

F.No. 1/7/31/96-97/PC.II/

Government of India
Ministry of Commerce
Directorate General of Foreign Trade
Udyog Bhavan, New Delhi - 110 011.

Policy Circular No. 35 (RE:98) / 98-99 , Dated, the 3rd September, 1998

To,

1. All Licensing Authorities
2. All Commissioner of Customs and Central Excise
3. The Federation of Indian Export Organisations, New Delhi,
4. The Export Promotion Councils / Commodity Boards,
5. All Chambers of Commerce and Industries / Association on the mailing list.

Subject : Attempts to obtain double benefits under DEPB / Advance Licensing Scheme in respect of goods being manufactured / processed by 100% Export Oriented Units (EOU) / Units in Export Processing Zones (EPZs).

Kind attention is invited to Policy Circular No. 6 dated 20th May, 1998 wherein it was clarified that the exports effected by EOU / EPZ Units whether directly or through third party are not entitled for DEPB benefits / discharge of export obligation

against Advance License.

It has been represented that Ministry of Finance vide its letter No. 305 / 43/ 98 - FTT dated 27th April, 1998 has permitted 100% EOUs in the Aqua-culture sector to do job work for processing shrimps obtained from DTA for subsequent direct exports by such EOU units. Since, for such direct exports, all materials are supplied by DTA and only the plant facility of the EOU is being availed of, these inputs are duty paid materials. Hence, for such direct exports made by EOUs, DEPB benefit should be given.

This issue was considered in detail in consultation with Deptt. of Revenue. It was felt that, when the duty paid material is provided by DTA Unit to EOU in terms of Ministry of Finance instructions as stated above, then this duty paid should be refunded back. Accordingly, in respect of such direct exports from EOU based on the duty paid material supplied by the DTA units for job work, duty paid on the inputs would be refunded back by way of Brand Rate of Duty Drawback.

This is issued with the approval of DGFT.

Yours faithfully,

(L. B. Singhal)

Dy. Director General of Foreign Trade

For Director General of Foreign Trade