

DIRECTORATE GENERAL OF FOREIGN TRADE

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE

POLICY CIRCULAR NO.12 (RE-98)/1998-99

DATED: 5.6.98

To,

ALL LICENSING AUTHORITY

ALL COMMISSIONERS OF CUSTOMS

Attention is invited to S.No. 69 of the textile product as notified by Public Notice No. 33 dated 19th August, 97 and as modified by Public Notice No. 53 dated 28.10.97.

As the S.No. 69 covered all processed cotton madeups other than grey till the same was modified by Public Notice No. 53 dated 28.10.97, all processed cotton madeups other than grey shall be covered under S.No.69 for exports made prior to 28.10.97 under the DEPB scheme. However, only export of processed cotton madeups other than grey namely bed spread/bed cover/ Pillow cover/pillow cases/mattress cover/sofa cover/quilt cover shall be covered under S.No. 69 for exports made on or after 28.10.97 till 14.4.98.

The processed cotton madeups other than grey not specifically covered under Public Notice No. 53 dated 28.10.97 shall be covered under S.No. 72 of textile product as given in Public Notice No. 4(RE-98)/1997-2002 dated 15.4.98 for exports made between 28.10.97 till 14.4.98.

However quilted processed cotton madeups other than grey shall be covered under S.No. 72 for exports made between 1.4.97 to 14.4.98.

2. The value cap imposed against any product shall be applicable to exports made on or after the date of the Public Notice notifying the value cap for calculation of DEPB entitlement. However, the DEPB entitlement restriction on account of Present Market Value, if any, shall be applicable in such cases.

3. Wherever any product is specifically covered under any serial number of DEPB rate, the same shall not be

covered under any generic entry. For example, the manhole cover covered under S.No.405 of Engineering product should not be classified under S.No. 78 of Engineering products which relates to Pig Iron products.

4. Attention is invited to paragraph 7.50 as given in Handbook of Procedures (Vol.1) 1997-2002 which read as follows:

‘Exporter may export product for which credit rate is not notified provided that such export products are covered under Standard Input Output Norms which are listed in the Handbook of Procedures-(Vol.2), 1997-2002. In case the credit rate for such products are notified, the exporter shall be entitled for DEPB provided an application for issuance of DEPB is made within a period of 90 days from the date of exports or 60 days from the date of notification of credit rate, whichever is later. However, in such cases exports made, shall be entirely on the risk and responsibility of the exporter’.

DEPB rates have been notified for some of the export products which have been given retrospective benefits to cover the exports made from April-97 onwards. It is clarified that in respect of items for which DEPB rates have been notified with explicit provision to cover the shipments made from April-97 onwards, the time limit for filing the claim shall be 90 days from the date of export or 60 days from the date of notification of the rate whichever is later.

5. Attention is invited to paragraph 7.25 of the Exim Policy (RE-98) 1997-2002 which only allows DEPB credit for exports made in freely convertible currency. Clarifications have been sought as to whether exports made under counter trade agreement and export proceeds realised through ‘Escrow Account’ in US\$ shall be entitled for DEPB benefits or not. The matter has been taken with the RBI which intturn has clarified that export made to Russian Federation against non-repatriable US dollars shall not be covered under the category of freely convertible currency and thus shall not be entitled for DEPB benefit. Accordingly, exports made under counter trade agreement and export proceeds realised through ‘Escrow account’ in US\$ is not entitled for DEPB benefit.

This issues with the approval of DGFT.

(Ajay Sahai)

Dy.Director General of Foreign Trade)

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