

**Government of India  
Ministry of Commerce and Industry  
Department of Commerce  
Directorate General of Foreign Trade  
Vanijya Bhawan, New Delhi  
Policy - 4 Division  
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**Policy Circular No. 02/2024**

**Dated: 03<sup>rd</sup> May, 2024**

**To**

**All Regional Authorities of DGFT  
All Exporters/Members of Trade  
All Custom Authorities**

**Subject: Clarification on the applicability of 3% amount on account of non-achievement of minimum Value Addition as mentioned in para 4.49 (b) and amount equivalent to 10% of the CIF value in Para 4.49 (a)(ii) of HBP 2023 -reg.**

This Directorate is in receipt of some cases seeking relaxation in payment of 3% amount under Para 4.49 (b) and similar provisions of HBP 2023 against Advance Authorisation issued prior to 01.04.2023.

2. In this regard, attention is drawn towards Para 4.48 (a) of Handbook of Procedure 2023 (Transitional Arrangement for Authorisations issued up to 31.03.2023), which provides that, Advance Authorizations (AA) including Advance Authorizations for Annual Requirement issued up to 31.03.2023 shall be governed by the respective provisions contained in the relevant HBPs, under which the subject AA was issued, excepting provisions relating to clubbing and extension in Export Obligation period.

3. Accordingly, it is clarified that provisions relating to the payment of 10% of CIF value and 3% of shortfall in FOB value amounts specified in Para 4.49(a) (ii) and 4.49(b) respectively of Handbook of Procedures, 2023 are applicable **only** in cases where Advance Authorization is issued on or after 01.04.2023.

4. AAs issued prior to 01.04.2023, will be governed by the relevant provisions of HBP (for the purpose of regularisation of bonafide EO default) under which such AAs were issued.

5. However, this clarification will not constitute a ground for refund of fees already paid.

6. This Policy Circular is issued with the approval of the Competent Authority.

(K.M. Harilal) 3/5/2024

Jt. Director General of Foreign Trade

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