

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
DIRECTORATE GENERAL OF FOREIGN TRADE**

Policy Circular No. 24 (RE-2007) / 2004-2009

Date: 1.1.2008

Subject: Merger(s) and Acquisition(s) of companies and / or firms during 1.4.2002 to 31.3.2006 and consequential grant of benefits under DFCE for Status Holders' Scheme of the then EXIM policy and under Target Plus Scheme of Foreign Trade Policy, clarification thereof.

Attention is invited to DFCE for Status Holders' Scheme under the then EXIM policy and Target Plus Scheme under Foreign Trade Policy.

2. It has been brought to the notice of DGFT that RAs are following different yardsticks while treating merged turnover for grant of benefits under these reward schemes, where incremental growth in exports is a criterion to be followed.

3. The issue was deliberated in the Port Officers' meeting held on 14.12.2007 and after due deliberations, with respect to merger(s) and acquisition(s) of companies and / or firms during 1.4.2002 to 31.3.2006 and consequential grant of benefits under DFCE for Status Holders' Scheme of the then EXIM policy and under Target Plus Scheme of Foreign Trade Policy, it has been decided that the following principles be applied while finalizing the claims.

- i. Eligibility Criteria of Rs 25 Cr for DFCE for Status Holders' Scheme (Rs 10 Cr for Target Plus Scheme 2004-05 / Rs 5 Cr for Target Plus Scheme 2005-06 as the case may be) should be met by eligible export turnover of any of the companies / firms prior to such merger / acquisition.
- ii. Incremental Growth Percentage (in free foreign exchange) and quantum of incremental growth as well as Rate of entitlement is to be seen with respect to the total of the pre-merged eligible export turnover and post merged eligible export turnover.
- iii. TPS scheme Cap of 100% is to be seen with respect to the pre-merger eligible export turnover of the eligible pre-merged company / firm in the relevant base year; and not from the total of all such merged eligible export turnover.

This supersedes any other instruction issued in this behalf.

This issues with the approval of the [DGFT](#).

Sd/-
(A. K. Singh)

Joint Director General of Foreign Trade

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To
All Regional Authorities