

Government of India
Ministry of Commerce and Industry
Directorate General of Foreign Trade
Udyog Bhavan, New Delhi-110011

Policy Circular No.2 (RE-2013)/2009-2014

Dated the 26th July, 2013

To

All Development commissioners, SEZ
All Licensing Authorities.
All Custom Authorities.

Subject: **Validity of IEC for Export Oriented Unit (EOU) or units in Special Economic Zone/Electronics Hardware Technology Park(EHTP)/Software Technology Park(STP)/Bio-Technology Park(BTP) after de-bonding: Review of Policy Circular 26/ dated 11.8.2008.**

Under Policy Circular No.26 dated 11.8.2008, at the time of de-bonding and converting to DTA unit, a 100% EOU surrenders its IEC to the concerned Development Commissioner of Special Economic Zone (from where it obtained IEC) for cancellation. Thereafter, the firm approaches the concerned RA for issue of a fresh IEC against the same PAN Number. On the other hand, when a DTA unit converts into a 100% EOU unit, its IEC issued by RA continues to remain valid.

2. The issue has been reviewed. It is felt that the existing arrangement can be improved to reduce transaction cost. Accordingly, it has been decided that an IEC will remain valid irrespective of a firm's status as a DTA unit or an EOU or a SEZ/EHTP/STP/BTP unit and the procedure to be followed in case a firm/unit is de-bonded and converted to DTA is as under:

- a. A unit, which is in EOU or in SEZ/EHTP/STP/BTP after de-bonding will **not** surrender the IEC obtained from its jurisdictional DC, SEZ.
- b. The jurisdictional DC, SEZ will send the original IEC file to concerned RA of DGFT after de-bonding.
- c. RA becomes the custodian of such file and will allow de-bonded unit to make necessary modification in IEC.
- d. The de-bonded unit to be eligible for benefits from the RA as per FTP.

3. It is reiterated that when a DTA unit converts itself into an EOU or a unit in SEZ/EHTP/STP/BTP, the IEC issued by the RA would continue to be valid even after such conversion.

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(Issued from F. No. 01/93/180/38/AM 09/PC- 2(B))