribe value cap of any kind for a product(s) or limit total reward per IEC holder under this chapter at any time.