F.No. 01/92/180/00529 /AM99/PC.II

Government of India

Ministry of Commerce

Directorate General of Foreign Trade

Udyog Bhawan, New Delhi –110 011

Policy Circular No. 29 (RE-99)/99-2000

Dated 19-8-1999

To

1. All Licensing Authorities
2. All Commissioners of Customs and Excise
3. The Federation of Indian Export Organizations, New Delhi
4. The Export Promotion Councils/Commodity Boards
5. All Chambers of Commerce and Industries/Associations on the

   mailing list.

Subject: Clarification regarding certain issues relating to EPCG Scheme.

Certain issues have been raised relating to EPCG Scheme. It has been decided to clarify them as follows:
i)**Importability of DG Sets less than 1000 KVA**
Application for import of DG sets of less than 1000 KVA under EPCG Scheme has been centralised with Headquarters, as per EP Circular No. 29/95 dated 04.12.1995. Accordingly, such applications irrespective of the value are being made to the Headquarters. Since the DG set is required for generation of power and smooth running of the industry, any delay in import of D.G sets would not only hamper production but also adversely affect the export process. Moreover, there is no requirement of clearance from indigenous angle for import of new capital goods under EPCG scheme. With a view to obviate delays and hardship to the exporters, it has been decided to decentralize the powers for considering of EPCG application for import of even DG sets of less than 1000 KVA to the licensing authorities as per financial powers delegated under para 6.8 of Handbook of Procedures, (Vol.1), 1997-2002 (RE : March, 1999).

ii)**Import of Conveyer Belt, OTR tyres etc. by Mining Industry**

Considering the usage and nature of import of Conveyer Belt, OTR tyres etc. required in mining operation, it has been decided that Conveyor Belt and OTR tyres may be allowed to be imported by Mining Industry under EPCG Scheme.

iii)**Sourcing of capital goods from indigenous manufacturers**

Kind attention is invited to paragraph 6.8 of Exim Policy, 1997-2002 (RE: March,1999) and Paragraph 6.6 of Handbook of Procedures, 1997-2002 (RE: March, 1999) which provide that an EPCG licence holder may source the capital goods from domestic manufacturer instead of resorting to import subject to completion of the formalities prescribed therein.

In this context, it is clarified that such requests for procurement of capital goods against EPCG licences from indigenous sources need not be placed before the EPCG committee. Such requests may be processed on file by the concerned licensing authority in accordance with the provisions of the Exim Policy and Handbook of Procedures.

iv)**The condition regarding export of cotton yarn below 41 counts for the purpose of fulfillment of export obligation.**

Kind attention is invited to Policy Circular No. 17/96-97 dated 1.10.1996. It has been clarified, therein, that for the purpose of fulfillment of export obligation, the EPCG licence holder should export cotton yarn of 41 counts and above and in case he intends to export cotton yarn of less than 41 counts , then, raw cotton shall be imported. The matter has been reviewed by the Empowered Committee under the chairmanship of Secretary, Textiles. It has been now decided that the restriction regarding export of cotton yarn "that for export of 41 counts and below raw cotton should be imported" has been relaxed for the calendar year 1999. Accordingly, exports of cotton yarn during the year 1999, irrespective of the counts, would qualify for the fulfillment export obligation under EPCG scheme and this will apply to all EPCG licences issued with above said restriction.

2.This issues with the approval of DGFT.

Yours faithfully,

(L.B.Singhal)

Joint Director General of Foreign Trade