

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2342
ANSWERED ON:07.12.2012
DUTY FREE SHOPS
Jindal Shri Naveen

Will the Minister of FINANCE be pleased to state:

- (a) whether the usage of Indian currency at the Duty Free Shops at the airports is restricted to the Indian Citizens only;
- (b) if so, the details thereof along with the specified limits and the reasons therefor;
- (c) whether there is any proposal to increase the current limit for Indian citizens and any proposal to extend the usage of Indian currency at these shops for foreign nationals as well;
- (d) if so, the details thereof and if not, the reasons therefor;
- (e) whether the duty free shops of the Indian Tourism Development Corporation at the airports have been running into losses for the past many years; and
- (f) if so, the details thereof and the reasons therefor along with the steps taken / proposed to be taken by the Government to ensure profitability of the duty free division?

Answer

MINISTER OF STATE FOR FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): In terms of extant provisions contained under Foreign Exchange Management (Export and Import of Currency) Regulations, 2000, any person resident in India, save as otherwise provided in these regulations, may take outside India (Other than to Nepal and Bhutan) and also to bring into India (other than from Nepal and Bhutan) currency notes of Government of India and Reserve Bank of India notes up to an amount not exceeding Rs. 7,500/ per person.

Accordingly, Indian nationals undertaking visits abroad can buy goods from Duty Free Shops at the International Airports in India with Indian currency upto Rs. 7500/- per person.

However, foreign nationals are not allowed to take out of India or to bring into India currency notes of Government of India or Reserve Bank of India. Since the present regulations do not permit foreign nationals to carry Indian currency notes outside the domestic tariff area, such nationals cannot use Indian currency to make purchases in duty free shops located in areas which are deemed as foreign territory.

(c) & (d): Yes, Sir. A proposal has been received from Reserve Bank of India to enhance the present limit of Rs 7,500/- to Rs. 10,000/- for Indian residents on account of overall increase in incidental expenses on transportation and hotel accommodation.

As regards foreign nationals, Ministry of Civil Aviation has forwarded a representation from Association of Private Airport Operators (APAO) to allow foreign nationals to buy goods in duty free shops using Indian currency without any restriction. The proposal has been considered in consultation with Reserve Bank of India and Department of Revenue and has not been agreed to in view of reservations expressed by them.

(e) & (f): Yes, Sir. ITDC is currently operating duty free shops only at two Airports. The profitability is given below:

Description	Profitability		
	(Rs. in lakh)		
	2009-10	2010-11	2011-12
Goa Airport, Goa	(-) 192.64	(-) 173.89	(-) 188.98
Coimbatore Airport, Tamil Nadu	(-) 36.83	(-) 18.53	(-) 60.56

High rental expenses, inadequate traffic volume, limited space and operational/ commercial constraints are major factors affecting the profitability of duty free shops at the airports.

ITDC has ventured into new duty free shops at seaports and taken corrective measures like timely and uninterrupted supply of

merchandise, improved logistic arrangements, promotional schemes, competitive pricing, better product mix etc. for improving profitability.