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(IFA WING)**

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**IFA INSTRUCTION NO. 05 of 2010.**

No. IFA/22

Dated :- 20-04-2010.

To

1. All PIFAs/IFAs
2. All PCsDA/CsDA holding charge of IFA.

Sub :- Treatment of procurement as Import or Indigenous procurement :  
Clarification thereof.

A number of references has been received in HQrs office w.r.t the treatment of procurement as to which procurements are to be treated as import and which are to be treated as indigenous procurement. The matter has been examined and it is clarified that distinction between the same has been clearly defined in Para 10.18.9 of DGS&D Manual. The extract of the same is appended as under :-

2. Categories of **cases constituting sale in course of Import** :-
  - (i) Where the movement of goods from the foreign country to India is occasioned directly as a result of the sale.
  - (ii) Where there is a privity of contract between the foreign supplier and the GoI.
  - (iii) Where the Indian supplier acts as the agent of the foreign manufacturer in the agreement of the sale.
3. Categories of **cases not constituting sale in the course of Import** :-
  - (i) Sales of imported goods which are supplied from the already existing stock.
  - (ii) Import of raw materials and components which have been utilized by the suppliers in assembling or manufacturing the goods ordered for sale where price of such raw materials, components and accessories have not been shown separately.
  - (iii) Sales of Imported goods which have been further processed in India before supply to the consignee.

- (iv) Sales of goods which are to be imported against firm's own 'stock and sale' licence for supply to various customers.
- (v) The goods have moved from foreign country to India as a result of the Indian supplier purchasing the goods from the foreign supplier, i.e.
- (a) The movement of goods has been occasioned by the contract for purchase which the Indian supplier entered with the foreign seller.
- (b) There was no privity of contract between the GoI and the foreign seller.
- (c) The foreign seller has not entered into the contract by himself or through the agencies of the Indian supplier.

4. It is therefore advised that relevant cases may be regulated in terms of provisions mentioned above.

*-sd/-*  
(Shharat Sharma)  
Jt.CGDA (IFA)

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(Shharat Sharma)  
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