



AEPC Circular No. 86.

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AEPC/HO/SG/R&PA/2022

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Sub: Amendments in Chapter 5 of the Handbook of Procedures 2015-20, related to Export Promotion Capital Goods Scheme to reduce 'Compliance Burden' and enhance 'Ease of doing Business' – reg.

Dear Members,

1. DGFT vide its Public Notice 03/2015-20 dated 13.04.2022 has informed about the amendments in Chapter 5 of the Handbook of Procedures 2015-20, related to Export Promotion Capital Goods Scheme (EPCG) to reduce 'Compliance Burden' and enhance 'Ease of doing Business'. These amendments are applicable for EPCG authorizations issued under [FTP 2015-20](#).

2. Some of the important revised provisions are mentioned below:

- **Para No. 5.14 Block-wise Fulfilment of EO** – (c) Request for extension of Export Obligation (EO) period of first block shall be submitted within 6 months from the date of expiry of first block EO period along with composition fee of 2% on duty saved amount proportionate to unfulfilled portion of EO pertaining to the block.
- **Para No. 5.15 Annual reporting of EO fulfillment** – Authorisation holders shall submit to the RA concerned by 30th June of every year, a report on fulfillment of export obligation through online.

- **Para No. 5.16 Automatic Reduction / Enhancement upto 10% Duty saved amount and pro-rata Reduction/ Enhancement in EO** – (a) in excess of the duty saved amount indicated on the authorization by not more than 10%, the authorization shall be deemed to have been enhanced by that proportion. Customs shall automatically allow clearance of such goods without endorsement by RA concerned.

- **Para No. 5.17 Extension in Export Obligation Period** – (d) Request for extension in EO period shall be made to RA concerned within 6 months from the date of expiry of original EO period. However, RA may consider the request for extension received after 6 months, but within 8 years from date of issue of authorization, with a late fee of Rs. 10,000/-.

- **Para No. 5.19 A Maintenance of Annual Average Export Obligation** - The excess exports done towards the average EO fulfillment of an EPCG authorization during a year can be used to offset any shortfall in the Average EO done in other year (s) of the EO period or the block period as the case may be, provided Average EO imposed is maintained on an overall basis, within the EO period.

- **Para No. 5.22 Export Obligation Discharge Certificate (EODC)** – (a) Authorisation holder shall apply for EODC in ANF 5B with documents prescribed therein as a proof of EO fulfillment. (b) On being satisfied, RA concerned shall issue EODC to the EPCG authorisation holder and a copy of which will be forwarded to ICEGATE through online, for further action by Jurisdictional Customs Authorities with whom BG/LUT has been executed.

- **Para No. 5.23 Regularization of Bonafide Default and exit from EPCG Scheme** – (a) In case, EPCG authorisation holder fails to fulfill prescribed export obligation, he shall pay Customs Duty/taxes/Cess along with applicable interest as prescribed by Customs Authority. Such facility can also be availed by EPCG authorisation holder to exit at his option.

3. Effect of this Public Notice: With a view to enhance ease of doing business and reduce the compliance burden, certain provisions of Chapter 5 related to the Export Promotion Capital Goods Scheme of the Handbook of Procedures (2015-20) are amended for EPCG authorizations issued under Foreign Trade Policy (2015-20).

4. Trade is requested to [Click Here](#) for the DGFT Notification no. 03/2015-20.

5. This is for your information please.

With warm regards,

Yours sincerely,

Dr. L. B. Singhal,

Secretary General,

AEPC