

F.No. 1/92/180/109/AM
'99/PC.II

Government of India
Ministry of Commerce
Directorate General of Foreign Trade
Udyog Bhavan, New Delhi – 11.

Policy Circular No. 33 (RE-98) / 98-99 , Dated, the 20th August,
1998

To,

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

Subject : Clarification on certain issues
relating to EPCG, Duty Exemption and
DEPB Scheme.

Sir,

In the Open House organised by various export promotion organisations, certain procedural problems have been brought to the notice of DGFT. In this context, following clarifications are being issued :

- i. It was pointed out that even in cases, where the Duty Free License holder has produced all the required documents except Logged DEEC Book, they have been declared as defaulter and penal action has been initiated against them. In this connection, it is clarified that in cases where a Duty Free License holder has produced necessary documents evidencing completion of exports i.e. Shipping Bill and Bank certificate of exports and realisation indicating 100% fulfilment of export obligation, the Duty Free License holder should not be declared a defaulter.
- ii. According to Paragraph 7.50 of Handbook of Procedures, 1997-2002, (Vol.1) (RE : April, 1998) no exports shall be allowed under post export or pre-export DEPB Scheme unless the DEPB rate of export product is notified. Whereas Public Notice No. 10/(PN)/1997-2002 dated 21st May, 1997 issued during the pre-revised Policy had provided for exports of goods in anticipation of DEPB credit rate. However, no provision was made for grant of supplementary DEPB claim in respect of cases where exporters exported multiple products and for some products the rates were not notified on the date of filing of initial claim. The matter has been considered. It is clarified that in such cases supplementary DEPB in respect of exports effected in anticipation of credit rates for which DEPB rates were notified subsequently, may be issued provided the application for DEPB is made within the time limit as prescribed in the Public Notice No. 10 (PN)/1997-2002 dated 21.5.1997. In such cases since there will be more than one DEPB against one shipping bill, supplementary DEPB should carry the following endorsement :

"Against Shipping Bill No..... dated , against F.O.B. value Rs..... DEPB No..... dated..... has already been issued. This DEPB has been issued against balance F.O.B. value Rs....."

- iii. Kind attention is invited to Paragraph 6.5 (v) of the EXIM Policy, 1997-2002, which stipulate that the export obligation shall be over and above the average level of exports of the same product achieved by him in the preceding three licensing years. Some exporters have requested this office to clarify whether the average level

of exports of the same product to be achieved by them in the preceding three licensing years is to be determined taking into account the licensing year in which the EPCG application is filed or the licensing year on which the EPCG licence was issued. In this context, it is clarified that average of preceding three licensing years should be taken after taking into account the licensing year in which the EPCG application is filed.

This issues with the approval of Director General of Foreign Trade.

Yours faithfully,

Sd/-

(L. B. Singhal)

DY. DIRECTOR GENERAL OF FOREIGN TRADE