F.No. 1/10/98-PC.II/

# GOVERNMENT OF INDIA

# MINISTRY OF COMMERCE

# DIRECTORATE GENERAL OF FOREIGN TRADE

# UDYOG BHAVAN, NEW DELHI.

**Policy Circular No. 9(RE-98)/98-99**

Dated, the 1st June, 1998

To,

i. All Licensing Authorities,

ii. All Commissioners of Customs & Central Excise.

iii. The Federation of India Export Organisation.

iv. All Export Promotion Councils and Commodity Boards.

Subject : Calculation of NFE for the purpose of Recognition of Export House etc.-- Deduction of c.i.f. value of imports.

Sir,

Attention is invited to Paragraph 12.6 in Chapter 12 of the EXIM Policy (Revised Edition : April,1998) 1997-2002, wherein details of licence required to be deducted from the f.o.b.value of exports for the purpose of recognition as Export House etc. have been given.

2. Certain representations have been received seeking clarification whether for calculation of NFE the imports effected by 100% EOUs/Units in the EPZ are to be deducted or not. In this context, it is clarified that Paragraph 9.5 of Handbook of Procedures(Vol.1) clearly stipulates that Letter of Permission/Letter of Intent issued to EOU/EPZ/EHTP/STP units by the concerned authority would be construed as a licence for all purposes. In view of this it is reiterated again that imports effected by 100% EOUs/Units in the EPZ against LOP/LOI are imports against a licence and accordingly, the cif value of these imports have to be deducted from the f.o.b.value of the exports for the purpose of calculation of NFE in terms of Paragraph 12.6 of the EXIM Policy,1997-2002.

Yours faithfully,

**( L. B. Singhal )**

**Dy .Director General of Foreign Trade**

**For Director General of Foreign Trade**