

**Government of India**  
**Ministry of Commerce & Industry**  
**(Department of Commerce)**  
**Directorate General of Foreign Trade**  
**(Policy IV Section)**

Policy Circular No. 24 (RE-2004)/2002-07

dated the 14th January, 2004

To

All Licensing Authorities

Subject :- Inclusion of commission in the FOB value for calculation of DEPB entitlement.

Attention is invited to paragraph 4.3.1 of the Exim Policy (RE-2003), 1997-2002 wherein it is mentioned that under DEPB, an exporter shall be eligible to claim credit as a percentage of FOB value of exports made in freely convertible currency.

Representations have been received seeking clarification on the maximum permissible limit for payment of agency commission on exports against DEPB licences. Attention is drawn to this office policy circular No.55 (RE-98) dated 10<sup>th</sup> December, 1998 to be read with custom circular No.64/2003-Cus. dated 21<sup>st</sup> July, 2003 and Clause 6E-2 of the Exchange Control Manual of RBI whereby it was specifically mentioned that the rate of commission should not exceed 12.5% of invoice value/FOB value. The matter was examined and it was decided to clarify that “the agency commission would be allowed for the DEPB benefit if such commission is upto the limit of 12.5% of FOB value. Agency commission exceeding this limit should be deducted from the FOB value for granting benefit under DEPB Scheme.”

This issues with the approval of DGFT.

(Tapan Mazumder)  
Deputy Director General of Foreign Trade