

Government of India  
Ministry of Commerce and Industry  
Directorate General of Foreign Trade  
Udyog Bhawan, New Delhi

Policy Circular No. 11/ 2015-20

New Delhi, dated: 23.07.2018

To

All Regional Authorities  
All Development Commissioners, SEZ  
All Export Promotion Councils/Commodity Bodies

**Subject: Grant of Deemed Export Benefits for supplies to the projects funded by Organizations such as JICA etc. under para 8.2(d) of the Foreign Trade Policy, 2009-14.**

Department of Economic Affairs vide Public Notice No. 1(FT)/DEA/2010 dated 05.05.2010 notified six organizations viz. International Bank of Reconstruction and Development (IBRD) & International Development Association (IDA), International Fund for Agricultural Development (IFAD), Asian Development Bank (ADB), Organization of Petroleum Exporting Countries (OPEC), Yen credit channelized through Japan International Co operational Agency (JICA) [Development component only] and Swedish international development agency (SIDA) for the purpose of deemed export benefits under para 8.2(d) of FTP, 2009-14 subject to the condition that the supplies to projects were made under ICB procedure only. To give effect to the DEA's Public Notice, DGFT vide Public Notice No.67 on 25th May, 2010 incorporated these agencies in the Appendix 13 of HBP Vol. I appearing in para 8.2(d) of FTP 2009-14 to be eligible for deemed export benefits under para 8.3 of FTP 2009-14.

2. However, the deemed export benefits for supplies made to the projects funded by these agencies were discontinued in the new FTP 2015-20 notified on 1.4.2015 and only three agencies viz. International Bank of Reconstruction and development (IBRD) and International Development Association (IDA); and Asian Development Bank (ADB) (as listed in Appendix -7A) were continued to be eligible agencies for deemed Export Benefits in terms of para 7.02 (e) of FTP 2015-20.

3. Under para 8.3 of FTP 2009-14, deemed export supplies were eligible for any/all of the following benefits in respect of manufacture and supply of goods qualifying as deemed exports subject to terms and conditions as in HBP v1:-

- (a) Advance Authorisation / Advance Authorisation for annual requirement / DFIA.
- (b) Deemed Export Drawback.
- (c) Exemption from terminal excise duty where supplies are made against ICB. In other cases, refund of terminal excise duty will be given. Exemption from TED shall also be available for supplies made by an Advance Authorisation holder to a manufacturer holding another Advance Authorization if such manufacturer, in turn, supplies the product(s) to an ultimate exporter.

4. The supplies to the projects funded by JICA notified vide DGFT's Public Notice No.67 dated 25th May, 2010 were made against ICB and hence were eligible for ab-initio exemption from payment of terminal excise duty under para 8.3(c) of FTP, 2009-14. However, several representations were received stating that the supplies to projects funded by JICA were not getting exemption from TED from Jurisdictional excise authorities. The issue was taken up with Department of Revenue. At field level, the exemption from payment of Terminal Excise Duty for supplies to these agencies other than IBRD, IDA and ADB were not available under relevant excise notifications even though the supplies were under ICB. Further, since the projects were under ICB, the RAs were not considering the application for refund of TED in accordance with the provisions of FTP.

5. The issue of refund/exemption of TED for supplies to the Projects funded by JICA etc. (other than IBRD, IDA and ADB) under para 8.2(d) of FTP 2009-14 has been considered in this Directorate in consultation with Department of Revenue and Department of Economic Affairs. To honour the commitment made in the erstwhile FTP 2009-14, it has been decided, in relaxation of the provisions of para 8.3(c), to allow the refund of Terminal Excise Duty, where exemption from payment of TED under relevant excise notifications was not available, in respect of supplies made to the projects funded by JICA etc. (other than IBRD, IDA and ADB) notified vide DGFT's Public Notice No.67 on 25th May, 2010 for supplies made upto 31.3.2015.

6. All the Regional Authorities are advised to dispose the claims of applicants for the supplies made up to 31.03.2015 under para 8.2(d) of FTP 2009-14 by way of refund of Terminal Excise Duty (TED) for the projects funded by JICA etc. (other than IBRD, IDA and ADB) provided those supplies are otherwise eligible under FTP, 2009-14.

7. This issues with approval of Competent Authority.

  
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