

Circular No. 1058/07/2017-CX

F. No.201/08/2010-CX 6
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise and Customs

New Delhi, the 16th August, 2017

To,

The Principal Chief Commissioners/ Chief Commissioners/ Principal Commissioners of
Central Tax & Central Excise (All)

Web-master, CBEC

Madam/Sir,

Sub: Clarification on requirement of submitting Bank certificate evidencing receipt of payment in freely convertible currency under Notification No. 45/2001-CE (NT) dated 26.06.2001 for export to Bhutan for specified Hydroelectric Projects– reg.

References have been received in the Board seeking clarification on, whether proof of export, namely Bank certificate evidencing receipt of payment in freely convertible currency as required under Notification No. 45/2001-CE (NT) dated 26.06.2001 as amended, for export of commodities to Bhutan would have to be submitted in the case of export for the following Hydroelectric projects, namely, Kurichu Hydro Electric Project, Tala Hydro Electric Project, Punatsangchhu-I Hydro Electric Project, Punatsangchhu-II Hydro-Electric Project, Mangdechhu Hydro-Electric Project and Kholongchhu Hydro Electric Project, which are being constructed with the assistance of Government of India as part of Bilateral Agreements with Bhutan.

2. The said hydroelectric projects in Bhutan are being constructed with the aid of the Government of India as part of bilateral agreements between the Government of India and the Royal Government of Bhutan. The aid *inter alia* is by way of grant or loan by the Government of India and has approval of the Government of India along with facility for payment in INR for exports to Bhutan.

3. Further, Article VII of the India-Bhutan Agreement on Trade, Commerce and Transit provides that bilateral trade between India and Bhutan shall be in INR or Ngultrums. Since the exports in case of the aforementioned Hydroelectric projects are in INR, the condition for submitting Bank certificate evidencing receipt of payment in freely convertible currency as required under Notification No. 45/2001-CE (NT) dated 26.06.2001 as amended have to be read harmoniously with the Agreement on Trade, Commerce and Transit as well as decisions of the Government of India.

4. Accordingly, it is clarified that payment condition relating to currency with regard to export of commodities to Bhutan for the said Hydroelectric projects shall be considered to have been discharged in cases where payment has been received in Indian currency through the banking channels.

5. Any difficulty in the implementation of this circular may be brought to the notice of the Board. Hindi version will follow.

(Shankar Prasad Sarma)
Under Secretary to the Government of India