

GOVERNMENT OF INDIA
DEPARTMENT OF COMMERCE
MINISTRY OF COMMERCE AND INDUSTRY
DIRECTORATE GENERAL OF FOREIGN TRADE (PC IV SECTION)

Policy Circular No 22 (RE-01)/ 2001-2002 Dated: 1st February, 2002

To,
ALL CONCERNED

Subject: Positive Value Addition Stipulation for Advance Licence for Deemed Exports

There has been doubt in certain quarters on the value addition to be maintained in the Advance Licence for Deemed Exports issued under the Exim Policy. The query specifically arose on account of para 7.3 (a) of the Exim Policy which clearly stipulates that the value addition to be maintained would be positive for all Advance Licences except when exports are not in freely convertible currency, whereby the value addition would be as stipulated in Appendix 39 of the Handbook of Procedures (Vol 1) .

The matter was deliberated upon in the Policy Review Committee (PRC) on 08.10.2001 wherein the Committee felt that Appendix 39 of the Handbook of Procedures (Vol 1) unmistakably pertains to exports to Rupee Payment Areas (RPA) and is in no way linked to deemed exports. The PRC also kept in perspective the earlier clarification issued by the Policy Division to the regional offices on the applicability of positive value addition for Advance Licence for deemed exports based on the rationale of inapplicability of Appendix 39 to deemed exports.

In the light of this PRC decision and the earlier clarification, it is hereby clarified that in the case of an Advance Licence for Deemed Exports, only positive value addition is stipulated as is the case with the other categories of Advance Licences.

This issues with the approval of the DGFT.

Bipin Menon
Dy Director General of Foreign Trade

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