

GOVERNMENT OF INDIA
DEPARTMENT OF COMMERCE
DIRECTORATE GENERAL OF FOREIGN TRADE
UDYOG BHAWAN:NEW DELHI

Policy Circular No. 41 (RE-2008)/2004-2009 Dated: 20th Nov. '2008.

To

All Regional Authorities;
All Commissioners of Customs;
Exporting Community

Subject:- Debit of advance authorization/DFIA based on balance CIF value of inputs in freely convertible currency-regarding.

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Trade & Industry have represented that at the time of clearance of import consignment against DFIA/advance authorization, Customs authority at some of the field formations are not allowing debit of CIF value in freely convertible currency in case the CIF value in Rupee terms has been exhausted.

The matter has been examined in this Directorate. It is informed that under Advance Authorization and DFIA schemes, value addition is calculated in terms of freely convertible currency and not in terms of Rupee. Further, in terms of para 9.2.1.1 of HBP v.1, *“No enhancement in Rupee value shall be necessary if remittance of foreign exchange is covered by CIF value of authorisation shown in freely convertible currency.”*

It is clarified that for the purpose of clearance of imported items against the advance authorization/DFIAs, imports would be allowed as per the balance CIF value in freely convertible currency irrespective of the fact as to whether the CIF value of imports had exhausted in the said authorisation in terms of Rupee. This is subject to other conditions of the Authorisation.

This issues with the approval of DGFT.

(Tapan Mazumder)
Joint Director General of Foreign Trade

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