

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

Policy Circular No.19 (RE-2006)/2004-2009    Date: 11-9-06

To

1. All Licensing Authorities
2. Development Commissioners of SEZs
3. EPZ Division of Deptt. of Commerce

Subject: DTA sale on third party exports by EOUs – Clarification thereon.

In terms of para 6.10 of Foreign Trade Policy, an EOU Unit may export goods manufactured by it through another exporter or any other EOU unit subject to the conditions mentioned in para 6.19 of Handbook. In terms of sub-para 6.19(e) of Handbook, all export entitlements, including recognition as status holder would accrue to the exporter in whose name foreign exchange earnings are realized. However, such export shall be counted towards fulfillment of obligation under EOU scheme only. In terms of para 6.19(d), fulfillment of NFE by EOU unit in regard to such export shall be reckoned on the basis of the price at which the goods are supplied by EOUs to other exporter or other EOU unit. A clarification has been sought whether exports effected by EOUs through third party are eligible for DTA sale entitlements under para 6.8 of FTP.

2. The facility of DTA sale to EOUs is available against physical export of goods manufactured in EOU and earning positive net foreign exchange. Exports effected through third party and foreign exchange realized in the name of the third party for those goods which have been manufactured in the EOU and are directly transferred from the unit to the port of shipment are eligible exports and this export is also counted for the purpose of fulfillment of export obligation of EOU. The EOU is, therefore, eligible to get DTA sale benefits on exports effected through third party. The Shipping Bills must indicate the names of both the manufacturer and the third party. While indicating the name of the manufacturer in such cases, the status of the unit i.e. Export Orient Unit must be clearly indicated. The entitlement of DTA sale will, however, be calculated on the basis of the price at which the goods are supplied by EOUs to third party exporter. Para 6.19 (e) of Handbook is not intended to preclude DTA sale facility against third party exports.

3. This issues with the approval of Competent Authority.

(P.K.Santra)  
Dy. Director General of Foreign Trade  
For Director General of Foreign Trade

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