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

POLICY CIRCULAR NO 17 /2002-2007 Dated: 9th January, 2003

To

All Licensing Authorities
All Commissioners of Customs,

Subject: Base for computation of the DEPB rate when the exchange rate on the date of "let export" exceeds the actual realisation rate.

As per para 4.43 of the Handbook of Procedures (Vol 1) the exchange rate to be used for conversion of the foreign currency receipts into equivalent rupees for computation of the credit under the DEPB Scheme would be the same rate as notified by Ministry of Finance relevant to the date of order of "let export" by the Customs.

Accordingly, under para 4.43 of Handbook of Procedures (Vol 1) , the rate of exchange as notified by the Ministry of Finance is to be used for converting foreign currency export receipt into rupee equivalent for computing the credit under DEPB Scheme. The relevant date of application of the exchange rate notified by the Ministry of Finance would be the date of "Let Export" order by the Customs.

Fluctuation in the exchange rate would mean appreciation in the value of rupee at times or depreciation in its value some other times. Recently, due to continuous appreciation of Indian Rupee vis a vis major currencies, it is possible that the rate notified by Ministry of Finance may exceed the rate which export proceeds were actually realised. The matter has been represented to us.

On considering the matter carefully, it has been decided that uniformity and consistency in our policy would dictate accepting the Ministry of Finance's notified exchange rate for all our transactions. This is reiterated for the information of all the regional licencing authorities, who may take action accordingly.

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

A.B. Menon
Deputy DGFT

(File No:01/94/180/25/AM03/ PC IV)