

**Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Foreign Trade
Udyog Bhawan, New Delhi**

Dated the 10th February, 2016

Trade Notice No. 16/2015

To,

**All RAs of DGFT
Members of Trade**

Subject: Closure of Advance Authorisation licences as per para 4.16(a) of FTP 2009-14, pending for want of payment to be received from Foreign currency account of SEZ unit.

A number of representations have been received in this Directorate from Trade, Industry and Export Promotion Council for EOU and SEZ on the pending requests for allowing closure/ redemption/EODC in cases where the Advance Authorisation holder had made supplies to SEZ units and realised the proceeds in Indian Rupees as per the extant provisions laid down in Para 4.1.6(a) of FTP 2009-14.

2. The matter has been examined and it is clarified that Para 4.1.6 (a) of FTP 2009-14 had not stipulated that DTA supplying goods under Advance Authorisation to an SEZ unit has to realise payment from Foreign Currency Account of SEZ unit. Moreover, Rule 30(8) of SEZ Rules 2006 also do not mention that it is mandatory for SEZ unit to make payment to Advance Authorisation holder from Foreign Currency Account (FCA). The above condition was made applicable for Advance Authorisation in the FTP (2015-2020), as per para 4.21(iii) w.e.f. 1st April, 2015 only.

3. In the interest of trade facilitation it has been decided, in consultation with SEZ Division of Department of Commerce, that closure/redemption/EODC may be allowed where the Advance Authorization holder or DFIA holder has made supplies to SEZ units and realised the proceeds in Indian Rupees as per the extant provisions laid in para 4.1.6(a) of FTP 2009-14 by realising the proceeds in Indian Rupees. All the Regional Authorities may take necessary action as per clarification.

4. It is further clarified that in the new FTP 2015-20 it has been stipulated in the para 4.21(iii) that "*Export to SEZ Units shall be taken into account for discharge of export obligation provided payment is realised from Foreign Currency Account of the SEZ unit.*" Hence conditions of para 4.21(iii) of FTP will have to be complied in respect of the Advance Authorisations issued during FTP 2015-20.

5. This issues with the approval of DGFT.



(S.Latha)

Deputy Director General of Foreign Trade