

## GENERAL EXEMPTION NO. 23

**Exemption to specified goods imported under an Advance Licence for deemed exports under paragraph 4.1.1 of the EXIM Policy :-**

[Notfn. No. 47/02-Cus. dt. 22.4.2002 as amended by Notfn. Nos. 113/02,57/03, 84/03, 97/03,63/04, 46/05, 77/05, 97/05, 41/06, 63/07, 116/07, 63/08, 19/09, 46/13, 26/17]

In exercise of the powers conferred by sub-section (i) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts materials required for the manufacture of the final goods when imported into India, from **whole of the duty of Customs** leviable thereon, under the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), and from the **whole of the additional duty** leviable thereon under sub-sections (1), (3) and (5) of section 3 of the said Customs Tariff Act subject to the following conditions, namely:-

- (1) that the importer has been granted **Advance Licence for deemed export** by the Licensing Authority for import of the said materials for the aforesaid purpose in terms of paragraph 4.1.1 of the Export and Import Policy (hereinafter referred to as the said licence) , and the said licence is produced by the importer at the time of clearance for debit by the proper officer of the customs:
- (2) that the said licence contains the endorsements specifying inter alia
  - (a) the description, quantity and value of materials allowed to be imported under the said licence;
  - (b) the description and quantity of materials allowed to be imported duty free; and
  - (c) the description and quantity of final goods to be manufactured out of, or with the imported materials;
- (3) the importer executes a bond with such surety or security and in such form and for such sum as may be specified by the Assistant Commissioner of Customs or Deputy Commissioner of Customs binding himself to pay on demand, an amount equal to the duty leviable on the imported material but for the exemption contained herein, in respect of which the conditions specified in this notification have not been complied with together with interest at the rate of 15 per cent per annum from the date of clearance of materials;
- (4) that the importer produces evidence of having discharged obligation to supply final goods to the satisfaction of the said Assistant commissioner of customs or Deputy commissioner of Customs within a period of thirty days from the expiry of the period allowed for fulfilment of obligation to supply final goods or within such extended period as the Assistant Commissioner of Customs or Deputy Commissioner of Customs may allow; and
- (5) that the exempt materials are utilised for the manufacture of final goods and no portion of such materials shall be loaned, transferred, sold or disposed of in any other manner;

Provided that where final goods in respect of which the said materials have been imported have already been manufactured and supplied as required under this notification, the importer may use the said materials for the manufacture of any other goods;

- (6) that the imports and exports are undertaken through sea ports at Mumbai, Sikkim, Kolkatta, Cochin,

Kandla, Mangalore, Marmagao, Chennai, Nhava Sheva, Paradeep, Tuticorin, Visakhapatnam, Kakinada, Magdalla, Dahej, Mundhra, Nagapattinam, Okha, Pipavav, Bedi (including Rozi-Jamnagar), Muldwarka, Porbander, Dharamtar, Vadimar and Haldia (Halida Dock Complex of Kolkata Port) and Krishnapatnam or through any of the Airports at Ahmedabad, Bangalore, Mumbai, Kolkatta, Bhubaneshwar, Coimbatore, Nagpur, Cochin, Delhi, Hyderabad, Jaipur, Chennai, Srinagar, Trivandrum, Varanasi, Rajasansi (Amritsar), Lucknow (Amausi) Indore and Dabolim (Goa) or through any of the Inland Container Depots at Bangalore, Coimbatore, Delhi, Guwahati, Hyderabad, Kanpur, Ludhiana, Moradabad, Pimpri, (Pune), Pitampur (Indore), Agra, Faridabad, Jaipur, Guntur, Nagpur, Varanasi, Surat, Jodhpur, Salem, Tirupur, Singanallur, Waluj, Bhiwadi, Malanpur, Nasik, Rudrapur (Nainital), Dighi (Pune) Vadodara, Daulatabad (Wanjarwadi and Maliwada), Waluj, (Aurangabad), Anaparthi (Andhra Pradesh), Kota, Udaipur, Ahmedabad, Jalandhar, Bhilwada, Pondicherry, Garhi Harsaru, Bhatinda, Dappar (Dera Bassi), Chheharata (Amritsar), Karur, Miraj, Rewari, Bhusawal, Jamshedpur, Surajpur, Dadri, Tuticoin, Kundli, Bhadohi, Raipur, Mandideep (District Raisen), Durgapur (Export Promotion Industrial Park), Babarpur and Loni (District Gaziabad) or through the Land Customs Stations at Ranaghat, Singhabad, Jogbani, Nautanva (Sonauli), Petrapole, Mahadipur, Nepalganj Road, Dawki, Agartala, Sutarkhandi, Amritsar Rail Cargo, Attari Road, Hilli, Ghoadanga and Changrabandha or Special Economic Zone as specified in the notification issued under section 76A of the Customs Act, 1962 (52 of 1962).

Provided that the Commissioner of Customs may by special order and subject to such conditions as may be specified by him, permit import and export through any other sea port, airport or inland container depot or through a land Customs station.

2. The said materials required for the manufacture of the final goods, when imported into India and **supplied to Export Oriented Unit, Special Economic Zone, Electronic Hardware Technology Park and Software Technology Park**, shall be exempted from the **whole of the duty of customs** leviable thereon, under the First Schedule to the said Customs Tariff Act and from the whole of the additional duty leviable thereon under sub-sections (1), (3) and (5) of section 3, safeguard duty leviable thereon under section 8B and anti-dumping duty leviable thereon under section 9A of the said Customs Tariff Act subject to the conditions mentioned in paragraph 1.
3. In a case of default in export obligation, when the duty on goods is paid to regularise the default, the amount of interest paid by the importer shall not exceed the amount of duty if such regularisation has been dealt in terms of Public Notice of the Government of India in the Ministry of Commerce No. 22 (RE-2013)/2009-2014 dated the 12th August, 2013.

Explanation- In this notification

- (i) "Licensing Authority" means the Director General of Foreign Trade appointed under Section 6 of the Foreign Trade (Development and Regulation) Act, 1922 (22 of 1992) or an officer authorized by him to grant a licence under the said Act;
- (ii) "Materials"- means-
  - (a) raw materials, components, intermediates consumables, computer software and parts required for the manufacture of final goods;
  - (b) packing materials required for the packing of final goods to be supplied;
- (iii) " final goods" means,-

- (a) supplies against Advance Licence/DFRC under the Duty Exemption /Remission Scheme;
- (b) supplies made to 100 percent Export Oriented Units (EOUs) or units located in Export Processing Zones (EPZ) or Special Economic Zones (SEZ) or Software Technology Parks (STP) or Electronic Hardware Technology Parks (EHTP);
- (c) supply of capital goods to the holders of licence under Chapter 5 of the Export and Import Policy;
- (d) supplies made to projects financed by multilateral or bilateral agencies/funds as notified by the Government of India in the Ministry of Finance (Department of Economic Affairs) under international competitive bidding in accordance with the procedures of those agencies/funds where the legal agreements provide for tender evaluation without including the customs duty;
- (e) supply of capital goods including capital goods in unassembled/dissembled condition including plant, machinery, accessories, tools, dies and such goods which are used for installation purpose till the stage of commercial production, and spares to the extent of 10 percent of the FOR value of such capital goods for fertilizer plants;
- (f) supply of goods to any project or purpose in respect of which the Ministry of Finance, by a notification, permits the import of such goods at Zero customs duty coupled with the extension of benefits specified in chapter 8 of the Export and Import Policy for domestic supplies;
- (g) supply of goods to power and refinery projects not covered in (f) above;
- (h) supply of Marine Freight Containers by 100 percent Export Oriented Units (Domestic freight containers manufacturers) provided the said containers are exported out of India within 6 months or such further period as permitted by Customs;
- (i) supplies made to projects funded by United Nation agencies;
- (j) supplies made to nuclear power projects through competitive bidding;
- (iv) "Export processing Zone" "hundred percent export oriented units" and "special economic zones"; have the same meaning as in Explanation 2 to Section 3 of the Central Excise Act, 1944 (1 of 1944) respectively.
- (v) "Export and Import Policy" means Export and Import Policy 2002-2007, notified vide Notification No. 1/2002-2007, dated the 31st March, 2002.

