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GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY

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NEW DELHI: the 31st May, 2002

In exercise of powers conferred under paragraph 2.4 of the Export and Import Policy, 2002-07, the Director General of Foreign Trade hereby makes the following amendment in the Handbook of Procedures (Vol.1):-

For debiting of Special Additional Duty (SAD) in respect of DEPBs issued under Customs notification 45/2002 dated. 22.4.2002, the issue of SAD in respect of exports made prior to 1.4.2002 under the DEPB scheme has been examined. Since the DEPB rates were worked out taking into account only the incidence of basic customs duty, It has been agreed to allow exemption from SAD in respect of exports made under the DEPB scheme prior to 1.4.2002.

However, since exemption from SAD in respect of exports made under the DEPB scheme prior to 1.4.2002 is available under Customs notification 34/97 dated 7.4.97 read with relevant provisions of the Exim Policy, 1997-2002 and Handbook of Procedure (Vol.1), 1997-2002, DEPBs would be required to be issued under the above referred Policy and Handbook of Procedure (Vol.1) 1997-2002. As the DEPB software has already been modified in line with the changes in the Exim Policy, 2002-2007 and Handbook of Procedure (Vol.1), 2002-07, the following decisions have been taken:-

1. In respect of exports where the date of order of "Let Export" is prior to 1.4.2002, DEPB entitlement may be calculated on the basis of the DEPB rate available on the date of order of "Let Export". The FOB value in free foreign exchange shall be converted into Indian rupees as per the exchange rate for exports notified by Department of Revenue applicable on the date of order of "Let Export" by the Customs. However, while issuing the DEPB in respect of such shipments, a specific endorsement may be made that the DEPB is issued under Customs notification 34/97 dated 7.4.97 read with paragraph 7.43 of Handbook of Procedure (Vol.1), 1997-2002.
2. Exporters are requested to file separate DEPB applications in respect of shipments where the date of order of "Let Export" is prior to 1.4.2002.
3. The DEPBs already issued in respect of shipments where the date of order of "Let Export" is prior to 1.4.2002 may be re-submitted for endorsement that "These DEPBs have been issued under Customs notification 34/97 dated 7.4.97 read with paragraph 7.43 of Handbook of Procedure (Vol.1), 1997-2002" by 30th June, 2002. The DEPB licence holders may avail the counter assistance facility to apply for such endorsements. The licensing authority may consider requests for such endorsements if the date of order of "Let export" is prior to 1.4.2002 and return it within 3 working days.
4. In respect of the cases, where the applicant has already obtained DEPB covering shipments, where the date of order of "Let Export" is both prior to 1.4.2002 and subsequent to 1.4.2002, such applicants may surrender such DEPB(s) for cancellation and in lieu thereof, two separate DEPB may be issued, one covering the exports where the date of order of "Let Export" is prior to 1.4.2002 in terms of Handbook of Procedure, 1997-2002 and the other covering exports made from 1.4.2002 in terms of Handbook of Procedure, 2002-07. No separate application or TR would be required to be submitted for obtaining fresh DEPBs in lieu of surrendered DEPB(s). Licensing authorities will issue fresh DEPB only after canceling the surrendered DEPB and inform the same to the concerned Customs authority. Such applicants may use the counter assistance facility as per paragraph 3 above.
5. In respect of the DEPBs, which have already been fully utilised, no action on the part of licensing authority is required. However, in respect of a partly utilised DEPB in respect of shipments where the date of order of "Let Export" is prior to 1.4.2002, the same may be endorsed that these DEPBs have been issued under Customs notification 34/97 dated 7.4.97 read with paragraph 7.43 of Handbook of Procedure (Vol.1), 1997-2002.

6. In respect of partially utilised DEPB where the date of order of “Let Export” is both prior to and after 01.04.2002, the endorsement would be made only to the extent of value of DEPB claimed on exports where date of order of “Let Exports” is prior to 01.04.2002. However, if the unutilised portion is less than the DEPB claimed on exports where date of order of “Let Exports” is prior to 1.4.02, then endorsement would occur on the total unutilised portion.
7. Notwithstanding the provision given in paragraph 4.47 of the Handbook of Procedure, 2002-07, all exporters filing application for actual user DEPB licence pending realisation of export proceeds in respect of shipments where the date of order of “Let Export” is prior to 1.4.2002, shall be required to do so latest by 30th June, 2002. Exporters filing application for transferable DEPB licence subsequent to realisation of export proceeds in respect of shipments where the date of order of “Let Export” is prior to 1.4.2002, shall be required to do so latest by 30th September, 2002.

This issues in public interest.

Sd/

(N.L.Lakhanpal)

Director General of Foreign Trade

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