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GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE
DIRECTORATE GENERAL OF FOREIGN TRADE
UDYOG BHAVAN

PUBLIC NOTICE No. 03/2015-2020
NEW DELHI, DATED THE 13TH April, 2022

Subject: Amendments in Chapter 5 of the Handbook of Procedures 2015-20, related to Export Promotion Capital Goods Scheme to reduce 'Compliance Burden' and enhance 'Ease of doing Business' – reg.

In exercise of powers conferred under Paragraph 1.03 of the Foreign Trade Policy (FTP) 2015-2020, as amended from time to time, the Director General of Foreign Trade hereby makes the following amendments in Chapter 5 of the Handbook of Procedures (2015-20) with immediate effect. These amendments are applicable for EPCG authorizations issued under FTP 2015-20.

S. No.	Para No.	Existing provision	Revised provision
1	5.14 (c)	5.14 Block-wise Fulfilment of EO (c) Where EO of the first block is not fulfilled in terms of the above proportions, except in cases where the EO prescribed for first block is extended by the Regional Authority subject to payment of composition fee of 2% on duty saved amount proportionate to unfulfilled portion of EO pertaining to the block, the Authorization holder shall, within 3 months from the expiry of the block, pay duties of customs (along with applicable interest as notified by DOR) proportionate to duty saved amount on total unfulfilled EO of the first block.	5.14 Block-wise Fulfilment of EO (c) Request for extension of Export Obligation period of first block shall be submitted within 6 months from the date of expiry of first block EO period along with composition fee of 2% on duty saved amount proportionate to unfulfilled portion of EO pertaining to the block. RA may consider the request for extension of block wise EO period, received after 6 months, but within 6 years from date of issue of authorization, with a late fee of Rs. 10,000/- per authorization. Application made beyond 6 years, for extension of block-wise EO period for regularization purpose, shall also be considered by RA concerned, with an additional late fee of Rs. 5,000/- for each year per authorization. This late fee is in addition to the composition fee that may be payable on account of shortfall in export obligation. Where EO of the first block is not fulfilled in terms of para (a) above, except in cases where the EO prescribed for first block is extended by the Regional Authority, the

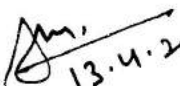


			<p>Authorization holder shall, within 6 months from the expiry of the block, pay duties of customs (along with applicable interest as notified by DOR) proportionate to duty saved amount on total unfulfilled EO of the first block.</p>
2	5.15	<p>5.15 Monitoring of Export Obligation</p> <p>Authorisation holders shall submit to RA concerned by 30th April of every year, report on fulfillment of export obligation by secured electronic filing using digital signatures/ or hard copy thereof.</p>	<p>5.15 Annual reporting of EO fulfillment</p> <p>Authorisation holders shall submit to the RA concerned by 30th June of every year, a report on fulfillment of export obligation through online. Such a report shall contain details such as Shipping bill/GST invoice number, date of export/supply, description of product exported/supplied and FOB/FOR value of export/supply for both specific as well as average export obligation. Any delay in filing such an annual report shall be regularised on payment of Rs. 5000/- late fees for each financial year per authorisation.</p>
3	5.16 (a)	<p>5.16 Automatic Reduction/ Enhancement upto 10% Duty saved amount and pro rata Reduction/ Enhancement in export obligation</p> <p>(a) in excess of the duty saved amount indicated on the authorization by not more than 10%, the authorization shall be deemed to have been enhanced by that proportion. Customs shall automatically allow clearance of such goods without endorsement by RA concerned. The authorization holder shall furnish additional fee to cover excess imports effected, in terms of duty saved amount, to RA concerned, within one month of excess imports taking place. Export obligation shall automatically stand enhanced proportionately. RA concerned may also accept the additional fee to cover the excess imports effected, in terms of duty saved amount, if the same is furnished beyond one month but within two years of the excess import taking place, subject to payment of</p>	<p>5.16 Automatic Reduction/ Enhancement upto 10% Duty saved amount and pro rata Reduction/ Enhancement in export obligation</p> <p>(a) in excess of the duty saved amount indicated on the authorization by not more than 10%, the authorization shall be deemed to have been enhanced by that proportion. Customs shall automatically allow clearance of such goods without endorsement by RA concerned. The authorization holder shall furnish additional fee to cover excess imports affected, in terms of duty saved amount, to RA concerned, at the time of application for EODC. Export obligation shall automatically stand enhanced proportionately.</p>

		composition fee of Rs. 5000/- per authorisation.	
4	5.17(d)	<p>5.17 Extension in Export Obligation Period.</p> <p>(d) Request for extension in EO Period shall be made to RA within 90 days from the date of expiry of original EO Period. However, RA may consider the request for extension received up to 180 days with additional composition fee of Rs. 5,000.</p>	<p>5.17 Extension in Export Obligation Period.</p> <p>(d) Request for extension in EO Period shall be made to RA concerned within 6 months from the date of expiry of original EO Period. However, RA may consider the request for extension received after 6 months, but within 8 years from date of issue of authorization, with a late fee of Rs. 10,000/-. Application made beyond 8 years, for extension of EO period from 6 to 8 years for regularization purpose, shall also be considered by RA concerned, with an additional late fee of Rs. 5,000/- for each year per authorization. This fee is in addition to the composition fee that may be payable on account of shortfall in export obligation. However, EO extension, beyond 8 years from date of issue of authorisation, shall not be allowed by RA under this provision.</p>
5	5.19 A	<p>5.19A - Maintenance of Annual Average Export Obligation</p> <p>The excess exports done towards the average export obligation fulfillment of an EPCG authorization during a year can be used to offset any shortfall in the Average EO done in other year(s) of the EO period or the block period as the case may be provided Average EO imposed is maintained on an overall basis, within the block period or the EO period as applicable.</p>	<p>5.19A - Maintenance of Annual Average Export Obligation</p> <p>The excess exports done towards the average export obligation fulfillment of an EPCG authorization during a year can be used to offset any shortfall in the Average EO done in other year(s) of the EO period or the block period as the case may be, provided Average EO imposed is maintained on an overall basis, within the EO period.</p>
6	5.22 (a) & (b)	<p>5.22 Redemption</p> <p>(a) Authorisation holder shall apply for redemption in ANF 5B with documents prescribed therein as a proof of EO fulfillment.</p> <p>(b) On being satisfied, RA concerned shall issue a certificate of discharge of export obligation to the EPCG authorisation holder and forward a copy to Customs Authorities with whom BG/LUT has been executed. A</p>	<p>5.22 Export Obligation Discharge Certificate (EODC)</p> <p>(a) Authorisation holder shall apply for EODC in ANF 5B with documents prescribed therein as a proof of EO fulfillment.</p> <p>(b) On being satisfied, RA concerned shall issue EODC to the EPCG authorisation holder and a copy of which will be forwarded to ICEGATE through</p>

		statement giving details of the documents submitted by the authorisation holder towards evidence of EO fulfillment shall also be enclosed with the certificate.	online, for further action by Jurisdictional Customs Authorities with whom BG/LUT has been executed. Where EODC is granted to the EPCG authorisation holder based on online application, a copy of EODC will be forwarded online to ICEGATE for further action by Jurisdictional Customs Authorities with whom BG/LUT has been executed.
7	5.23 (a)	<p>5.23 Regularization of Bonafide Default and Exit from EPCG Scheme</p> <p>(a) In case, EPCG authorisation holder fails to fulfill prescribed export obligation, he shall pay Customs Duty along with applicable interest as prescribed by Customs Authority. Such facility can also be availed by EPCG authorisation holder to exit at his option. The authorisation holder will have the option to furnish valid duty credit scrips, issued under Chapter 3 or Chapter 5 of FTP, for payment of the Customs duty component.</p>	<p>5.23 Regularization of Bonafide Default and Exit from EPCG Scheme</p> <p>(a) In case, EPCG authorisation holder fails to fulfill prescribed export obligation, he shall pay Customs Duty/taxes/Cess along with applicable interest as prescribed by Customs Authority. Such facility can also be availed by EPCG authorisation holder to exit at his option.</p>

Effect of this Public Notice: With a view to enhance ease of doing business and reduce the compliance burden, certain provisions of Chapter 5 related to the Export Promotion Capital Goods Scheme of the Handbook of Procedures (2015-20) are amended for EPCG authorizations issued under Foreign Trade Policy (2015-20).


13.4.2022

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