



PMC Cell – MM

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Sub: Availing EPCG benefits.

Reference is invited to the guidelines issued from time to time on procedure and roles & responsibilities of various departments for availing the benefits under EPCG scheme. These provisions have now been incorporated in the Integrated MM Manual under para No. 16.13.4.3, 20.1.1, 20.4.5, 33 and 37.2.1 for compliance by all concerned.

However, in one of its Draft Reports; Govt. Audit has observed that in one of the cases ONGC has incurred avoidable extra expenditure towards payment of higher Customs Duty, on account of non-utilization of the benefits against EPCG scheme.

All concerned are advised to ensure compliance of above provisions in all cases where benefits under EPCG scheme are to be availed based on laid down procedure, so that in future, avoidable extra expenditure towards payment of higher Customs duty and adverse comments from scrutinizing agencies may be avoided.

In this context, following clarifications provided by Corporate Finance are also notified for guidance of all concerned:

- (i) As per Chapter-5 of new Foreign Trade Policy 2015-20 (FTP), manufacturer exporter are allowed to avail benefits of EPCG scheme which allows import of capital goods as defined under chapter-9 of FTP on payment of NIL customs duty subject to fulfilment of export obligation (EO) equivalent to 6 time of duty saved on capital goods, to be fulfilled in 6 years reckoned from date of issuance of Authorization.
- (ii) EO can be fulfilled only against the value of incremental export over and above average level of export performance.
- (iii) Further, as per FTP- 2015-20, in case of supply of Goods (say Naphtha) to SEZ for the purpose of calculation of EO, only the payment made from Foreign Currency Account of SEZ would be considered.

Above guidelines should be meticulously followed by all concerned.

CR Mohanty
27/06/15

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ED-Chief MM Services

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