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DIRECTORATE GENERAL OF FOREIGN TRADE

DGFT appeal, penalties and the Denied Entity List

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DGFT CAN IMPOSE A penalty of at least ₹10,000 and up to five times the value of the goods, services or technology, whichever is more. It applies to any import or export that breaks the Foreign Trade (Development and Regulation) Act, its rules and orders, or the Foreign Trade Policy (section 11(2), as amended in 2010).

KEY FACTS

POLICY

Foreign Trade Policy 2023

PROCEDURES

Handbook of Procedures 2023

LAW

Foreign Trade (Development and Regulation) Act, 1992

UPDATED

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What penalties can DGFT impose?

DGFT can impose a penalty of at least ₹10,000 and up to five times the value of the goods, services or technology, whichever is more. It applies to any import or export that breaks the Foreign Trade (Development and Regulation) Act, its rules and orders, or the Foreign Trade Policy (section 11(2), as amended in 2010).

- **False papers.** The same penalty applies if you use a declaration or document with DGFT that you know, or have reason to believe, is forged or false (section 11(3)).
- **Confiscation.** The goods and any conveyance can be confiscated, and released on payment of redemption charges equal to their market value (section 11(8) and (9)).
- **Recovery.** An unpaid penalty can be recovered from money owed to you, through Customs, or as arrears of land revenue (section 11(5)).

The Act's words: "not less than ten thousand rupees and not more than five times the value of the goods or services or technology" (FT(D&R) Amendment Act, 2010, new section 11(2)). On our arithmetic, the ceiling on a ₹10 lakh shipment is ₹50 lakh.

Some articles say the penalty stops at twice the value. The Act says five times. For the rest of DGFT's rules, see DGFT: India's foreign trade rules, schemes and authorizations.

Who decides, and do you get a hearing?

The Director General of Foreign Trade, or an officer the Central Government authorizes, decides penalties and confiscation. No such order can be made until you've had a written notice of the grounds, a chance to reply in writing and, if you ask, a hearing (FT(D&R) Act, sections 13 and 14). That notice is your first chance to answer.

Once the order is made, your route is a DGFT appeal, not a personal hearing under the Policy, which doesn't apply to an adjudication or an appeal (FTP 2.60(b)).

Can DGFT suspend or cancel an IEC, a licence or a scrip?

Yes. DGFT can refuse, suspend or cancel a licence, certificate, scrip or other instrument of financial or fiscal benefit (FTP 8.03(b) and (c)). It can suspend or cancel an Importer-Exporter Code (IEC) after written notice and a chance to answer, for example for breaking the Act or customs, excise or foreign exchange law (section 8(1), as amended in 2010).

An IEC can also be suspended until an unpaid penalty is paid or recovered (section 11(7)).

What is the Denied Entity List?

The Denied Entity List (DEL) is DGFT's list of firms whose new licences, authorizations, scrips and certificates are all blocked. A Regional Authority may put a firm on it (FTP 2.14(c)). Separately, an authorization holder who breaks its conditions, misses its export obligation or doesn't pay a demand notice is liable to action under the Act (FTP 2.14(a)).

The Policy's own words: "all new licences, authorisations, scrips, certificates, instruments etc. will be blocked" (FTP 2.14(c)).

- **Abeyance.** The Regional Authority may hold a listing in abeyance for up to 60 days at a time (FTP 2.14(d)).
- **Removal.** The Regional Authority can remove the firm once it completes its export obligation, pays the penalty, meets the demand notice or files the documents asked for (FTP 2.14(e)).

If a listing comes from a missed export obligation, see export obligation discharge certificates and extensions.

How do you file a DGFT appeal?

File it within 45 days of being served the order. An officer's order goes to the Director General or a higher officer the Director General authorizes, and the Director General's own order to the Central Government (FT(D&R) Act, section 15). Against a penalty or redemption charges, deposit the amount first, unless the appellate authority waives it for undue hardship.

1. Note the date the order was served.

The 45 days run from that date: "within a period of forty-five days from the date on which the decision or order is served" (FT(D&R) Act, section 15).

2. Find the appellate authority.

An officer's order goes to the Director General, or to a higher officer the Director General authorizes to hear the appeal. The Director General's own order goes to the Central Government (section 15).

3. Deposit the penalty, or ask for a waiver.

An appeal against a penalty or redemption charges is taken up only once the amount is deposited. The appellate authority may waive the deposit for undue hardship, with or without conditions (section 15, second and third provisos).

4. File within the 45 days.

If you're late, the appellate authority may allow 30 more days if sufficient cause kept you from filing in time (section 15, first proviso).

The Central Government, or the Director General for an officer's order, may also review an order on its own motion or otherwise. It can't be varied against you without a notice to show cause within two years and a chance to answer (FT(D&R) Act, section 16, as substituted in 2010).

Can DGFT relax a rule for you?

Yes: DGFT may relax a rule for genuine hardship and adverse impact on trade, after consulting a Norms Committee, the EPCG Committee or the Policy Relaxation Committee (FTP 2.59). Apply online in form ANF-2D, for ₹2,000. A review of a committee's decision or another DGFT order goes online in ANF-2E. A committee review costs ₹5,000 (HBP 2.96(a); Appendix 2K).

Relaxation and review requests, with DGFT's fees from Appendix 2K, as of its May 14, 2025 copy

Request	Form	Fee	Paragraph
Relax a rule for genuine hardship	ANF-2D, online	₹2,000 per application (item 12)	FTP 2.59; HBP 2.96(a)
Review a committee's decision, or another DGFT authority's order, with a personal hearing	ANF-2E, online	₹5,000 per application to review a committee's decision (item 13)	FTP 2.60(a); HBP 2.96(a)

The ANF-2E request is also your request for a personal hearing with DGFT (FTP 2.60(a); HBP 2.96(a)). The decision after the hearing is "final and binding" (FTP 2.60(a)). A hearing isn't available in an adjudication or appeal under the Act (FTP 2.60(b)).

Requests go in from DGFT's Policy Relaxation Committee page.

How do you get an official reading of the Policy?

Apply in form ANF-2F to the Policy Interpretation Committee at DGFT headquarters (HBP 2.95; FTP 2.58(b)). DGFT's decision is final on how the Policy and the Handbook of Procedures are read, and on how an item is classified in ITC (HS) (FTP 2.58(a)). The Policy calls that decision "final and binding".

For the Policy itself, see Foreign Trade Policy 2023: what it says and what changed in 2026.

Where do you take a grievance or a stuck application?

Start with DGFT's 24×7 helpdesk: toll-free 1800-572-1550 or 1800-111-550, email dgftedi@nic.in, or a ticket on the portal (HBP 1.04(g)). If an application is unduly delayed, write to the head of the regional office (HBP 11.10). Grievance committees chaired by DGFT at headquarters and by heads of Regional Authorities also hear trade grievances (HBP 11.08).

The Handbook's words: "Cases of undue delay in disposal of applications may be brought to notice of head of regional offices by way of a written representation" (HBP 11.10).

The same paragraph sets DGFT's own normal disposal times, in working days from a complete application. They're norms, not a promise.

Does DGFT settle disputes with foreign buyers or suppliers?

Yes, by conciliation. Committees in DGFT's Regional Authorities take up quality complaints and trade disputes between an Indian and a foreign party, and aim to resolve each within three months (FTP 8.01 and 8.04(c)). Either side may still take legal action. Disputes between two Indian parties, or two foreign parties, are outside it (FTP 8.00 and 8.05).

A complaint against the foreign party itself is taken up by the Department of Commerce's Foreign Trade Division, through India's missions abroad (FTP 8.07(c)). Complaints are filed online, from DGFT's Quality Complaints and Trade Disputes page.

How IndusDesk helps with DGFT penalties and appeals

We watch the authorities, tell you what each change means for your products and plans, represent you while a decision is still open, and carry the work through, with every step on record in your workspace.

Government affairs →

Regulatory & trade advisory →

Talk to our desk about a DGFT penalty or appeal Message us on WhatsApp

Frequently asked questions

What happens if a restricted item arrives without an authorization?

The importer is liable to a penalty of at least ₹10,000 and up to five times the value of the goods, whichever is more (FT(D&R) Act, section 11(2)). The goods can also be confiscated (section 11(8)). See how DGFT import authorization works.

What happens if you can't meet your export obligation?

You're liable to action under the FT(D&R) Act (FTP 2.14(a)). The Regional Authority may put your firm on the Denied Entity List, and can lift it once you meet the obligation, pay the penalty, meet the demand notice or file requested documents (FTP 2.14(c) and (e)). For extensions, see export obligation discharge certificates.

What can your Indian buyer do if DGFT refuses its import authorization?

No one can claim an authorization as a right (FTP 2.13). Your buyer can ask DGFT to relax a rule for genuine hardship in ANF-2D. It can also ask, in ANF-2E, for a review of the decision and a personal hearing, for a fee (FTP 2.60(a); HBP 2.96(a)).

Sources

- The Foreign Trade (Development and Regulation) Act, 1992, sections 13, 14 and 15 (appeals)
- The Foreign Trade (Development and Regulation) Amendment Act, 2010: section 8 (the new section 8(1)), section 9, section 12 (the new section 11) and section 18 (the new section 16)
- Foreign Trade Policy 2023, Chapter 2 (compiled July 30, 2026), paras 2.13, 2.14, 2.58, 2.59 and 2.60 (PDF, 873 KB)
- Foreign Trade Policy 2023, Chapter 8 (compiled July 30, 2026), paras 8.00, 8.01, 8.03, 8.04(c) and 8.05
- Handbook of Procedures 2023, Chapter 1 (compiled July 30, 2026), para 1.04(g) (the helpdesk)
- Handbook of Procedures 2023, Chapter 2 (compiled July 30, 2026), paras 2.95 and 2.96(a)
- Handbook of Procedures 2023, Chapter 11 (compiled April 3, 2023), paras 11.08 and 11.10
- Appendix 2K: Scale of Application Fee/User Charges (last changed May 14, 2025), items 12 and 13
- DGFT's Policy Relaxation Committee page
- DGFT's Quality Complaints and Trade Disputes page

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