

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE
DIRECTORATE GENERAL OF FOREIGN TRADE

POLICY CIRCULAR No. 41 (RE-2005)/2004-09

NEW DELHI: the 12th December, 2005.

To,

1. All Licensing Authorities,
2. All Commissioner of Customs,
3. Exporting Community

Sub: Clarification regarding procedure to be followed for import of all types of approved and un-approved drugs under the Advance Licensing Scheme.

Attention is invited to DGFT Policy Circular No.12 (RE 2005/2004-2009) dated 27.6.2005. Paragraph 3 of this Circular is related to re-export of the material imported from an unregistered source in the event of failure to export the resultant product. As per the said circular, the exporter is required to re-export the imported material to the satisfaction of Customs Authorities. Representations have now been received on the difficulties in operation of this provision and accordingly the trade bodies /Associations have requested to provide more flexibility to the exporters so as to enable them to consume the imported material for the purpose of manufacturing and exporting any other finished product irrespective of the foreign buyers.

2. The matter has been considered and it has been decided that Paragraph 3 of the Policy Circular No.12 dt.27.6.2005 may be substituted as under:-

“3) In any case if the material is imported from unregistered sources and the licence holder has failed to export the goods, then the advance licence cannot be regularized even on payment of applicable customs duty etc. It is reiterated that unregistered raw material under any circumstances shall not allowed to be diverted for domestic consumption within India. However, the licensee has the option either to use the imported raw material for production of other export products for export or to re-export the imported raw material and the advance licence obligation shall be deemed to have discharged to that extent. The Customs Authorities shall ensure that the raw material so exported should be the same raw material, which was imported earlier against the particular licence. In addition, the aforesaid facility would be available irrespective of the foreign buyer and can be exported to any other foreign buyer. If the export obligation period is not valid at the time of export of other finished product/re-export of raw material, then the licensee shall be required to pay necessary composition fee for extension in export obligation period as per provisions of Policy and the Procedure laid there under.”

4. This issues with the approval of DGFT.

Sd/-
(Kiran Sehgal)
Deputy Director General of Foreign Trade

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