GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
DIRECTORATE GENERAL OF FOREIGN TRADE


Subject: Grant of benefits under Served From India Scheme (SFIS) and Para 5.4(v) of FTP RE2007, clarification thereof.

Attention is invited to Para 5.4 (v) of EPCG Scheme - FTP RE2007. It is provided therein that “Foreign exchange counted towards fulfillment of EO (over and above the average) shall not be eligible for incentives / rewards under promotional measures / schemes”. This clause has been deleted in FTP RE2008.

2. In so far as Service Providers are concerned, it is clarified that Para 5.4(v) of FTP RE2007 applies to foreign exchange earned during 1.4.2007 till 31.3.2008 and does not apply to foreign exchange earned prior to 1.4.2007 or after 31.3.2008. Service Providers have to first utilize foreign exchange earned during 1.4.2007 till 31.3.2008 for fulfillment of pending EO under EPCG Authorisations (over and above the average, if any) and SFIS would be entitled only on any additional foreign exchange earned during 1.4.2007 till 31.3.2008 thereafter. Accordingly, details of all pending EO under EPCG Authorizations must be called for and SFIS granted only on the foreign exchange earned during 1.4.2007 till 31.3.2008 which is over an above the requirement of total pending EO under all EPCG Authorisations (over and above the average, if any) of the Service Provider.

3. RAs may undertake a special drive to cross check the above and report the same to headquarters within 45 days of issue of this circular. In case it is found that excess SFIS benefit for foreign exchange earned during 2007-08 has already been granted in a particular case, recovery may be effected immediately (by surrender of unused duty credit scrip, reducing the value of SFIS duty credit scrip, or deposit of TR challan, or any adjustment from any pending duty credit scrip application).

4. Further at the time of redemption of EPCG Authorisations of Service Providers where foreign exchange earned during 1.4.2007 till 31.3.2008 is used for discharge of EO, RAs must examine this aspect once again to ensure that SFIS has not been granted for foreign exchange earned during 1.4.2007 till 31.3.2008 which has been used for fulfillment of pending EO under EPCG Authorizations.

This issues with the approval of the DGFT.

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

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To
All Regional Authorities