

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

**Policy Circular No. 25 (RE-2007)/2004-2009**

Dated 1st January, 2008

**Service not originating from India and Served From India Scheme (SFIS)  
for service providers, clarification thereof.**

Attention is invited to Served from India Scheme. It is mentioned in Para 3.6.4 of Foreign Trade Policy that Served from India scheme's objective is promotion of 'export of services' that are originating from India.

2. It has been brought to the notice of DGFT that applications have been received for grant of benefits under the scheme even where 'export of service from India' does not take place, although foreign exchange may have been earned. The issue was deliberated in the Port Officer's Meeting held on 14.12.2007. Instances like development of software exclusively by an Indian wholly owned Subsidiary/Unit overseas (or by other Foreign Service Providers) and the sale of such software in International markets would lead to earning of foreign exchange for the Indian Company. However such providing of software service does not originate in India and cannot be covered under SFIS scheme for grant of benefits.

3. After due deliberations, with respect to services not originating from India, it has been decided that the following principles be applied while finalizing the claims.

- (a) While examining the claim of Service Providers, the objective of promotion of export of services from India should be kept in mind.
- (b) Services not originating from India would not be entitled for SFIS benefits.
- (c) The definition of Services Provider, as given in Para 9.53 of FTP 2004-2009, clearly stipulates that supply of a service "from India" is the first condition.

Thus payment might have been made by a service provider in India to a Foreign Service Provider, who has provided some part service in the foreign country. Such services provided abroad cannot be counted as 'Services originating from India', and hence would not be eligible for benefits under SFIS Scheme. Some other instances are detailed below.

- i. Telecom Service providers earn Foreign Exchange (FX) for providing service that includes services not originating from India (e.g. global roaming charges). Such receipts of FX are not eligible for SFIS. Thus, FX earned would be mean 'receivables' minus 'payables' in a particular year, for telecom services. This shall also apply to Software and other service providers.
- ii. Airlines, Shipping Lines Service Providers provide services which include services provided from Country X to Country Y routes (not touching India at all). Such services are not originating from India. Accordingly only receipts of FX for providing services from India (i.e. routes originating from India or touching India as per route charter) are entitled and therefore, route-wise bifurcation should be called.

This issues with the approval of the DGFT.

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

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