Government of India
Department of Commerce
Directorate General of Foreign Trade
Udyog Bhawan, New Delhi – 110 011

Policy Circular No.50/2009-2014 (RE 2010) **Dated: 28th December, 2011**

To

All Regional Authorities (RAs);
CBEC & All Commissioners of Customs;
Exporting Community.

Subject: Clarification on Deemed Export benefits when imported capital goods are directly supplied as such to Project Authority - regarding.

1. Policy Interpretation Committee in its meeting held on 15.03.2011 had *inter-alia* clarified as under:

> "Issue of claiming Deemed Export benefits in cases of import made by the project authority was discussed. After detailed deliberation, it was decided that if the Bill of Entry is in the name of project authority deemed export benefits would not be available (such cases will be ineligible for grant of Deemed Export benefits). "

2. Deemed exports benefits are admissible in terms of paragraph of 8.2 of FTP, if goods are manufactured in India. In the case of non mega power projects, for instance, if capital goods such as boilers, turbines, generators (BTGs) are being supplied to project authorities, then deemed export benefits are admissible only if such BTGs are manufactured in India. If these are imported and supplied as such, then such supplies do not amount to deemed exports, and hence deemed export benefits will not be admissible.

3. Accordingly, in continuation to PIC clarification, as given in paragraph 1 above, it is further clarified that in case capital goods have been imported by the contractor/sub-contractor and supplied as such to project authorities, then custom duties paid on such imports can not be refunded back as deemed export duty drawback under paragraph 8.3(b) of FTP.

4. All Regional Authorities may take note of this clarification for processing/review of deemed export claims.

5. This issues with the approval of Hon'ble Minister of Commerce, Industry & Textiles.

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(Issued from F.No. 01/92/180/168/AM05/PC VI)