

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)

LOK SABHA
UNSTARRED QUESTION NO. 86
TO BE ANSWERED ON 04th FEBRUARY, 2019

EXPORT PROMOTION CAPITAL GOODS SCHEME

86. SHRI GAJANAN KIRTIKAR:
SHRI S. RAJENDRAN:
SHRI T. RADHAKRISHNAN:
KUNWAR HARIBANSH SINGH:
SHRI S.R. VIJAYAKUMAR:
SHRI SUDHEER GUPTA

Will the Minister of **COMMERCE & INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- (a) whether the Government has implemented the Export Promotion Capital Goods Scheme for boosting the export of capital goods;
- (b) if so, the details thereof along with the requirements which are required to be fulfilled by the exporters for running the said scheme;
- (c) the details of the benefits available for the exporters under this scheme;
- (d) whether there have been instances where the exporters have availed the benefits of the said scheme without fulfilling the mandatory requirements under the scheme; and
- (e) if so, the details of such defaulters during each of the last three years and the action taken by the Government in this regard?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री सी. आर. चौधरी)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI C. R. CHAUDHARY)

- (a) to (c):** Yes, Madam. In order to facilitate import of capital goods for producing quality goods and services and enhance India's manufacturing competitiveness, the Central Government has been implementing a Scheme called the Export Promotion Capital Goods Scheme under the Foreign Trade Policy for manufacturer exporters with or without supporting manufacturer(s), merchant exporters tied to supporting manufacturer(s) and service providers.

Under the Scheme, EPCG Authorisations are issued with actual user condition and import validity of 24 months to import capital goods (except those

specified in negative list) for pre-production, production and post-production at zero customs duty, and subject to fulfilment of specific Export Obligation equivalent to 6 times of duties, taxes and cess saved on capital goods, to be fulfilled in 6 years from date of issue of Authorisation. In addition, the Authorisation holder is required to fulfil Average Export Obligation achieved by him in the preceding three licensing years for the same and similar products. However, if minimum 75% of specific Export Obligation and 100% of Average Export Obligation is fulfilled within half the original export obligation period, remaining export obligation can be condoned. Further, in case of indigenous sourcing of capital goods and for exports of Green Technology products, specific EO is only 75%. For Units located in North East Region and Jammu & Kashmir, specific EO is only 25%. Presently, capital goods imported for physical exports are also exempt from IGST and Compensation Cess up to 31.03.2019.

- (d) & (e)** Yes, Madam. The number of defaulters reported in the last three years is 1347 nos. in 2015-16; 1122 nos. in 2016-17 and 1031 nos. in 2017-18. The Regional Authorities have taken penal action under the Foreign Trade (Development & regulation Act), 1992 by issuing show cause notices and passing adjudication orders for recovery of customs duty along with interest.
