F.No.1/87//98-99/PC.II

Government of India

Ministry of Commerce

Directorate General of Foreign Trade

Udyog Bhavan, New Delhi-11

Policy Circular No.40 (RE-98)/1997-2002 , dated 5.10.1998

To

(1) All Licensing Authorities,

(2) All Commissioners of Customs,

(3) The Federation of Indian Export Organizations, New Delhi &

(4) All Chambers of Commerce and Industries /Assoication on mailing list.

Subject: Clarification on Exim Policy matters concerning

Indian exports to Russia

Sir,

Representations have been received from various exporters seeking clarifications on the matters relating to Indian exports to Russia. The same have been considered in consultation with Department of Revenue, and the RBI. Accordingly, the following points are clarified:

(a) Grant of advance licence on transferable Letter of Credits

- Exports to Russian Federation under Special Rupee Accounts of the Russian Organisations.

Attention is invited to ALC Circular No. 16/95 dated 1.8.1995 wherein it was clarified that as far as Special Rupee Escrow Accounts in the names of Russian entities were concerned,Advance Licence shall be permitted, subject to the condition that the export order has been placed and the L/C has been opened by the A/c holder directly in favour of the Indian exporter and payment is also received by the Indian exporter directly from the Account holder.
In this regard,now it has been decided that an advance licence can now be issued against transferable Letter of Credit opened against funds available in Special rupee Escrow Accounts provided transferable Letter of Credit is transferred in the name of the applicant exporter prior to filing of the advance licence application through proper banking channel.In such exports, the export benefits would be available only to the transferee.This benefit of issuance of Advnce Licence against transferred Letter of Credit in respect of Special Rupee Escrow Account will be available only in respect of exports effected from the date of this circular.
(b) Recognition of exports for the purpose of Export House/Trading House/Star Trading House/Super Star Trading House.

Kind attention is invited to Paragraph 12.7 of Exim Policy, 1997-2002 (Revised Edition: April, 1998).Accordingly, for the purpose of recognition, weightage shall be given to certain categories of exports provided such exports are made in freely convertible curr ency. It is clarified that the above benefit is also available in respect of payments which are received through Special Escrow Accounts denominated in US dollars maintained with RBI or with commercial banks in india. It is however not available for the rupee denominated exportes .

(c) Denial of privileges under Special Import Licence

It is clarified that the exports against the US$ denominated Special Escrow Accounts maintained with RBI or commercial banks in India is eligible for Special Import Licence (SIL) in the same manner as the exports, the payments for which is received in free foreign exchange.

This issues with the approval of Director General of Foreign Trade

Yours faithfully,

(L.B.Singhal)

Dy. Director General of Foreign Trade