

Government of India
Ministry of Commerce and Industry
Department of Commerce
Directorate General of Foreign Trade

Policy Circular No. 89 (RE-2008)/2004-09

New Delhi: 15th May 2009

Subject: Automatic Endorsement of permitted imports on duty credit scrips, issued under DFCE for Status Holders Scheme of EXIM Policy RE2003 – Para 3.7.2.1 (vi), and clarification on the condition of nexus with product group exported.

Representations have been received from Trade and Industry that there is confusion with respect to 'permitted imports' under the said scheme. It has been decided to automatically list the 'permitted imports' on the duty credit scrips issued under DFCE for Status Holders Scheme of EXIM Policy - RE2003.

It is clarified that the *condition of 'nexus with product group exported' is mandatory in terms of Para 3.2.7.1(vi) read with Para 3.2.6A – II of Handbook of Procedures Vol. 1 (RE2003)*. All RAs to ensure that this condition is endorsed on Duty Credit Scrips being issued or if and when submitted for revalidation; and Customs to ensure that the condition of 'nexus with product group exported' is fulfilled while permitting imports.

The following endorsement is automatically made on the duty credit scrips issued under DFCE for Status Holders Scheme – Para 3.2.7.1(vi) of EXIM Policy (RE2003).

"In terms of Para 3.7.2.1 (vi) read with Note 7 of Para 3.7.2.1 (vi) (modified vide Notification No 24(RE2007)/2004-09 dated 23.8.2007) of the EXIM Policy (RE2003), the following are allowed to be imported under the scheme, provided these are freely importable under the ITC HS:

1. *Capital Goods (having nexus with exported product group as clarified vide Policy Circular No 27(RE-2005)/2004-2009 dated 5.10.2005)*
2. *Office Equipment*
3. *Inputs (having nexus with exported product group as clarified vide Policy Circular No 27(RE-2005)/2004-2009 dated 5.10.2005)*
4. *Agricultural Products covered under Chapter 1 to 24 except (a) to (f) below. However, Import of all edible oils classified under Chapter 15, shall be allowed under the scheme only through STC and MMTC.*
 - a) *Garlic, Peas and all other Vegetables with a Duty of more than 30% under Chapter 7 of ITC (HS) Classification of Export and Import items.*
 - b) *Coconut, Areca Nut, Oranges, Lemon, Fresh Grapes, Apple and Pears and all other fruits with a Duty of more than 30% under Chapter 8 of ITC (HS) Classification of Export and Import items.*
 - c) *All spices with a Duty of more than 30% under Chapter 9 of ITC (HS) Classification of Export and Import items (except Cloves).*
 - d) *Tea, Coffee and Pepper as per Chapter 9 of ITC (HS) Classification of Export and Import*

items.

- e) *All Oil Seeds under Chapter 12 of ITC (HS) Classification of Export and Import items.*
- f) *Natural Rubber as per Chapter 40 of ITC (HS).*

However, Sr. No. 4 above (as automatically endorsed on the duty credit scrips issued under DFCE for Status Holders Scheme (under Para 3.7.2.1(vi) of EXIM Policy RE2003) is permitted to be imported only when 'nexus with product group exported' is clearly established. The condition of 'nexus with product group exported' is mandatory in terms of Para 3.2.7.1(vi) read with Para 3.2.6A – II of Handbook of Procedures Vol. 1 (RE2003)."

This issues with the approval of DGFT.

Sd/-
(A. K. Singh)
Joint Director General of Foreign Trade

To,
All Licensing Authorities
All Customs Authorities

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