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F.NO.01/94/180/03/AM08/PoL V
Government of India
Ministry of Commerce & Industry
Directorate General of Foreign Trade
Udyog Bhavan, New Delhi

Circular No. 28 /07(2004-09) dated . 22 -01-2008

Subject:-Explanatory note to Public Noitice No.99 (RE-2007) 2004-09 dated 08.01.2008.

In exercise of powers conferred under Paragraph 2.4 of the Foreign Trade Policy 2004-09, the D.G.F.T. hereby makes the following explanatory note in respect of P.No. 99/RE-2007 dated 8.01.2008.

1. (a) Company “A” applies for EPCG licence in 2007-08 with previous exports of Rs 10 Crore, 20 Crore and 30 Crore in 2004-05,2005-06 and 2006-07 respectively. While issuing the first license, (presuming the duty saved amount is Rs.1 Crore), licensing authority will impose average export obligation of Rs.20 Crore and additional export obligation of 8 times of Rs.1 Crore.

(b) However, while issuing the second license, the licensing authority shall impose average export obligation of 20 Crore, “previous additional export obligation “of 8 times of Rs.1 Crore and additional export obligation of 8 times of Rs.1.5 Crore (presuming the duty saved amount in the second license is Rs.1.5 Crore).

(C) Similarly, while issuing the third license, the licensing authority shall impose average export obligation of Rs. 20 Crore, “previous additional export obligation “of 8 times of Rs.2.5(Rs.1+

Rs 1.5) Crore and additional export obligation of 8 times of Rs.2 Crore (presuming the duty saved amount in the second license is Rs.2 Crore.)

2. (a) Fulfillment of additional exports obligation against the first license shall also subsume “previous export obligation” of the second and subsequent licenses to that extent. For example, if the license holder fulfill an average export of Rs.20 Crore annually and additional export obligation of 8 times of Rs 1 Crore, it will subsume the “previous additional EO” imposed on the second and subsequent licenses to the extent of 8 times of Rs.1 Crore. The “previous export obligation” on the second license shall stand fulfilled and “previous export obligation”on the third license shall stand

reduced to 8 times of Rs.1.5. Crore.

(b) Upon completion of additional EO of 8 times of Rs. 1.5 crore, with maintenance of average of Rs.20 Crore annually, the export obligation imposed on the second license shall stand fulfilled and “previous additional export obligation” imposed on the third licence (after being reduced to Rs.1.5 Crore) shall be subsumed.

(C) Upon completion of additional EO of 8 times of Rs.2 Crore, with maintenance of average of Rs.20 Crore annually, the export obligation imposed on the third license shall stand fulfilled.

3. After redemption of an EPCG license, the exports made against such licenses shall be added to arrive at the average of proceedings three licensing years.

4. All other conditions as given in HBP V 1 shall remain unchanged.

Sd/-
(R.S.GUJRAL)
Director General of Foreign Trade
Ex-Officio Additional Secretary to Govt. of India