

Deemed Exports

"Deemed Exports" refer to those transactions in which the goods supplied do not leave the country, and the payment for such supplies is received either in Indian rupees or in free foreign exchange. The following categories of supply of goods by the main/ sub-contractors are regarded as "Deemed Exports" under the Foreign Trade Policy, provided the goods are manufactured in India:

- (a) Supply of goods against Advance Authorisation/Advance Authorisation for annual requirement/DFIA
- (b) Supply of goods to Export Oriented Units (EOUs) / Software Technology Park (STP) units / Electronic Hardware Technology Park (EHTP) units / Bio Technology Park (BTP) units
- (c) Supply of capital goods to Export Promotion Capital Goods (EPCG) Authorisation holders
- (d) Supply of goods to projects financed by multilateral or bilateral Agencies/Funds as notified by the Department of Economic Affairs, Ministry of Finance under International Competitive Bidding (ICB) in accordance with the procedures of those Agencies/Funds, where the legal agreements provide for tender evaluation without including customs duty
- (e) Supply of capital goods, including in unassembled/disassembled condition as well as plants, machinery, accessories, tools, dies and such goods which are used for installation purposes till the stage of commercial production, and spares to the extent of 10% of the FOR value to fertilizer plants
- (f) Supply of goods to any project or purpose in respect of which the Ministry of Finance, by a notification, permits the import of such goods at zero customs duty
- (g) Supply of goods to the power projects and refineries not covered in (f) above
- (h) Supply of marine freight containers by 100% EOU (Domestic freight containers - manufacturers) provided the said containers are exported out of India within 6 months or such further period as permitted by the customs;
- (i) Supply to projects funded by UN agencies
- (j) Supply of goods to nuclear power projects through competitive bidding as opposed to ICB.

The benefits of deemed exports shall be available under paragraph (d), (e), (f) and (g) only if the supply is made under the procedure of ICB.

Benefits for Deemed Exports

Deemed exports shall be eligible for any/all of the following benefits in respect of manufacture and supply of goods qualifying as deemed exports subject to the terms and conditions as given in the Chapter-8 of Handbook of Procedures (Vol.I), 2009-2014 of the Department of Commerce, Ministry of Commerce & Industry:

- (a) Advance Authorisation/Advance Authorisation for annual requirement/DFIA
- (b) Deemed Export Drawback.
- (c) Exemption from terminal excise duty where supplies are made against ICB. In other cases, refund of terminal excise duty will be given.

The details of "Deemed Exports" scheme are available in Chapter-8 of India's Foreign Trade Policy and Procedures on the website of the Department of Commerce, Ministry of Commerce & Industry (<http://commerce.nic.in>).