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GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE

PUBLIC NOTICE No.22(RE-2013)/ 2009-2014
NEW DELHI, DATED THE 12th August, 2013

Subject: Option to close cases of default in Export Obligation.

In exercise of powers conferred under Paragraph 2.4 the Foreign Trade Policy, 2009-2014, the Director General of Foreign Trade hereby provides a procedure to close cases of default in Export Obligation under (a) Duty Exemption Scheme (para 4.28 of the HBP v1 and (b) EPCG Scheme (para 5.14 of HBPv1 RE-2012).

a) All pending cases of the default in meeting Export Obligation (EO) can be regularised by the authorisation holder on payment of applicable customs duty, corresponding to the shortfall in export obligation, along with interest on such customs duty; but the interest component to be so paid shall not exceed the amount of customs duty payable for this default.

[Here is an example: Suppose the default in EO is 100%, this would mean the complete duty saved amount has to be refunded. The interest on this duty saved amount has to be calculated from the date of import till the date of payment. The interest component under this dispensation would be limited to the duty saved amount. If the duty saved amount were Rs. 150, then the interest component would be limited to Rs. 150 and therefore for regularising this case the maximum amount to be paid by the authorisation holder would be Rs.300. However, for the same duty saved amount of Rs. 150, if the default in EO were 30%, then the corresponding duty saved amount becomes Rs. 45 (30% of Rs. 150). Hence the interest component will be limited to Rs 45. Thus, duty + interest will not exceed Rs. 90 for this regularisation of 30% default in EO for a duty saved amount of Rs. 150.]

(b) In line with the existing policy the customs duty could be paid either in cash or by way of debiting of any valid duty credit scrips issued under Chapter 3 of the Foreign Trade Policy. The interest component however, has to be paid in cash only.

(c) Any authorisation holder choosing to avail this benefit must complete the process of payment on or before 31st March 2014.

(d) Necessary procedures including a system of filing required reports by the respective RAs would be indicated separately.

Effect of this Public Notice: An option is being provided for redemption/regularisation of old cases of EO default.

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