GOVERNMENT OF INDIA

MINISTRY OF COMMERCE

DIRECTORATE GENERAL OF FOREIGN TRADE

UDYOG BHAVAN, New Delhi- 110 011

POLICY CIRCULAR NO. 23(RE-99)

Dated: 29 -7-99

To

All Concerned

Subject:- Guidelines for import of Second Hand Capital Goods

Attention is invited to Para 5.3 of Export Import Policy 1997-2002 (as amended upto 31.3.99), Para 5.29 and Para 5.30 of Handbook of Procedure Vol. I – 1997-2002(as amended upto 31.3.99). As per the provisions contained therein, import of second hand capital goods is Restricted and subject to import licencing procedures. Applications for such licences are considered by the Inter-Ministerial Restricted Items Licensing Committee in the DGFT, New Delhi.

2. It is clarified that "The Committee" will be considering such applications in the following manner:

a)Capital goods not older than 5 years**:** The Committee will normally allow import of such capital goods automatically.

b)Capital goods older than 5 years but less than 10 years: The Committee will be taking into consideration the comparative advantages/benefits of such imports vis-à-vis new capital goods.

c)Capital goods older than 10 years: Import of such capital goods will normally not be allowed except for heavy equipment in the infrastructure and core sector industries.

d)The imported capital goods will have to conform to the acceptable environmental and industrial safety norms.Apart from the criteria mentioned above, the Committee may fix any other criteria as it may deem necessary.

3. In view of the problems faced by importers who had taken substantive steps for import of second hand capital goods before 31.3.99 or under special circumstances as mentioned below, the import of second hand capital goods may be allowed by the Committee even if they do not conform to the guidelines as prescribed in Para 2 above:

a)Cases where following substantive steps taken prior to 31-03-1999, such as:

i) Part/full payment for the import made.

ii) Orders for import negotiated/finalised

iii)Firm commitments for import, such as forward contracts etc. have been made.

iv)Payment for dismantling of capital goods had been made.

b)Automobile manufacturers who have signed an MOU with the DGFT undertaking certain obligations like foreign equity participation, indigenisation and export obligation.

c)Cases where EPCG Committees took a decision to grant second hand EPCG licences before 31-3-1999 but licence could not be issued. In such cases, applicants shall have the option of converting their EPCG applications into restricted import licence applications and for that they may submit only a revised application in Appendix 8 of the Handbook of Procedures.

4. Future applicants for import of second hand capital goods are advised to take into consideration the criteria as prescribed above before filing the applications.

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

(O.P. HISARIA)

Deputy Director General of Foreign Trade

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