GOVERNMENT OF INDIA
MINISTRY OF COMMERCE
DIRECTORATE GENERAL OF FOREIGN TRADE
(PC-IV SECTION)

Policy Circular No 2 (RE-01)/2001-2002 Dated : 25th May , 2001

To,
ALL CONCERNED

1) Attention is invited to para 7.4 (i) of the Exim Policy (as amended upto 31.03.2001) which stipulates the bar on the issue of a Duty Free Replenishment Certificate (DFRC) in respect of SION which allows the import of sensitive items like acetic anhydride, ephedrine and pseudo ephedrine. Some firms had represented to this office seeking DFRC against these norms after deletion of these sensitive items. The matter was deliberated upon in the Policy Review Committee meeting on 02.05.2001 wherein it was felt that by acceding to the request of the firms, the basic principle for imposing the bar in the first place is not violated. Hence it was decided that DFRC's may be issued even under those norms that have acetic anhydride, ephedrine and pseudo ephedrine as one of the inputs provided the same is deleted from the list of import items.

2) The Duty Entitlement Passbook Scheme (DEPB) was made applicable for exports through advance payments in the current Exim Policy/ Handbook of Procedures (Vol1) {as amended upto 31.03.2001}. This proviso finds manifestation in para 7.38 (i) of the Handbook of Procedures. However certain clarifications have been sought on the applicability of this provision for exports carried out prior to 31.03.2001. The issue was examined by the PRC in view of the general provision of advance payment given in paragraph 4.28 of the Handbook of Procedures (Vol 1) which was made for exports prior to 31.03.2001 as well. It has therefore been decided to permit DEPB availment under the mode of advance payment even for exports made prior to 31.03.2001.

3) The Exim Policy (as amended upto 31.03.2001) has permitted imports of free of cost material under the Advance Licence Scheme as envisaged in para 7.4 A of the Handbook of Procedures (Vol 1). However certain doubts were raised regarding computation of value addition in case of free of cost material. The matter was deliberated upon in the Policy Review Committee and it has been decided that for arriving at the value addition, the notional value of the free of cost material would have to be added to both the CIF value of imports and the FOB value of exports.

This issues with the approval of the DGFT.

Bipin Menon
Dy.Director General of Foreign Trade