

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

Policy Circular No. 31(RE-2005)/2004-2009

Dated 18th October, 2005

Import of Coal under DFRC Scheme

Attention is invited to the provisions contained in para. 4.2.3 of Foreign Trade Policy, 2004-09 which lay down that, a DFRC shall be issued only in respect of products covered under the Standard Input Output Norms (SIONs) as notified by DGFT and the import of fuel under the general norms should be allowed with Actual User condition only. It further stipulates that for fuel, the import entitlement may be transferred only to the Companies, which have been granted authorization to market fuel by the Ministry of Petroleum and Natural Gas. There are certain SIONs in which one of the inputs allowed is Coal, which is used either as an important input for the manufacture of resultant export product or the same is used as fuel for energy production.

Representations have been received in this office that some of the RLAs are allowing Coal only with Actual User condition under DFRC scheme even if the same is available in SION, on the ground that Coal is a fuel, which can be allowed with the condition as per paragraph 4.2.3. of the F.T.P. (2004-09), stated above. The matter was discussed in the ALC meeting in consultation with the Policy Division and it has been decided to clarify that wherever coal has been allowed as one of the inputs in SION i.e. when its consumption is directly related to the manufacturing of the export product and not for generation of power, it should be treated at par with other inputs which are transferable under DFRC.

Sd/-

(KIRAN SEHGAL)

Dy. Director General of Foreign Trade

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