

EXPORT PROMOTION COUNCIL FOR EOUs & SEZs**Ministry of Commerce & Industry, Government of India**8G, 8th Floor, Hansalaya Building, 15, Barakhamba Road, New Delhi 110 001Tel: 23329766-69, Fax: 223329770, E-mail : epces@epces.inepces@vsnl.net**AnandGiri****Deputy Director****EPCES CIRCULAR NO. 212 DATED 30-09-2015****Subject: Payment by SEZs to Domestic Tariff Area (DTA) supplier from its foreign currency account – clarification reg**

Representations were received from members informing that in some of the Zones, Specified Officers are not processing duty drawback claims on the grounds that the invoice raised by the DTA supplier should be in freely convertible foreign currency and the payment to DTA suppliers should be made in foreign currency from the foreign currency account of the SEZ Unit and not in INR.

The issue was taken up by EPCES with the Ministry of Commerce & Industry. Accordingly, Ministry of Commerce has obtained clarification from Reserve Bank of India on the issue. General Manager RBI, vide its letter No. FE.CO.TRADE(EXD)/3440/05.31.058/2015-16 dated September 14, 2015 has clarified as under:-

"iii. SEZ Unit is permitted to make payment to Domestic Tariff Area (DTA) supplier from its foreign currency account."

"iv. In case the DTA supplier is willing to receive the payment in INR, the same may be done by conversion of foreign currency so received from the SEZ Unit to INR at the level of the AD Banks (of SEZ / DTA supplier) depending on the arrangements entered into by them."

This clarification has been forwarded by Director (SEZ), Ministry of Commerce & Industry, to all the Development Commissioners suggesting all the DCs to process the pending claims related to payment of duty drawback as per the provisions of SEZ Act & Rules and the applicable guidelines/ instructions issued by DoC.

A copy of the instructions from Director (SEZ), Ministry of Commerce & Industry along with clarification issued by RBI is attached herewith for ready reference and information of the members.

----- Forwarded message -----

From: **MADHUP VYAS** <madhup.vyas@nic.in>

Date: Mon, Sep 28, 2015 at 9:46 AM

Subject: Fwd: Duty Drawback in SEZ

To: DC CSEZ <dccochinsez@gmail.com>, DC CSEZ <dc@csez.gov.in>, DC FSEZ <devcomm.fsez@nic.in>, DC KASEZ <upindra.v@nic.in>, DC MEPZ <dc@mepz.gov.in>, DC SEEPZ <dcseepz-mah@nic.in>, DC VSEZ <devcomm.vsez@gov.in>, devcommvsez<devcommvsez@yahoo.com>, "lb.singhal" <lb.singhal@nic.in>
Cc: "Nambiar, Nambiar" <nambiar.coepces@gmail.com>, US GSN <srinivasan.g@nic.in>, EPCES <epces@epces.in>, KabirajSabar<kabiraj.sabar@nic.in>

Dear Sir / Madam,

Please find herewith attached clarification dated 14.09.2015 received from General Manager, RBI regarding payment of duty drawback in SEZs.

Kind attention is drawn to para 2(iii) and (iv) of the clarification wherein it has been indicated that -

"iii. SEZ Unit is permitted to make payment to Domestic Tariff Area (DTA) supplier from its foreign currency account."

"iv. In case the DTA supplier is willing to receive the payment in INR, the same may be done by conversion of foreign currency so received from the SEZ Unit to INR at the level of the AD Banks (of SEZ / DTA supplier) depending on the arrangements entered into by them."

In view of the above clarification from RBI, all DCs are requested to process the pending claims related to payment of duty drawback as per the provisions of SEZ Act & Rules and the applicable guidelines / instructions issued by DoC.

DC, MEPZ is requested to furnish an Action Taken Report w.r.t. the pending claims of payment of drawback in the light of reference made to DoC recently.

Yours sincerely,

MadhupVyas
Director (SEZ)

RESERVE BANK OF INDIA

www.rbi.org.in

FE.CO.TRADE(EXD)/3440/05.31.058/2015-16

September 14, 2015

The Under Secretary
Government of India
Department of Commerce (SEZ Section)
Ministry of Commerce & Industry
UdyogBhawan
New Delhi- 110 001

Dear Sir,

Discussion in connection with Duty Drawback and reimbursement of duties in SEZs

Please refer to your letter No. D.6/35/2011-SEZ(Pt.) dated August 28, 2015 as also the meeting held on September 11, 2015 at UdyogBhawan on the captioned subject.

2. In this connection, we advise as under:

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- i. Duty Drawback scheme and SEZ Schemes are not the domain of RBI.
 - ii. In terms of Para 2.52 of the Foreign Trade Policy (2015-2020) – “All export contracts and invoices shall be denominated either in freely convertible currency or Indian rupees but export proceeds shall be realized in freely convertible currency”.
 - iii. SEZ Unit is permitted to make payment to Domestic Tariff Area (DTA) supplier from its foreign currency account.
 - iv. In case the DTA supplier is willing to receive the payment in INR, the same may be done by conversion of foreign currency so received from the SEZ unit to INR at the level of the AD Banks (of SEZ/DTA supplier) depending on the arrangements entered into by them.

Yours faithfully,
Sd/-
(Pankaj Kumar)
General Manager