

**Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Foreign Trade
Udyog Bhavan, New Delhi-110011**

Policy Circular No. 21 (RE-2003)/2002-2007 Dated: 3.12.2003

To,

All Licensing Authorities
All Commissioner of Customs

Subject: Methodology to calculate DEPB rates for drugs formulations in terms of Policy
Circular no.20 dated 31.7.2002- clarification regarding.

Representations have been received by this office that in case of export of pharmaceutical formulations under DEPB, sometimes rate is worked out in fractions when calculated as per the formula prescribed by the Policy Circular No.20 dated 31.7.2002. They have further stated that as per existing practice, the DEPB entitlement rate is rounded off to the nearest digit. However, while verifying the DEPB, some Customs authorities are reducing the DEPB amount in respect of cases where the rate has been rounded off to the higher side but where the rate has been rounded off on the lower side, there is no increase allowed in the DEPB amount.

This matter was considered by Policy Interpretation Committee held on 23.9.2003 and the decision of the Policy Interpretation Committee is as under:-

“The Committee notices that the Policy Circular no.20 dated 31.7.2002 regarding methodology to calculate the DEPB rate was issued. The Committee observed that the method of rounding off which basically means that if the fraction is less than 0.50, then it will be rounded to the nearest lower rate and if it is more than or equal to 0.50 then it will be rounded to the nearest higher rate, is a standard practice which is applied everywhere. The committee also observed that statistically, over a period of time, such a method would be revenue neutral and, therefore, the contention of Department of Revenue that it would result in excess outgo of revenue is not correct. The committee, therefore, decided to clarify that the method of rounding off may be adopted in these cases also.

Accordingly, it is clarified that while calculating the DEPB rates for export of products covered under formulations under schedule of DEPB rates, nearest rounded figure should be taken into consideration.

(Tapan Mazumder)
Dy. Director General of Foreign Trade
For Director General of Foreign Trade