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F. No. 01/36/218/88/AM09/EPCG-I
Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Foreign Trade
Udyog Bhawan, New Delhi

Dated the 30th April, 2009

CIRCULAR NO. 84 (RE:2008)/2004-09

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To

All RA's

Subject: Terms and conditions for issue of EPCG authorizations to EOU units after conversion to DTA unit-Regarding

Attention is invited to Circular No.79 dated 1.4.2009 regarding terms and conditions for issue of EPCG authorizations to EOU units after conversion to DTA unit. The matter has been reviewed in light of Policy Circular No.35(RE:99) dated 1.10.99 (copy enclosed). Sub-Para 2 (b) of Circular No.79 dated 1.4.2009 is clarified to read as under:

- (i) If a standalone EOU / EPZ unit wishes to debond from EOU to EPCG Scheme, there shall be no export obligation for maintenance of average and the unit shall be required to maintain only additional export obligation equivalent to six/eight times of the depreciated value.
- (ii) In case one unit of a firm / company opts to debond from EOU to EPCG Scheme, while other unit(s) are DTA units, then the average export obligation in respect of the licences issued to the firm / company (other than debonding unit) shall remain unchanged and the average EO after debonding of the unit shall be fixed by excluding the exports made by the debonded unit from the total exports of the firm / company, which runs concurrently for all the units of the firm / company. In such a case, an additional EO equivalent to six/eight times of the depreciated value would be imposed on the debonding unit shifting to the EPCG Scheme.

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This issues with the approval of DGFT.

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(Akash Taneja)
Joint Director General of Foreign Trade

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Government of India

Ministry of Commerce

Directorate General of Foreign Trade

(P.C.IV Division)

Policy Circular No. 35 (RE-99)/99-2000

Dated 1.10.99

To,

ALL LICENSING AUTHORITY

ALL COMMISSIONER OF CUSTOMS

Subject: Debonding of EOU/EPZ units under EPCG Scheme.

Attention is invited to paragraph 9.27 of the policy read with paragraph 6.7 of the Handbook (Vol.1) relating to option available to EOU/EPZ units to debond the capital goods under the EPCG scheme.

It is clarified that units debonding capital goods under EPCG scheme are required to execute BG/LUT with the licensing authority as per the provisions given in the HandBook (Vol.I). The BG/LUT is to be submitted alongwith the application for debonding under EPCG scheme.

The issue of fixation of export obligation in such cases has also been examined. It is clarified that where one unit of the firm/company opts to debond under EPCG scheme, the average export obligation in respect of the licence issued to the firm/ company (other than the debonding unit) shall remain unchanged. On the debonding unit, the average export obligation shall be fixed by excluding the exports made by the debonding unit from the total exports of the firm/company which runs concurrently for all the units of the firm/company. Moreover, an additional export obligation equivalent to 6 times or 8 times of the depreciated value may be imposed on the unit debonding under EPCG scheme as the case may be, depending on the scheme in which unit opts for debonding.

However, if a standalone EOU/EPZ unit wish to debond under EPCG scheme, there shall be no export obligation for maintenance of the average the only such an obligation under EPCG scheme on a standalone unit shall be imposed which may be equivalent to 6 times or 8 times of the depreciated value, as the case may be, depending upon the scheme in which the unit opts for debonding.

This issues with the approval of DGFT.

(A.K.Srivastava)

Dy.Director General of Foreign Trade

(F.No.01/94/180/197/AM00/PC-IV)