

Government of India
Ministry of Commerce and Industry
Directorate General of Foreign Trade

Policy Circular No. 10 /2009-14

Dated 12th October 2009

To

1. All Regional Authorities
2. All Development Commissioners of SEZs
3. All Commissioners of Customs
4. D/o Commerce, EOU Division

Subject: Clarification to enable procurement of spares beyond 5% by granite sector EOUs.

Para 6.7 (a) of HBP (04-09) {para 6.6(a) of HBP (09-14)} allows granite sector to take spares up to 5% of the value of the Capital Goods to quarry site. Representations were received from EOUs in granite sector stating that some of the Customs Authorities apply the 5% limit in regard to procurement of spares also under Customs Notification 52/03.

2. The matter was taken up with Department of Revenue, which has clarified vide OM DGEP/FTP/62/2009-EOU dated 12.8.2009 as under:

“EOUs in granite sector are allowed to procure capital goods, which are required in connection with processing and manufacture or production of articles of granite for export. Besides these capital goods, these units are also allowed certain specified quarrying equipments and spares up to 5% value of quarrying equipments in each year. These quarrying equipments and spares are allowed to be taken to quarry outside the unit. These quarrying equipments and spares are specified under Annexure V of Notification No. 52/2003-Cus and 22/2003-CE both dated 31.3.03. The capital goods and spares required in the EOU in connection with processing and manufacture or production of articles of granite for export are specified in Annexure I of the notification 52/2003-Cus.

Para 6.7 (a) of HBP v 1 {6.6(a) of HBP (09-14) } puts restriction of removal of spares to 5% to quarrying site. Thus spares allowed duty free for quarrying need to be restricted to that level. However, there is no limit for the spares required for capital goods for use within EOU.”

3. Accordingly, Department of Revenue has clarified that there is no limit for spares required for capital goods for use within the EOU.

4. This issues with the approval of Director General of Foreign Trade

Sd/-
(Hardeep Singh)
Jt. Director General of Foreign Trade

(File No. 01/92/180/223/AM 09/PC VI)