GOVERNMENT OF INDIA
DEPARTMENT OF COMMERCE
MINISTRY OF COMMERCE AND INDUSTRY
DIRECTORATE GENERAL OF FOREIGN TRADE (PC IV SECTION)

Policy Circular No 18 (RE-01)/ 2001-2002 Dated: 10th January, 2002
To,
ALL CONCERNED

Subject: Import of goods of Indian Origin under the various Export Promotion Schemes

The issue of the import of goods of Indian Origin under the various Export Promotion Schemes was considered in the Policy Review Committee. The Committee went into the core issue of availment of benefits by the exporter of these goods. Duty free or concessional duty Import of such goods has the possibility of creation of a chain wherein such goods could be exported after availing of export benefits and then imported duty free or at concessional rate of duty at an effectively lower price. The Department of Revenue also concurred with this view of misutilisation and loss of revenue. In the light of this the Committee decided to reiterate that the import of goods of Indian origin under the Export Promotion Schemes is not permissible except in terms of conditions laid down in Customs Notification 94/96 dtd 16.12.1996.

A similar apprehension was also expressed by the Department of Revenue in the case of export of goods of foreign origin under the various export promotion schemes. As the objective of all export promotion scheme is to give duty benefits on the inputs required for manufacturing of goods, these schemes entail a condition of conversion of inputs into finished product in the country. In the line with this reasoning, the export of goods of foreign origin under these schemes will not be permitted , unless the goods have been manufactured or re-processed or on which any operation has been carried out in India.

However, the aforesaid circular shall not be applicable where no benefits are being claimed by exporter in terms of para 11.7 and 11.8 of the Exim Policy

This issues with the approval of the DGFT.

Bipin Menon
Dy Director General of Foreign Trade

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