

Export Promotion Capital Goods Scheme

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About Export Promotion Capital Goods Scheme

- 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.
- The scheme allows import of capital goods for pre production, production and post production (including CKD/SKD thereof as well as computer software systems) at 5% Customs duty subject to an export obligation equivalent to 8 times of duty saved on capital goods imported under EPCG scheme to be fulfilled over a period of 8 years reckoned from the date of issuance of licence.
- Capital goods would be allowed at 0% duty for exports of agricultural products and their value added variants.
- Under the Scheme, EPCG Authorizations 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.
- It is 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 Authorization.
- Authorization 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.

EPCG for Projects

- An EPCG licence can also be issued for import of capital goods for supply to projects notified by the Central Board of Excise and Customs
- The export obligation for such EPCG licences would be eight times the duty saved.

Eligibility

- The scheme covers manufacturer exporters with or without supporting manufacturer(s)/ vendor(s), merchant exporters tied to supporting manufacturer(s) and service providers.

Conditions for import of Capital Goods

- Import of capital goods shall be subject to Actual User condition till the export obligation is completed.