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(PART-I, SECTION-1)

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY**

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NEW DELHI: the 30th September, 2003

In exercise of powers conferred under paragraph 2.4 of the Export and Import Policy, 2002-07, the Director General of Foreign Trade hereby makes the following amendment in the Handbook of Procedures (Vol.1):-

1. Attention is invited to Paragraph 5.3, 5.3.1 and 5.3.2 of the Handbook of Procedure whereby the procedure for issuance of EPCG License by the RLA office and the final fixation of nexus by EPCG Committee at Headquarters has been mentioned. The said paragraphs stand amended as follows :-

5.3 The applicant may apply for EPCG license wherein duty saved amount is upto Rs. 50 crores to the Regional Licensing Authority (RLA) on the basis of self-declaration subject to final fixation of nexus by the RLA. The applicant shall give an undertaking that in case the RLA subsequently disallows the Capital Goods including jigs, fixtures, dies, moulds and spares, the license holder shall pay customs duty as applicable together with 15% interest on such goods.

For the cases wherein duty saved amount is above Rs. 50 crores, the applicant may apply to DGFT headquarters directly with a copy endorsed to the concerned RLA. In such cases, based on the recommendations of Headquarters EPCG Committee which will also fix the nexus in these cases, the concerned RLAs will issue the EPCG License accordingly.

5.3.1 After issuance of an EPCG License wherein duty saved amount is upto Rs. 50 crores, a Committee of officers of the RLA, headed by the Head of Office, and the EPCG Committee in the Headquarters where duty saved amount is more than Rs. 50 Crores, shall finalize the nexus within the stipulated period of two months on the basis of the Chartered Engineer's certificate and on the basis of EPCG nexus norms maintained by them. While finalizing the nexus, the provisions contained in the existing Export Import Policy/Procedures will be taken into account. In case, the Committee of officers at RLA fails to finalize the nexus within two months from the date of issuance of license the nexus as applied for shall be treated as final. However, where the application for fixation of nexus is rejected on account of non-furnishing of documents/information, the license holder shall be liable to pay customs duty as applicable together with 15% interest thereon.

5.3.2 Each RLA shall maintain a separate register sector-wise/industry-wise showing the CGs allowed against each export product/service on the basis of nexus already communicated by HQ in a case and on the basis of nexus cases regularized by the RLA themselves from time to time which should be referred to while examining the nexus cases and to regularize them.

2. In the list of "Documents to be enclosed with the application form" of Appendix 9 given in Handbook of Procedure, following documents after Sl. No. 5 is added :-

“6. A Chartered Engineer Certificate certifying :-

(i) End use of machinery sought for import under EPCG Scheme for manufacture of the product undertaken for Export Obligation (explaining the end use of machinery in detail);

and/or

(ii) The essentiality of spare parts sought for import and its required quantity for existing machinery manufacturing the goods to be exported/ machinery sought for import;

and/or

(iii) Complete usage of equipments/goods sought for import under the EPCG Scheme for supply of service to overseas customers/ service consumers of any other country in India to earn free foreign exchange/supply of service in India relating to export paid in free foreign exchange.

7. Copy of Drug Manufacturing License in case of export of Pharmaceutical product or copy of IEM/SSI Registration Number in case of other products.”

This issues in public interest.

(L. Mansingh)
Director General of Foreign Trade